

# Salary packaging changes – HSU award employees

## Frequently Asked Questions

### What are the current salary packaging arrangements?

Most NSW Health employees can use salary packaging to decrease the amount of tax payable on their income. This means they have more 'after-tax' pay.

The tax savings from salary packaging are shared between the employee and NSW Health (the employer). In most cases the tax savings are split equally (50/50).

The current practice was established in 2002, when a shared arrangement of tax savings between NSW Health and its employees was agreed, as part of negotiations with unions, to assist in funding a wage increase.

### What is changing?

The government has agreed to increase the share of tax savings for most HSU award employees from 50% to 70%.

As a result, NSW Health's share of tax savings will simultaneously decrease from 50% to 30%. These changes will be implemented 1 November 2023 and will be applied on the next available pay. Further details on these pay cycle dates are below.

### Why is it changing?

Before the 2023 NSW Election, NSW Labor committed to provide better salary packaging for low-income health workers.

### Who does this change benefit?

This change benefits NSW Health staff employed on most HSU awards, who salary package.

There are around 50,000 healthcare workers who may benefit from these changes including in rural and regional NSW, and in a range of jobs spanning allied health, health and security assistants; administration staff; cooks; patient transport staff; paramedics; sterilisation technicians; tech assistants; and telephonists.

### How do I know if I am an eligible HSU award employee?

NSW Health staff are encouraged to identify if their employment falls under a HSU award. Staff that are employed under a HSU award where there is no joint representation with Australian Salaried Medical Officers Federation (ASMOF) are eligible. Please review the NSW public health

system awards and determinations webpage to identify which award is relevant to you:  
<https://www.health.nsw.gov.au/careers/conditions/Pages/awards.aspx>

### When will the change take place?

Changes will go live in pays received after 1 November 2023 with the date aligned to your pay cycle.

- For people on Pay Cycle 1 (pay period ending 5 November 2023) you will see a change in “Employer Share” and/or “Meal Entertainment Savings” from pay day 9 November 2023
- For people on Pay Cycle 2 (pay period ending 12 November 2023) you will see a change in “Employer Share” and/or “Meal Entertainment Savings” from pay day 16 November 2023
- For people on Pay Cycle 3 (pay period ending 3 November 2023) you will see a change in “Employer Share” and/or “Meal Entertainment Savings” from pay day 10 November 2023.

### How and when will the change be paid?

If you are an existing, eligible HSU award employee who currently salary packages, there will be two significant changes to your pay as follows:

- **1 November 2023 adjustment:** As the increase to the Employee share of tax savings is effective 1 July 2023, for the remaining FBT (Fringe Benefits Tax) year\* - the period between 1 November 2023 to 31 March 2024 - you will see a higher percentage of tax savings than 70% to compensate for the period between 1 July to 31 October 2023.
- **1 April 2024 adjustment:** This adjustment will see that your share of tax savings return to their regular pattern of 70% savings.

This approach ensures that the impact of the changes is accurately reflected in your take-home pay and takes into account the delay between the effective date and the implementation date.

*\*Please note the FBT year runs 1 April to 31 March.*

### How will I know this change has been implemented?

There will be a decrease in the amount reported as “Employer Share” and/or “Meal Entertainment Savings” under the “Pre-Tax Deductions” section of your pay slip.

If you are an eligible HSU award employee who is currently salary packaging, your external salary packaging administrator will be contacting you to confirm the new “Employer Share” and/or “Meal Entertainment Savings” pre tax deductions for pays after 1 November 2023 and subsequently for pays after 1 April 2024.

### Example: pay slip

Employee Name	Jane Smith	Period Start	14 Aug 2023
Assignment Number	11111111	Period End	27 Aug 2023
Classification	Admin Off Lvl 5 Year 2	Pay Date	31 Aug 2023
Weekly Base Rate	\$1374.46	Payslip Number	1
		Page	1/2
Employer	HealthShare NSW	ABN	82901548116
		Organisation	Healthshare NSW
<b>SUMMARY OF EARNINGS THIS PAY</b>			
Total Gross Earnings	2748.90	Deductions Before Tax	1265.18
Taxable Income	1483.72	Deductions After Tax	0.00
Tax	176.00	Nett	1307.72
Total Other Payments	0.00	STSL	N
<b>YEAR TO DATE BALANCES</b>			
		LE YTD	YTD
Gross		13744.50	13744.50
Taxable		7418.60	7418.60
Tax		880.00	880.00
Nett		6538.60	6538.60
Other Payments		0.00	0.00
<b>EMPLOYER SUPERANNUATION</b>			
Employer Superannuation	Member No	This Pay	LE YTD
SGC Aware	111111	302.38	1520.44
Super:713000:WOLLONGONG DC			1520.44
<b>LEAVE BALANCES</b>			
	Units	Entitlement	Pro-rata
Annual Leave	Hours	174.932	123.266
Long Service Leave	Days	151.000	0.000
Sick Leave	Hours	129.750	
<b>Earnings and Allowances</b>			
	Factor	Rate	Units
Normal Hours		36.17000	76.000
			2748.90
<b>Pre-Tax Deductions</b>			
			Amount
Admin Fees			0.99
Employer Share			71.84
Meal Entertainment Savings			42.08
SP Benefits Deduction			346.50
SP Meal Ent Card			203.77
Super Sal Sac Contribution Aware Super:713000:			600.00

### What if I have already compressed my salary packaging arrangement this year? Can I still receive the benefit of this change?

