



**MOTOR VEHICLE LEASING  
GOVERNMENT CARPLAN**

**A JOINT INITIATIVE BETWEEN  
LA TROBE UNIVERSITY  
AND  
LEASEPLAN AUSTRALIA**

**FOR LA TROBE UNIVERSITY STAFF  
USER GUIDE**

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## SECTION 1

# INTRODUCTION TO LEASEPLAN AND GOVERNMENT CARPLAN OPERATING LEASING

## INTRODUCTION

La Trobe University offers a range of salary packaging options. Provisions within Enterprise Agreements and Awards enable employees to 'sacrifice' part of their cash award salary in return for 'non-cash benefits' provided by the University from the employee's salary before tax.

The leasing of motor vehicles is one option available under the University's salary packaging policy. La Trobe University has appointed LeasePlan Australia as a financier and fleet manager for the provision of a remuneration lease facility to La Trobe employees that desire a motor vehicle as part of their flexible remuneration package.

## LEASEPLAN

LeasePlan founded global car leasing and fleet management and has a long history of innovation in the field. We are a market leader with an excess of 1.26 million vehicles in operation worldwide, with more than 86,000 in Australia.

LeasePlan began operations locally in 1988 and is now the largest leasing and fleet management company in this country with offices in Melbourne, Sydney, Perth, Brisbane, Adelaide and Canberra.

### 1.1 What is a Government CarPlan lease?

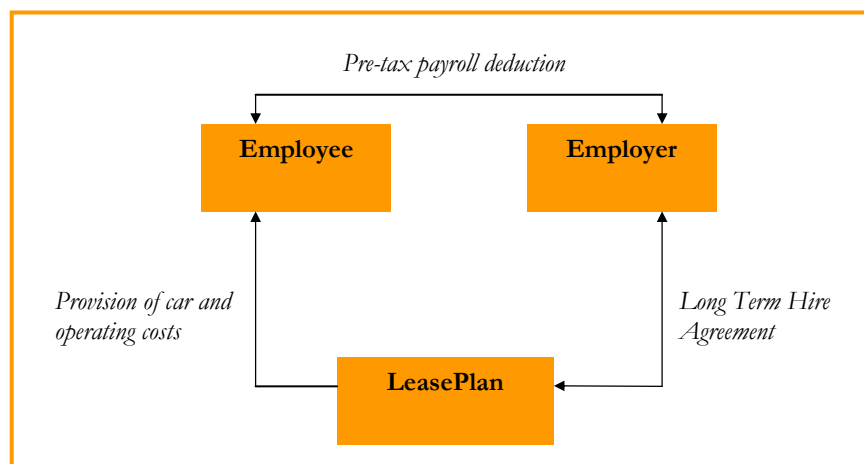
The Government CarPlan lease is an arrangement between La Trobe University and LeasePlan, enabling you, the employee to use the vehicle for the term of the lease. All costs associated with financing and operating the vehicle, and applicable FBT liability are deducted from your pre-tax income.

#### **Limitation on the Number of Vehicles Allocated to Employees**

The University will only allocate one leased vehicle to an employee. Employees who have a vehicle already allocated as part their current remuneration package will not be entitled to another vehicle through this policy until that vehicle has completed its normal lease term. This shall not, however, operate to prevent partners or spouses who are employees of the University from accessing the benefits of this scheme.

### 1.2 How does a Government CarPlan Lease work?

Under the arrangement, you select a vehicle from the list of most Australian manufactured vehicles and some imported vehicles which draw deep Government discounts. La Trobe University then leases the car from LeasePlan at purchase pricing that is applicable to La Trobe University (i.e. Government Tender Board pricing) and enters into a standard Operating Lease Agreement. You are then assigned the right to use your vehicle for the term of the lease in return for your commitment to reimburse La Trobe University for the incurred costs of providing you with the vehicle. La Trobe University pays the lease rentals and operating costs directly to LeasePlan while these costs together with FBT liability are recovered from your pre-tax income.



## Agreements

The use of the vehicle is given to an employee through an agreement between the employee and the University. The following are the agreements underpinning this leasing scheme:

### *Long Term Hire Agreement – Government Agreement No 2000GV005*

This is a master agreement between La Trobe University and LeasePlan Australia. This agreement sets out the conditions associated with leasing vehicles from LeasePlan. Employees who lease a vehicle pursuant to this scheme will be bound by the provisions of this agreement

### The Employee Agreement

This is a formal agreement between the University and the employee and defines the legal obligations of employees who are allocated use of the vehicle pursuant to this scheme

Employees prior to ordering a vehicle pursuant to this scheme should ensure that they have read the terms of the two agreements as these agreements among other things set out the employee's rights and obligations.

## 1.3 Is a Government CarPlan your car or a company car?

A Government CarPlan vehicle is a still La Trobe University's car which receives the benefits of Government pricing. To be eligible for a Government CarPlan vehicle the vehicle you must qualify for the use and allocation of a Government vehicle and the vehicle must be available for business usage. In order for you to achieve the maximum benefit under this arrangement you should treat the car as your own because you have the potential to receive the benefit of improved resale and lower running costs by looking after the vehicle.

If you fail to look after the vehicle the additional costs will directly impact you.

### Business Use of Vehicle

#### **By the Employee Who is Assigned Responsibility of the Vehicle Pursuant to an Operating Lease**

Where practicable, employees who package a vehicle under this scheme will be expected to use this vehicle for University business travel instead of taxis/hire vehicles. In such circumstances employees responsible for underwriting the lease will be entitled to claim petrol expenses (from the school, department or administrative area) for any travel associated with business use of the vehicle. The vehicle specific fuel cards should be utilised for all fuel transactions regardless of business or private usage. The procedure of having petrol expenses associated with business use of the vehicle being reimbursed is set out in below.

## **Use of the Vehicle by Other University Employees**

Due to the nature of operating leases, it is possible that employees will be able to make the vehicle they are packaging available to other University employees for use for business purposes. In terms of leasing costs, this will assist with kilometres travelled and assist in reducing FBT payable pursuant to the Statutory Formula method detailed below. Where other employees use such vehicles for University business, it is proposed that the employee who is underwriting the lease be compensated for petrol costs by the School/Department or area which uses the vehicle. The procedure set out below will apply with respect to the reimbursement of petrol expenses.

