

# Increased salary packaging benefits – employees in HSU covered awards

## 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 currently shared between the employee and NSW Health (the employer). Eligible employees in HSU covered awards currently receive 70% of the share of savings from salary packaging arrangements.

The Salary Packaging Policy was established in 2002, which determined a shared arrangement of tax savings between NSW Health and its employees to assist in funding a wage increase.

### What is changing?

The government has agreed to further increase the share of tax savings for eligible employees in HSU covered awards from 70% to 100%.

As a result, NSW Health's share of tax savings will simultaneously decrease from 30% to 0%. These changes will be implemented 8 November 2024 and will be applied on the next available pay. Further details on these pay cycle dates are below.

### Why is it changing?

Better salary packaging for low-income health workers was a NSW Government election commitment.

### Who does this change benefit?

This change benefits eligible NSW Health employees in HSU covered awards, who choose to salary package.

Employees in classifications that come under the joint coverage of HSU and the Australian Salaried Medical Officers Federation (ASMOF) are not eligible. Employees can refer to the NSW public health system Awards and determinations to see if they are eligible.

There are around 60,000 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 employee?

To see if you are eligible, please refer to the NSW public health system awards and determinations URL: <https://www.health.nsw.gov.au/careers/conditions/Pages/awards.aspx>

## How will the change be implemented?

If you are an existing, eligible employee in a HSU covered award who currently salary packages, NSW Health will deliver this change in two stages:

- **Stage 1 - Implementation of the system change:** The employer share of savings will no longer be deducted from pays after the implementation date.
- **Stage 2 – Compensation payment:** A one-off compensation payment will be paid to ensure that eligible employees receive the same amount of pay that they would have received had their share of savings been able to be increased to 100% from 1 July 2024.

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.

## When will the change take place?

### *Stage 1*

The changes will take place in pays received after the date aligned to your pay cycle as follows:

- For people on Pay Cycle 1 (pay period ending 17 November 2024) you will see a change in “Employer Share” from pay day 20 November 2024.
- For people on Pay Cycle 2 (pay period ending 10 November 2024) you will see a change in “Employer Share” from pay day 13 November 2024.
- For people on Pay Cycle 3 (pay period ending 15 November 2024) you will see a change in “Employer Share” from pay day 21 November 2024.

### *Stage 2*

Compensation payments will be paid in December 2024.

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

### *Stage 1*

The “Employer Share” will no longer be deducted under the “Pre-Tax Deductions” section of your pay slip.

Example: pay slip

Distribution Centre Mail Room Mail Stop Delivery Location	
Assignment Number	1111111
Employee Name	Jane Smith
Address	Level 1, 1 Smith St Sydney NSW 200
Period End dd mm yyyy	
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Employee Name	Jane Smith	Period Start	dd mm yyyy
Assignment Number	11111111	Period End	dd mm yyyy
Classification	Admin Off Lvl 5 Year 2	Pay Date	dd mm yyyy
Weekly Base Rate	\$1441.58	Payslip Number	1
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Employer	NSW Health	ABN	111111111	Organisation	NSW Health Dept 111111
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SUMMARY OF EARNINGS THIS PAY			
Total Gross Earnings	2883.20	Deductions Before Tax	347.92
Taxable Income	2077.28	Deductions After Tax	0.00
Tax	458.00	Nett	2077.28
Total Other Payments	0.00	STSL	N

YEAR TO DATE BALANCES			
	LE YTD	YTD	
Gross	26502.07	26502.07	
Taxable	23038.24	23038.24	
Tax	4192.00	4192.00	
Nett	18846.24	18846.24	
Other Payments	0.00	0.00	

EMPLOYER SUPERANNUATION				
Employer Superannuation	Member No	This Pay	LE YTD	YTD
SGC Aware	1111111	331.57	3047.75	3047.75
Super:713000:WOLLONGONG DC				

LEAVE BALANCES			
	Units	Entitlement	Pro-rata
Sick Leave	Hours	440.996	
Annual Leave	Hours	115.052	25.819
Long Service Leave	Days	93.500	0.000

Earnings and Allowances	Factor	Rate	Units	Amount
Normal Hours		37.93620	76.000	2883.20

Pre Tax Deductions		Amount
Admin Fees		1.39
SP Benefits Deduction		346.53

Stage 2

"Personal Payment Ave Tax Superable" reference will appear as a once-off payment in your pay slip.

Example: pay slip

Distribution Centre Mail Room Mail Stop Delivery Location			
Assignment Number	1111111		
Employee Name	Jane Smith		
Address	Level 1, 1 Smith St Sydney NSW 200		
		Period End	dd mm yyyy
		Page 1/2	

Employee Name	Jane Smith	Period Start	dd mm yyyy
Assignment Number	1111111	Period End	dd mm yyyy
Classification	Admin Off Lvl 5 Year 2	Pay Date	dd mm yyyy
Weekly Base Rate	\$1441.58	Payslip Number	1
		Page 1/2	