If you have already compressed your salary packaging arrangement prior to implementation date of 1 November 2023, you will receive the benefit of the increase to share of savings from the first pay after 1 April 2024.

This is because salary packaging is only effective if it occurs prospectively, i.e., before the employee has undertaken the work to which the salary relates.

### What happens if I move to a new role not covered under a HSU award? Will I still be eligible?

If you are an eligible HSU award employee as at 1 July 2023, you will be eligible until your salary package is reviewed on 1 April each subsequent year. This is consistent with the current Salary Packaging Policy and Procedures Manual (PD 2018/44).

### I am employed on a HSU award and I currently salary package. Do I need to do anything for this increase to be applied, or will the change be automatically applied?

The change will be automatically applied to existing, eligible HSU award employees who salary package. The salary packaging administrators will make the change and communicate this to you.

## **How does this change impact the share of savings on novated leases?**

If you are an eligible HSU award employee who is currently salary packaging a novated lease, your external salary packaging administrator will be contacting you to confirm the new “Employer Share” pre tax deductions for pays after 1 November 2023 and subsequently for pays after 1 April 2024.

## **I am currently considering a novated lease, how does this impact the share of savings quoted?**

Share of savings will continue to be calculated at 50% on Novate Lease Provider quotes and share of savings calculators on Novated Lease Provider websites. This is due to Novated Lease Providers not having the ability to check the HSU award status of employees. Once the quote is complete, the Salary Packaging Administrators will check the employee’s award eligibility to ensure that the correct share of savings is applied at the setup of the novated lease deductions.

The Ministry are working with Novated Lease Providers to improve the novated lease quote process moving forward.

## **Do I have to be a member of HSU to take advantage of this change?**

Staff are not required to be a member of the union to benefit from this change. Staff that are employed under a HSU award where there is no joint representation with Australian Salaried Medical Officers Federation (ASMOF) are eligible. Please review the NSW public health system awards and determinations webpage to identify which award is relevant to you:

<https://www.health.nsw.gov.au/careers/conditions/Pages/awards.aspx>

## **I don’t currently Salary Package. Where can I find out more information or get started?**

Please contact your external salary packaging administrator to discuss your eligibility to salary packaging.

You can also visit SalaryPackagingPlus:

[www.salarypackagingplus.com.au/nswhealth/taxsavingchanges](http://www.salarypackagingplus.com.au/nswhealth/taxsavingchanges)

You can also visit Smartsalary: <https://nswhealth.smartsalary.com.au/share-of-saving-changes>

## **What about the share of savings from previous years?**

There will be no change to the share of savings from previous years. The increase in share of saving from 50% to 70% for HSU award employees is effective from 1 July 2023.

## **Will this change impact my HECS/HELP repayments?**

Your HECS/HELP repayments are calculated based on your repayment income at the end of a financial year – at the time that you lodge your income tax return. Repayment income is generally calculated as your taxable income, reportable fringe benefit amount (RFBA) from salary packaging and reportable superannuation contributions. The increased share of tax savings will increase your taxable income and potentially increase the amount of repayment required for the current financial year. If you wish to deduct additional voluntary contributions, please submit a payroll deduction form via SARA.

### **Is there any impact on superannuation?**

This change does not impact superannuation.

### **Has the NSW Health Salary Packaging Policy and Procedures Manual changed?**

A Tax Guidance Paper will be released in relation to the eligibility rules regarding this change.

### **Will there be a change in the share of the admin fees?**

Yes. An administration fee is charged by external salary packaging administrators for each participating employee for administering the employee's package. The cost of the administration fee, is currently shared equally by NSW Health and the employee. This means that 50% of the administration costs are recovered from the employee via the salary package arrangement.

Increasing the share of tax savings for HSU award covered workers from 50% to 70%, will result in a corresponding rise in the administration fee whereby the employee salary package will also change to 70% of the administration costs.

### **Is the administration fee GST inclusive?**

Yes, the administration fee is GST inclusive.

### **Where can I go if I have any more questions?**

Please check out the range of resources if you would like more information:

- SalaryPackagingPlus:  
[www.salarypackagingplus.com.au/nswhealth/taxsavingchanges](http://www.salarypackagingplus.com.au/nswhealth/taxsavingchanges)
- Smartsalary: <https://nswhealth.smartsalary.com.au/share-of-saving-changes>
- Ministry Tax and Super Hub: [NSW Health Salary Packaging Benefits for HSU Award Employees](#)