If the vehicle is involved in an accident whilst in use by an employee other than the employee who is allocated the vehicle under an operating lease, the internal University insurance rules will be applied to determine whether the excess should be paid by the driver of the vehicle at the time of the accident, or whether the University covers the excess. The employee who is responsible for the lease will not be responsible for payment of any excess for damage incurred while the vehicle is driven by another University employee.

### **Reimbursement of Fuel Expenses for Business Use of Vehicles**

Prior to the vehicle being used for official University business it must have a full tank of fuel and approval for the business travel must be obtained from the Head of School/Unit or the relevant delegated authority.

Once back from official University business the vehicle must be returned with a full tank of fuel. The fuel card transaction receipt must be retained.

All fuel card transaction receipts for fuel used on the journey must be attached to a Petty Cash form which is coded with the appropriate cost centre, fund and account code, signed by the Head of School/Unit, and taken to the Cashier for reimbursement.

Where the vehicle is used by an employee other than the employee who is assigned to the use of the vehicle, the fuel card transaction receipts together with the money should be forwarded to Human Resources for reimbursement to the employee who is a party to the operating lease for that particular vehicle.

Please note this procedure is only for instances when the vehicle is used for official University business

## **1.4 What type of vehicle can be leased?**

LeasePlan is happy to provide you with Government CarPlan leasing on most Australian manufactured vehicles and some imported vehicles, which draw deep Government discount. The vehicle must be a passenger vehicle (excluding motor bikes and commercial vehicles greater than 1 tonne carrying capacity) and be acquired new. The list of eligible vehicles is contained in the Drivers Online Package Calculator (See Section 4 below).

## **1.5 What are the benefits of using a Government CarPlan vehicle?**

- You obtain a vehicle at reduced pricing (Government Tender Board Pricing and GST Input Tax Credits).
- Your vehicle costs are deducted from your salary before tax.
- You may achieve a benefit at lease expiry via a refund of unused operating costs.
- Significant benefits can be obtained via pre-tax savings on lease and operating costs.
- Increase disposable income and lower or eliminate the FBT liability with post-tax contributions via the Employee Contribution Method (ECM).
- You save on operating costs through full fleet management controls. Savings can be up to 30% less than retail.
- Vehicles that have been carefully taken care of will normally have higher resale values as well as lower running costs. These savings are passed on to you.

- LeasePlan can claim a GST Input Tax Credit on the vehicle purchase and on all operating costs. You will enjoy GST free motoring. You only pay GST on the residual value at lease expiry if you purchase the vehicle. Please note the limitation on luxury vehicles, on which the maximum input tax credit is currently \$5,198.18.
- Your vehicle can be returned at no cost if employment is terminated.
- The vehicle can also be purchased outright if your employment is terminated.

## 1.6 What is the hand-back option/early return guarantee?

LeasePlan's Government CarPlan lease allows you the option to terminate your lease in the event that you resign, retire, die are dismissed, retrenched, or on maternity/paternity leave or extended leave without pay. You simply return the vehicle and walk away.

Early return of the vehicle may incur cost of damage, any pro-rata kilometres travelled in excess of budget or any deficit that may occur in the Other Provisions expenditure account, which will be billed to you. These costs will be collected from you upon the return of the vehicle.

## 1.7 What happens if your employment terminates?

If your employment is terminated, you can then choose one of these 3 options:

- **Option 1** - Early terminate the lease by purchasing the vehicle at the lease payout value on your day of departure, including GST charges.
- **Option 2** - The vehicle may be assigned to another employee subject to agreement between the new employee and La Trobe University.
- **Option 3** - Return the vehicle to LeasePlan. Please note if there is damage to the vehicle, excess kilometres or a deficit balance in other provisions' expenses, these amounts will have to be settled by you upon the return of the vehicle.

Under Option 1 a reconciliation of operating costs is undertaken within seven days of the lease termination. Any surplus/deficit in actual operating costs compared to budgeted costs will be refunded/invoiced to La Trobe University. Where an amount has been invoiced, this amount will be deducted from your payroll pre-tax. To achieve this reconciliation within seven days LeasePlan undertakes some estimation of operating costs incurred but not recorded or paid at the time of the reconciliation. In addition LeasePlan includes a nominal estimation shortfall amount of \$95.00 to cover unknown costs incurred but not paid.

Under Options 2 and 3 no operating cost reconciliation is undertaken.

## 1.8 Does the Privacy Act affect your arrangements with LeasePlan?

Some of the information you provide to us may be personal or sensitive as defined under the Privacy Act 1988 (Cth). In providing LeasePlan Australia with this information you have consented to LeasePlan using and disclosing such information for the purpose of providing you/La Trobe University with its services.

If you do not supply us with this personal information, we may be unable to supply you/La Trobe University with such services. Please refer to our Privacy Policy on our website [www.leaseplan.com.au](http://www.leaseplan.com.au) for more information.

## 1.9 The Employee Contribution Method (ECM)

Changes to tax thresholds as of 1 July 2006 and again on 1 July 2007 impact packaging of motor vehicles for certain employees and could reduce your salary packaging benefit. By utilising the Employee Contribution Method (ECM) the impact may be neutralised and in some cases your benefit actually increases. ECM is the recognised method that provides the greatest benefit for employees earning less than \$150,000 pa.

When using ECM you make a post-tax contribution towards the cost of operating your Government CarPlan Operating lease vehicle. For every post-tax dollar you contribute, your FBT taxable value is lowered by the same amount, thus reducing your FBT liability. If you elect to use ECM LeasePlan will

calculate the post-tax contribution amount required to completely eliminate your estimated FBT liability.

Detailed information on the benefits and the considerations you need to make prior to using the ECM are contained in Section 3 of this User Guide.