Employer	NSW Health	ABN	111111111	Organisation	NSW Health Dept 111111
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SUMMARY OF EARNINGS THIS PAY				YEAR TO DATE BALANCES			
				LE YTD YTD			
Total Gross Earnings	3515.65	Deductions Before Tax	347.92	Gross	26502.07	26502.07	
Taxable Income	3167.73	Deductions After Tax	0.00	Taxable	23038.24	23038.24	
Tax	660.00	Nett	2507.73	Tax	4192.00	4192.00	
				Nett	18846.24	18846.24	
				Other Payments	0.00	0.00	
Total Other Payments	0.00	STSL	N				

EMPLOYER SUPERANNUATION					LEAVE BALANCES			
Employer Superannuation	Member No	This Pay	LE YTD	YTD	Units Entitlement Pro-rata			
SGC Aware	1111111	331.57	3047.75	3047.75	Sick Leave	Hours	440.996	
Super:713000:WOLLONGONG DC					Annual Leave	Hours	115.052	25.819
					Long Service Leave	Days	93.500	0.000

Earnings and Allowances	Factor	Rate	Units	Amount	Pre Tax Deductions		Amount
Normal Hours		37.93620	76.000	2883.20	Admin Fees		1.39
Personal Payment Ave Tax Superable				627.455	SP Benefits Deduction		346.53

Will this compensation amount be subject to PAYG withholding?

Yes.

How will the compensation amount be calculated?

This one-off payment for eligible employees is equivalent to the 30% “employer share of savings” deducted from 1 July 2024 to the implementation date. As the compensation amount is subject to PAYG withholding, the payment will be increased, based on the employee’s annual salary, to ensure that eligible employees are given the full compensation amount in their take-home pay after taxes. This increase, called a “gross-up”, is added to cover the taxes the employee will owe on the extra income.

## How is the PAYG withholding calculated in respect to the compensation payment?

As a one-off payment, the “average tax” method will be used by averaging the compensation payment over the current financial year and applying that to the average total earnings to date. The maximum PAYG withholding in respect of the compensation payment is limited to a maximum of 47% of the compensation payment.

Detailed explanation of the calculation can be found on the Australian Taxation Office at: <https://www.ato.gov.au/tax-rates-and-codes/paygw-schedule-5-tax-table-from-13-october-2020-to-30-june-2024/working-out-the-withholding-amount>.

## The PAYG withholding appears to be high, is this correct?

Yes, the compensation payment has been set up with the “average tax” method discussed above.

The PAYG withholding may be impacted by any of the following:

- An individual’s year to date gross earnings;
- Whether an individual has claimed the tax-free threshold;
- Whether an individual has elected to withhold additional tax because of their study or training support loans (STSL).

It is important to emphasise that the PAYG withholding represents a prepayment of an individual’s taxes. The actual amount of tax is assessed upon the lodgement of the personal income tax return. Any under or over payment of tax will be reconciled at that point.

## Will the compensation amount be included in my income statement?

Yes, the gross value of the compensation payment will be included as assessable income and subject to tax in the relevant financial year in the individual’s income statement. This may have flow on implications for an individual, including (for example) the individual’s tax bracket, study or training support loans (STSL) repayments, entitlement to family tax benefits, private health insurance rebate, liability for the Medicare levy surcharge, other means tested entitlements or child support payments.

The impacts will be dependent upon your individual facts and circumstances. Therefore, we strongly recommend that you seek financial advice to assist you to determine what is best for your circumstances.

## Is there any impact on superannuation?

Stage 1: No, the system change does not impact your superannuation.

Stage 2: Yes, superannuation contributions will be payable in respect of the compensation amount. The current superannuation rate is 11.5%.

## I have a study and training support loan (STSL) or previously known as HELP or HECS, will the compensation payment impact my repayment amount?

You are required to start repaying your STSL when your income is above the minimum threshold for compulsory repayments. The compensation amount may increase your current repayment amount. You can request additional tax to be withheld via SARA Payroll Deductions form to avoid having to make a lump sum payment after the submission of your tax return. We strongly recommend that you seek financial advice to determine the correct amount of additional tax to withhold.

## **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 1 July 2024, you will receive the benefit of the increase to share of savings from the first pay after 1 April 2025.

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

If you are an eligible employee in a HSU covered Award as at 1 July 2024 and 8 November 2024, 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 under 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 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 employee in a HSU covered Award who is currently salary packaging a novated lease, "Employer Share" pre-tax deductions will not be deducted for pays after 8 November 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 of Health is working with novated lease providers to improve the novated lease quote process moving forward.

## **I don't currently utilise salary packaging. 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 70% to 100% for HSU award employees is effective from 1 July 2024.

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

The NSW Health Salary Packaging Policy and Procedures Manual will be updated for this change. The NSW Health Salary Packaging Policy and Procedures Manual is undergoing review to ensure compliance with PD 2022/47 NSW Health Policies and Other Policy Document.

## **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 by NSW Health and the employee. This means that 70% of the administration costs are recovered from the employee via the salary package arrangement.

Increasing the share of tax savings for employees in HSU covered awards from 70% to 100%, will result in a corresponding rise in the administration fee whereby the employee salary package will also change to 100% 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: <https://nswhealth.sharepoint.com/sites/MOH-TSP/SitePages/Salary-Packaging---Share-of-Savings-Update.aspx>