#### **1.10 What are the possible risks of Government CarPlan leasing for employees?**

If your vehicle is returned to LeasePlan at either the completion of the lease or under early termination conditions, any damage, excess distance travelled (where kilometres are in excess of budgets) or deficit in “Other Provisions” expenditure will be directly payable by you.

Benefits, which exist under current tax laws, could change under the policy of the Government of the day or via future tax rulings.

The vehicle may be more expensive to run than was originally estimated.

The budget allocation for Car FBT and ECM calculations may be inaccurate if the kilometres travelled have not been correctly estimated.

## SECTION 2

### HOW TO PROCEED WITH GETTING YOUR GOVERNMENT CARPLAN

- 2.1 Raeline McDonald, Human Resources, will provide administrative services to staff and will provide factual information on the rules and operation of the scheme, however, she will not provide any form of legal, investment or financial produce advice. Employees who are considering a leasing arrangement will be required to obtain their own their own independent financial advice. A pre-condition for entering a leasing arrangement will be that the employee has obtained their own independent financial and legal advice.

#### Deciding on your vehicle

To help you assess whether a Government CarPlan Operating lease is right for you and which vehicle meets your needs, LeasePlan suggest you utilise Drivers Online (refer to Section 4) to assist you in your decision on selecting the vehicles you would like LeasePlan to quote on.

Drivers Online will provide easy online access to:

- An affordability calculator to help you determine the likely cost of a lease vehicle
- A manufacturer/model selector that will help you to select a car
- A package calculator to compare cars, lease variations and impact on salary

By using these online tools you will be able to:

- Register online
- Request lease quotations online
- Apply for your lease on line

If you prefer to speak to a LeasePlan representative directly please call 1300 668 572. LeasePlan will need the following information to assist quoting for your vehicle:

- Vehicle make and model
- Options and accessories
- Estimated total kilometres you will travel each year
- Number of years for which you would like the lease

#### 2.2 Sourcing of new vehicles

LeasePlan will obtain pricing from its preferred dealer network. If you wish to obtain your own pricing from a dealer you should do this **before** contacting LeasePlan. You should obtain details of availability and pricing in writing, and provide LeasePlan with written dealer quotations so a detailed lease quote can be prepared for you. Your vehicle will be sourced from LeasePlan's suppliers, or your dealer if price and availability is better.

The quotation you obtain from the dealer must include the following information to enable an evaluation of price and availability by LeasePlan.

- Description of vehicle (including all options and accessories)
- Dealer on road costs (including stamp duty, registration and CTP)
- Availability (expected delivery date)

LeasePlan will be happy to provide the names of our preferred vehicle supplier network to you. Additionally, you may visit the LeasePlan web site at [www.leaseplan.com.au](http://www.leaseplan.com.au) where you can find the New Vehicle Supplier Finder underneath the 'Find a Supplier' button.

Should you request sourcing from a supplier at a higher cost than that obtainable by LeasePlan, then you may require the order to be placed via its preferred dealer or the lease may be declined.

Remember, if talking to a dealer **do not** sign or commit to the purchase of a vehicle.

## **How are trade-in vehicles handled?**

When you wish to trade-in your current vehicle against your new vehicle, you must advise LeasePlan of the proposed arrangements. The purchase of the new vehicle and the trade-in must be treated as separate transactions with the proceeds of any surplus on the trade-in paid by the dealer to you, and the sale of the new vehicle being made directly to LeasePlan.

It is then possible to apply the proceeds of the trade-in against your new LeasePlan vehicle or make a personal contribution as part of the purchase from the dealer. However, the maximum that can be contributed against the new vehicle is limited to 20% of the vehicle's cost

### **2.3 Who to contact at LeasePlan**

For initial inquiries phone 1300 668 572. If you prefer, please email our Customer Service Centre at [cservice@leaseplan.com.au](mailto:cservice@leaseplan.com.au).

### **2.4 To obtain a quotation on a vehicle**

LeasePlan has developed an online quotation simulator (refer to Section 4. Drivers Online) which allows you to conduct your Government CarPlan Operating leasing over the internet, either in its entirety or whatever parts you prefer. Drivers Online includes an online affordability and lease package calculator to assist you with deciding what vehicle to lease as well as the required application forms to complete your Government CarPlan Operating lease arrangement (Refer to Section 4. Drivers Online Package Calculator Information). Drivers Online allows you to undertake modelling for a range of new vehicles using all different variables of vehicle model, lease term, residual value and annual distance travelled.

Once you have decided which vehicle you want to lease you can obtain an accurate quotation from LeasePlan. Submit your preferred package estimate via the Drivers Online system or complete a Government CarPlan Operating Lease Quote / Order Form and fax it to LeasePlan on 1800 331 041.

Options may be added to the vehicle to a maximum value of 10% of the total purchase price. If you decide to add options after your credit has been approved you will need to notify LeasePlan so that your credit approval can be reviewed and a new quote issued.

Once your vehicle has been delivered you cannot add options into your lease - you will be required to pay for these from post-tax income.

### **2.5 Information provided on the quotation**

The quotation will list the price of the vehicle and a full budget for the running of your vehicle for the term and kilometres indicated. It includes monthly and annual figures for:

- Lease rental
- Maintenance and repairs
- Tyres
- Registration
- Auto club membership
- Fuel
- Other Provisions
- Comprehensive insurance
- Management fees
- Budgeted FBT liability
- FBT ECM off-set (if ECM is used)
- GST on ECM post-tax contributions (if ECM is used)
- Total package allocation for salary deduction
- Pre-tax and post-tax lease payment split (if ECM is used)

## 2.6 Order process

LeasePlan will email your lease quote to you. After receiving a lease quotation you will need to print and sign it off, and also obtain the signature of La Trobe University's authorised manager.

Once you and La Trobe University's authorised manager have signed your lease quote, you can either: Enter the Drivers Online system and complete your online Lease Application. Return the signed form to our Customer Centre by fax on 1300 763 572. LeasePlan suggests using the Drivers Online system, as it will result in a shorter turn-around time for you.

Please be aware this is a formal process and can take up to 8 days from quote to order. Omissions or providing insufficient information on your application could cause further delays. The Privacy Act prevents any information supplied by you to LeasePlan to be shared with any third party.

New vehicle delivery lead times vary greatly with each manufacturer. LeasePlan generally recommends that you allow up to three months ensuring that special build and specific colour requirements can be met. LeasePlan will advise you of the expected delivery date. The delivery date is subject to change and can be influenced by unforeseen manufacturer or shipping delays. You will be advised of any changes.

## 2.7 Comprehensive insurance (mandatory)

LeasePlan offers low premiums for comprehensive insurance. The premium is budgeted for in the lease payment and is paid from your salary before tax. These premiums are subject to annual review and an individual's claims experience.

Please refer to Section 5 for details on our comprehensive insurance and the benefits of electing to have LeasePlan Total Cover Insurance included in your vehicle lease.

## 2.8 Vehicle repair and maintenance (mandatory)

To realise the true benefit of fleet management, all servicing and repair work to your vehicle must be pre-authorised by LeasePlan prior to the service or repair. When booking your vehicle in for work you will advise the service supplier that LeasePlan manages the vehicle. The service supplier then calls LeasePlan for pre-work authorisation. All invoices for work are billed to and paid by LeasePlan.

You may determine which manufacturer-approved dealership you wish to use for servicing or repairing your vehicle. The service supplier must be an approved repairer of LeasePlan and we will be happy to provide those names to you, or refer to the "Find a Supplier" section at [www.leaseplan.com.au](http://www.leaseplan.com.au). We recommend that a franchised dealer specific to your vehicle should complete all mechanical servicing and repairs. This assists in controlling both costs and quality of work. Additionally it saves the necessity of a vehicle being transferred to an authorised dealer to affect any warranty claims that may be applicable as well as avoiding out-of-warranty issues.

Vehicle maintenance and repair budgets are based upon manufacturers' specified servicing schedules, as well as any repairs that are the result of normal driving and fair wear and tear (brakes, exhaust, etc). To minimise your maintenance expense our team of maintenance controllers will pre-authorise all work on your vehicle. LeasePlan's vehicle maintenance controllers are all qualified mechanics and are committed to ensuring that all work carried out on your vehicle is necessary to ensure your safety and to ensure the vehicle is maintained in sound condition.

## 2.9 Tyres, batteries and windscreen replacement (mandatory)

For the location of preferred suppliers of tyres, batteries and windscreen replacement, you should refer to the LeasePlan Driver's Guide, provided with each vehicle at delivery. Additionally, you may visit the LeasePlan web site at [www.leaseplan.com.au](http://www.leaseplan.com.au) and utilise the online "Find a Supplier". Click on the supplier finder icon to give you a search drop down box. You then simply type in your location and service requirement and the Supplier Finder will provide you with names and contact numbers for your nearest relevant suppliers and also provide a map reference for your convenience. In accordance with our maintenance procedure, the service provider will need to contact our maintenance controllers for pre-approval before proceeding.

## **2.10 Other Provisions (mandatory)**

There are several items that are excluded from standard maintenance programs. These items include broken glass, non-standard maintenance items, minor impact damage and vandalism. A budget called “Other Provisions” has been built to accommodate these items. Insurance excesses can also be paid through Other Provisions with the benefit of becoming pre-tax costs for you.

## **2.11 Fuel (mandatory)**

Fuel will be included in your vehicle budget. You will be provided with a single fuel card that can be used at any Ampol/Caltex/Woolworths service station (unless La Trobe University directs alternative fuel suppliers). Fuel discounts have been negotiated by LeasePlan and La Trobe University, with the discount then passed on to you. It is essential for accurate reporting that correct odometer readings are provided at every fuel fill.

## **2.12 Registrations and CTP (mandatory)**

Your new vehicle will be registered by the dealer under La Trobe University’s name, with LeasePlan noted as the fleet manager for renewal purposes. In some states this is not possible and we kindly request the registration paper be provided to LeasePlan within 20 days prior to the expiry date.

LeasePlan will make annual renewal payments on your behalf. If Compulsory Third Party (CTP) insurance is required LeasePlan will automatically renew it as well. Your registration label should be delivered to you shortly before the expiry date of the current label. It is your responsibility to affix the label to your windscreen. Vehicles registered in Victoria will have one label for the life of the lease.

## **2.13 Replacement vehicles (optional)**

LeasePlan will **not** automatically include a replacement vehicle budget in lease quotations. However, this service will be included in your lease if you request it. The replacement vehicle service is provided where vehicles are off the road for more than 1 day due to major maintenance/repair. Any costs for providing a replacement vehicle will be included as part of the reconciliation against budgeted costs.

Please note that if you elect not to include a replacement vehicle budget within your lease arrangement, you will have to make alternative arrangements and pay for any replacement vehicle yourself without reimbursement by LeasePlan.

## **2.14 Regular reporting**

You will receive a monthly statement comparing actual and budgeted costs for the reporting period as well as the cumulative actual vs budgeted costs.

Accurate odometer readings at fuel fills will verify kilometres travelled against initial estimates. It will also highlight your target odometer reading at completion of the current FBT year and track your progress. A warning is provided if you are in danger of falling into a more costly FBT bracket.

## **2.15 FBT tracking services**

Vehicle kilometre information is contained in the monthly vehicle report to assist with monitoring your vehicle lease. Each monthly report shows the remaining average monthly kilometres required to be travelled to reach your target set for the FBT year. It also identifies opportunities to progress to a higher and less costly FBT bracket.

## **2.16 Interest**

The interest component of the lease quotation is one standard amount to allow for consistent monthly billings to assist you in budgeting for the vehicle. The interest amount for the quote is calculated using a ‘straight-line’ method, in effect adding all the interest payable over the length of the lease and then dividing it by the lease term to give an average interest payment. This amount

becomes the monthly budget for interest as shown on your vehicle reports. **The exact interest rate is set on the day the car is delivered and remains constant for the term of your lease.**

## 2.17 Depreciation

Monthly reports show the actual interest based on the depreciating value of the vehicle. You will notice that in the first half of the lease that actual interest exceeds the “straight-line” budgeted amount, because the value of the vehicle is higher. As the months progress the variance between the monthly budgeted vs. actual cost reduces until half-way through the lease, when the monthly budget and actual cost are identical. You will notice that in the second half of the lease the variance between the actual vs. monthly budget is reversed.

If you have difficulty understanding your vehicle report please access LeasePlan’s Web Site [www.leaseplan.com.au](http://www.leaseplan.com.au) for detailed instruction on how to read and understand your vehicle reports.

The final report will show that the cumulative actual and budgeted interest costs will balance.

## 2.18 Variations to operating costs

Each quotation for a Government CarPlan vehicle will be provided with a cost budget for all operating costs mentioned in point 2.5.

Often there will be unused budget at the end of the first year as operating costs are generally lower in the initial stages of a lease. Most vehicles have lower servicing costs during this period. As you continue into the lease, these unused budgets will diminish as tyre replacement and major service intervals occur. A final reconciliation will be performed at the completion of your lease.

If your vehicle costs less to operate than the budgets nominated then any surplus will be returned to you via your payroll. Conversely if final costs are greater than the budget these costs will be billed to you via payroll.

If during the lease a major cost deficit or surplus looks likely to occur, LeasePlan will liaise with you and La Trobe University to increase or decrease further budgets to absorb these discrepancies. Any adjustments to budget and salary deduction will be undertaken once a year and only when necessary.

## 2.19 Incorrect estimate of travel

LeasePlan regularly reviews your vehicle report to track budgeted versus actual costs and kilometres travelled. If abnormal (> 10%) debits or credits are being generated or significant kilometre variations arise, we will contact you to agree on a new budget and therefore a new package allocation.

## 2.20 How FBT affects your package costs

When you obtain a vehicle under a Government CarPlan lease arrangement La Trobe University becomes liable for Car Fringe Benefit Tax. The FBT liability, which La Trobe University incurs, is charged back to you as part of your salary deduction. Car FBT is usually calculated using a statutory formula as follows:

$$\text{Car FBT Liability} = \frac{\text{FBT Base Value} \times \text{Statutory Factor} \times 2.0647 \times \text{Days Available}}{\text{Days in FBT year}} \times 0.465$$

The Statutory Factor varies according to the annual distance travelled:

Kilometres travelled per annum	Rate
0 - 14,999	26%
15,000 - 24,999	20%
25,000 - 40,000	11%
40,001 +	7%

If your vehicle lease commenced during an FBT year (1 April to 31 March), it is necessary to gauge the kilometres that would have been travelled if the car had been operated for the entire year. This is done by averaging the kilometres travelled per day from the initial delivery date and multiplying it by 365. For

instance, where a lease commenced halfway through the FBT year and travelled 12,000 km, the annual distance would be 24,000 km and the 20% statutory rate (see table above) would apply to the Car FBT liability calculation.

Example: On 1 October 2007 a driver entered into a Government CarPlan Operating lease on a vehicle that has an FBT base value of \$30,000. The vehicle travels 15,143 km by 31 March 2008 (the end of the FBT year). During this time the car was not available for private use for 10 days.

Calculate Statutory Rate

$$\frac{15,143}{182 \text{ days}} \times 365 \text{ days} = 30,369 \text{ km pa} = 11\% \text{ Statutory Rate};$$

Calculate Car FBT Liability

$$\begin{aligned} & \$30,000 \times 11\% \times 2.0647 \times \frac{(182 \text{ days} - 10 \text{ Days Unavailable})}{365 \text{ days}} \times 0.465; \\ & = \$1,493.00 \end{aligned}$$

One factor in determining the extent of FBT liability is the number of days that your vehicle is available for your use. Any days in the FBT year that your vehicle is not available to you will reduce the FBT liability incurred. As a general rule, unavailability occurs when you or any associate (either your family or other staff) do not have use of the vehicle and the keys to the vehicle are in the control of La Trobe University. Unavailability commences from the 1<sup>st</sup> whole day that the vehicle is not available for use (midnight to midnight).

In order for La Trobe University to report your Car FBT liability, an annual FBT Declaration is available via the LeasePlan website and will be distributed to you prior to the completion of the FBT year (31 March). You are required to record your final odometer reading as at 31 March together with any exempt days (days where the vehicle was not available for use).

La Trobe University will then reconcile your FBT balance with you via your payroll. Please note that the Car FBT gross up rate is calculated at the pre-GST FBT rate of 1.8692 if your employee is unable to claim it as an Input Tax Credit.

## 2.21 Effects of distance travelled and FBT

Estimated Car FBT liability is calculated based on your estimated annual kilometres per year at the time a quotation is prepared. FBT liability in reality is paid on the actual kilometres travelled between 1 April and 31 March. If your annual usage falls into a different band as shown on the Statutory Factor (previous example), then the Car FBT liability allocation to your vehicle will be either greater or less than the initial estimates in our quotation. **'Days Unavailable' will not reduce the target odometer.**

Your monthly report will highlight if existing usage trends are likely to cause a change to initial Car FBT estimates.

## 2.22 Luxury taxation limit

A lease is classified as a luxury lease when the amount financed under the lease is greater than the luxury taxation limit (currently \$57,180). Government CarPlan Operating leases which have a finance value greater than \$57,80 are treated differently for income tax purposes. For taxation purposes La Trobe University cannot claim the lease rental as a tax deduction. Instead La Trobe University can claim only a lesser deduction by calculating a nominal interest and limited depreciation values. This treatment imposes additional costs on La Trobe University due to the tax deduction foregone. La Trobe University may choose to recover this cost from you if you select a vehicle that attracts the Luxury Tax.

LeasePlan's Drivers Online package calculations and quotations include the value of the luxury tax cost as an item in the package charge. This cost should not be confused with the Government imposed taxation surcharge which is payable as part of the vehicle purchase cost and shown separately on your quotation as part of the capital cost of your lease.

### 2.23 To claim 'out of pocket expense' reimbursement

Cash Claim forms may only be used to claim reimbursement of costs incurred in emergency situations, for instance, where the allocated fuel cards could not be used, or for minor mechanical repairs of an **urgent nature only** (not for normal schedule servicing). Cash claim forms are also available in the "LeasePlan Drivers" area at [www.leaseplan.com.au](http://www.leaseplan.com.au).

There is a minimum amount of \$55 claimable. Costs below this figure will be borne by you.

**Please note you must attach the original tax invoice/receipts with the cash claim form.**

### 2.24 Expiry of the contracted lease term

Upon expiry of your contracted lease term you may choose from the following 2 options:

**Option 1** - Offer to purchase the vehicle at the residual value plus GST; or

**Option 2** - Return the vehicle to LeasePlan. If there is damage to the vehicle, excess kilometres or a deficit balance in other provisions' expenses, these amounts will have to be settled by you. Please note, under this option LeasePlan will sell the vehicle to the trade at wholesale prices. Wholesale pricing is generally lower than pricing you can achieve by selling the vehicle yourself via retail avenues.

Under Option 1 a reconciliation of operating costs is undertaken within seven days after termination. Any surplus/deficit in actual operating costs compared to budgeted costs will be refunded/invoiced to your employer. Amounts refunded will be added to your payroll and will be subject to income tax. Where an amount has been invoiced this amount will be deducted from your payroll pre-tax. To achieve this reconciliation within seven days LeasePlan undertakes some estimation of operating costs incurred but not recorded or paid at the time of reconciliation. In addition LeasePlan includes a nominal estimation shortfall amount of \$95.00 to cover unknown costs incurred but not paid.

Under Option 2 a reconciliation is undertaken at least 90 days after vehicle termination. Net sales proceeds are compared to residual value and actual operating costs are compared to budgeted costs. Any surplus will be returned to La Trobe University and passed back to you via your payroll and normal income taxes will apply.

## SECTION 3

### HOW TO IMPROVE YOUR PACKAGING BENEFIT WITH ECM

#### 3.1 The Employee Contribution Method

The Employee Contribution Method (ECM) is where you make a post-tax contribution towards the cost of operating your novated lease vehicle. Instead of salary sacrificing the complete vehicle lease cost including Car FBT liability from pre-tax salary, a portion of the vehicle lease cost is deducted as an 'employee contribution' from your post-tax salary. This will show on your pay slip as a second salary deduction post-tax.

Your post-tax contributions are then taken into consideration in your Car FBT calculations at the end of the FBT year. If you elect to use ECM LeasePlan will calculate the post-tax contribution needed to completely eliminate your estimated Car FBT liability. By reducing or eliminating the Car FBT amount payable you lower the overall packaging cost and increase your disposable income.

The table below shows a simple comparison of the impact that ECM can have on a lease.

- Vehicle purchase price = \$33,985
- Distance per year = 15,000 km
- Taxable Income = \$40,000 pa
- Lease period = 36 Months

#### *Packaging 100% pre-tax*

	Annual Cost
Lease Costs	\$8,687
Vehicle Operating Cost	\$5,389
<b>Total Vehicle Costs</b>	<b>\$14,076</b>
FBT Liability	\$7,178
<b>Total Package Cost</b>	<b>\$21,254</b>
Split	
Pre-tax	\$21,254
Post-tax	\$0
<b>Benefit</b>	<b><del>-\$2,409</del></b>

#### *Packaging using ECM*

	Annual Cost
Lease Costs	\$8,687
Vehicle Operating Cost	\$5,389
<b>Total Vehicle Costs</b>	<b>\$14,076</b>
FBT Liability	\$7,187
ECM FBT Offset	-\$7,178
GST On Post-tax	\$679
<b>Total Package Cost</b>	<b>\$14,755</b>
Split	
Pre-tax	\$7,278
Post-tax	\$7,477
<b>Benefit</b>	<b>\$2,143</b>

In this example by using ECM the employee has achieved a benefit of \$2,143.00 compared with a previous disadvantage of \$2,409 when packaging pre-tax.

#### 3.2 Will ECM be beneficial to me?

ECM makes leasing more attractive for employees on incomes below \$150,000 pa. The following tables highlight the benefits to disposable income that are achieved by using ECM with salary packaging of a novated lease, for varying taxable salary amounts.

<i>Employee Salary = \$40,000 per annum</i>					
Annual Km's	Package Cost Per Year	Deduction		Annual Disposable Income Benefit	
		Post Tax	Pre Tax	1 July 2008 100% Pre Tax	1 July 2008 ECM
10,000	\$12,986	\$9,720	\$4,150	-\$4,136	\$1,064
15,000	\$14,076	\$7,477	\$7,279	-\$2,049	\$2,143
20,000	\$15,065	\$7,477	\$8,268	-\$1,787	\$2,406
25,000	\$16,055	\$4,112	\$12,317	\$1,172	\$3,478
30,000	\$17,244	\$4,112	\$13,506	\$1,488	\$3,797
40,001	\$19,424	\$2,617	\$17,045	\$3,264	\$4,731

<i>Employee Salary = \$70,000 per annum</i>					
Annual Km's	Package Cost Per Year	Deduction		Annual Disposable Income Benefit	
		Post Tax	Pre Tax	1 July 2008 100% Pre Tax	1 July 2008 ECM
10,000	\$12,986	\$9,720	\$4,150	-\$1,688	\$1,037
15,000	\$14,076	\$7,477	\$7,279	\$239	\$2,335
20,000	\$15,065	\$7,477	\$8,268	\$650	\$2,746
25,000	\$16,055	\$4,112	\$12,317	\$3,273	\$4,426
30,000	\$17,244	\$4,112	\$13,506	\$3,767	\$4,920
40,001	\$19,424	\$2,617	\$17,045	\$5,654	\$6,388

<i>Employee Salary = \$95,000 per annum</i>					
Annual Km's	Package Cost Per Year	Deduction		Annual Disposable Income Benefit	
		Post Tax	Pre Tax	1 July 2008 100% Pre Tax	1 July 2008 ECM
10,000	\$12,986	\$9,720	\$4,150	-\$188	\$1,452
15,000	\$14,076	\$7,477	\$7,279	\$1,739	\$3,063
20,000	\$15,065	\$7,477	\$8,268	\$2,150	\$3,573
25,000	\$16,055	\$4,112	\$12,317	\$4,773	\$5,658
30,000	\$17,244	\$4,112	\$13,506	\$5,267	\$6,270
40,001	\$19,424	\$2,617	\$17,045	\$7,154	\$7,888

<i>Employee Salary = \$150,000 per annum</i>					
Annual Km's	Package Cost Per Year	Deduction		Annual Disposable Income Benefit	
		Post Tax	Pre Tax	1 July 2008 100% Pre Tax	1 July 2008 ECM
10,000	\$12,986	\$9,720	\$4,150	\$543	\$1,452
15,000	\$14,076	\$7,477	\$7,279	\$2,364	\$3,063
20,000	\$15,065	\$7,477	\$8,268	\$2,874	\$3,573
25,000	\$16,055	\$4,112	\$12,317	\$5,273	\$5,658
30,000	\$17,244	\$4,112	\$13,506	\$5,886	\$6,270
40,001	\$19,424	\$2,617	\$17,045	\$7,848	\$8,093

<i>Employee Salary = \$200,000 per annum</i>					
Annual Km's	Package Cost Per Year	Deduction		Annual Disposable Income Benefit	
		Post Tax	Pre Tax	1 July 2008 100% Pre Tax	1 July 2008 ECM
10,000	\$12,986	\$9,720	\$4,150	\$1,543	\$1,659
15,000	\$14,076	\$7,477	\$7,279	\$3,364	\$3,427
20,000	\$15,065	\$7,477	\$8,268	\$3,874	\$3,986
25,000	\$16,055	\$4,112	\$12,317	\$6,273	\$6,273
30,000	\$17,244	\$4,112	\$13,506	\$6,886	\$6,945
40,001	\$19,424	\$2,617	\$17,045	\$8,848	\$8,945

### 3.3 GST on ECM

When you make a post-tax contribution towards the cost of operating your vehicle using ECM, the transaction is classified as a 'taxable supply' by your employer, for GST purposes. This requires your employer to remit 1/11<sup>th</sup> of the post-tax contribution to the ATO. This additional GST must be added to your package cost. No input tax credits can be claimed for this transaction. This requirement has been allowed for in the above examples.

### 3.4 How do I nominate that I want to use ECM?

If you want to use ECM to maximise the benefit for your lease these steps need to be followed.

#### A) For a new vehicle lease:

##### 1. Use LeasePlan's Drivers Online (Package Calculator)

Prior to requesting a formal quotation from LeasePlan it is essential that you utilise LeasePlan's Driver's Online to calculate the approximate costs for the type of vehicle (and estimated kilometres), to ensure it is within your budget. Drivers Online allows you to select ECM and calculates the post-tax element required to eliminate the estimated FBT liability. Alternatively you can nominate a specific post-tax dollar amount.

Where ECM is selected the 'total vehicle cost' remains unchanged, however, the quote will display the FBT liability that is offset by the post-tax contribution as well as the GST cost payable on the post-tax amount. The new packaging cost is then displayed together with how this should be deducted, pre and post-tax from your salary. The salary packaging analysis demonstrates the benefit gained by salary packaging the vehicle using ECM (pre and post-tax contributions) compared to acquiring and operating the vehicle using post-tax income.

The figures provided with Drivers Online are indicative. LeasePlan is not giving financial or taxation advice on salary packaging. We strongly encourage you to obtain independent taxation and financial advice to determine your personal salary packaging benefit.

#### B) For an existing vehicle lease:

##### 1. Use the ECM Recalculator

Use the ECM Recalculator to establish the impact ECM will have on your existing vehicle lease. In order to use the Recalculator you need your specific lease details, found on your Final Package Allocation document sent to you at the beginning of your lease.

Once you have entered your vehicle lease details the Recalculator will simulate the impact of using ECM for your vehicle. While your total vehicle costs remain unchanged the simulation will now display the FBT liability, which will be offset by the post-tax contribution, as well as the GST payable, or the post-tax amount. A new packaging cost is also displayed together with how this should be deducted (pre-tax and post-tax) from your salary. The salary packaging analysis demonstrates the benefit gained by salary packaging the vehicle using ECM compared to acquiring and operating the vehicle using post-tax income.

The figures provided with the Recalculator are indicative and should be used as a guide only. LeasePlan is not giving financial or taxation advice on salary packaging. We strongly encourage you to obtain independent taxation and financial advice to determine your personal salary packaging benefit.

Please note La Trobe University allows this changeover to ECM only as at 1 April of any year.

##### 2. Fax signed ECM Simulator to 1800 331 041

If you are happy with the simulation produced by the ECM Recalculator and wish to proceed, print out a copy of the simulation and sign in the area indicated. Fax this to LeasePlan's Customer Service Centre for processing.

LeasePlan will then include ECM in your existing lease calculation and send a new Final Package Allocation to you and your employer. The Final Package Allocation will specify to your employer the pre and post-tax deductions that should be taken from your salary. Your employer can commence these new deductions in the next available payroll. You should check as soon as possible that your payroll department has implemented the new pre- and post-tax deductions.

### **3.5 Can I remove ECM from my lease once it has been set up?**

Yes, at the beginning of a new FBT year (i.e.: 1 April each year).

### **3.6 ECM - The impact of doing more or less kilometres per year.**

When preparing your quotation and ECM related deduction calculations, LeasePlan is using your estimated annual distance travelled to determine the estimated post-tax deduction required to eliminate the FBT liability. If at the end of the FBT year you have travelled less kilometres than expected and you moved into a higher FBT bracket, you may incur an additional FBT liability. This is because your post-tax deductions were insufficient to offset the higher FBT liability.

If you have travelled more kilometres than expected and have moved into a lower FBT bracket you will not incur a further FBT liability, however you may have had too much deducted from your salary post-tax, thus losing some of the advantage of higher pre-tax benefits.

It is important that you regularly monitor your actual distance travelled via your monthly 'Vehicle Report' to ensure your usage does not cause you to move into another FBT bracket. So long as you provide accurate odometer readings with each fuel fill your monthly report will highlight how you are progressing toward your annual kilometre target. If you think your actual annual kilometres will be higher or lower than the target and your FBT threshold will change please contact LeasePlan on 1300 668 572 and a recalculation can be performed.

## DRIVERS SECTION 4

### DRIVERS ONLINE PACKAGE CALCULATOR INFORMATION

LeasePlan provides you with an easy-to-use vehicle affordability and salary packaging calculation “tool” called Drivers Online. This system enables you to input any number of vehicle choices to determine affordability and tax effectiveness. If you are unsure how to log onto Drivers Online please speak to our Customer Service Centre on 1300 668 572 or La Trobe University.

The Drivers Online ‘Package Calculator’ measures the personal income tax benefits to you arising from the salary sacrifice of any vehicle. The analysis provides the amount of monthly benefit in either before or after-tax income and reinforces the advantages gained as a result of a salary sacrifice program.

Please note that the output from the package calculator is provided to you on a personal and confidential basis.

The Drivers Online system is designed to provide highly accurate simulations that you can rely on, helping you to make the right package decision. In providing you with package calculation simulations and vehicle quotations LeasePlan is not giving financial or taxation advice on salary packaging. We strongly encourage you to obtain independent taxation and financial advice to determine your personal salary packaging benefit.

#### a) Using Drivers Online

To access Drivers Online, use the Internet and log on to LeasePlan’s web-site [www.leaseplan.com.au](http://www.leaseplan.com.au). If you are using Drivers Online for the first time you will be required to register as a new user.

To register you will require the ‘Customer Number’ supplied by La Trobe University.

The system will send your unique User ID and system generated password to your work email address. When you login for the first time with this temporary password you will be prompted to change the password.

Once you have logged-on you will have access to:

- View and alter **‘Your Profile’**
- The **‘Affordability Calculator’**
- The **‘Package Calculator’**
- **‘Apply for a Lease’** online
- Review a list of **‘Frequently Asked Questions’**

#### b) Affordability Calculator

This tool enables you to see at a glance the approximate cost of leasing a vehicle and whether salary packaging will be beneficial for you. All you need to do is use the four slider bars to select:

- Term of Lease
- Distance Travelled per year
- Annual Salary
- Approximate vehicle price.

The calculator will then display the estimated monthly rental for the vehicle and the estimated annual tax benefit.

#### c) Make/Model Selector

From the Affordability Calculator you can then display a list of vehicle makes and models that are within the range you nominated in the calculator. You can select your desired vehicle from this list or select via make / model drop down boxes. Once you select a specific vehicle you then move automatically to the Package Calculator.

#### **d) Package Calculator**

Once you have selected a vehicle, the Package Calculator will display most options and accessories that are available for the selected vehicle. Make your selection and continue to supply your information where prompted. If you require an option or accessory that is not displayed you can enter the description and estimated price of the option in the additional options area.

You should review the values that have transferred from the Affordability Calculator to ensure these are still valid, such as:

- Your annual gross income
- The annual distance you will travel
- The lease term you require
- Your address and contact details

Once all your information has been entered the Package Calculation for the selected vehicle will be displayed.

The following information will be displayed:

- Lease term
- Distance per annum
- Vehicle rental per month
- FBT per month
- The FBT Off-set from using ECM \*
- GST on Employee Contributions \*
- The Employee Package Allocation per month
- Lease residual percentage (based on ATO guidelines)
- Lease residual amount (GST excluded)
- Total amount financed in the lease
- FBT base value for the vehicle

\* These items will not be displayed if ECM is not selected

The Package Calculation shows the Salary Analysis relevant to salary packaging the selected vehicle, compared to financing and operating the vehicle using post-tax income.

At this stage you can:

1. Save the package calculation after naming the calculation for future retrieval
2. Print the package calculation
3. Save and submit the package calculation for a formal quotation from LeasePlan
4. Elect to do another package calculation on a different vehicle or on the same vehicle with different option, accessories or lease variables

You can save up to 20 different package calculations.

#### **e) Requesting a Formal Quotation**

If you save and submit a package calculation for a formal quotation, Drivers Online will generate this request and a formal quote for your nominated vehicle will be emailed to you.

Please note you can only select and have three current requests for formal quotations at one time.

If, after receiving the formal quotation, you want to proceed with a lease on the vehicle, you can move to the next step and apply for your lease via Drivers Online or if you prefer you may choose to call our customer service centre for off-line assistance.

## **f) Applying for your lease online**

When applying for your lease via Drivers Online you will be required to complete “Your Profile”. All information marked with an asterisk “\*” must be completed for your lease application.

Information required to be completed in your profile includes:

- Your employment details
- Name and date of birth
- Drivers licence details
- Contact information for you
- Residential address and postal address details

When applying for a lease you will be required to review LeasePlan’s Privacy Statement and agree to the terms and conditions of the Privacy Protection of Information.

To complete your lease application online you will require the following information:

- Your signed LeasePlan quotation or calculation
- Your employment details
- Your drivers licence details
- Your driving history

Once you have fully completed your lease application you can submit the application directly to LeasePlan. You will also have the option to print your application for future reference.

Once you have submitted your application you will be reminded to fax the required supporting documents to LeasePlan on 1300 763 572. Typically the supporting document you will be required to fax to LeasePlan is the signed LeasePlan quotation or calculation.

## SECTION 5

### COMPREHENSIVE INSURANCE

#### LeasePlan Total Cover product summary

If La Trobe University has an agreement with LeasePlan, a comprehensive motor vehicle cover is offered as part of your leasing package.

Sum Covered:	Market value as at date of loss  Where your vehicle is subject to any finance agreement and the payout figure under arrangement is greater than the market value, we will pay the payout figure under the finance agreement, with a maximum limit above market value of \$5,000 or 10% of market value, whichever is greater.  Cover ceases at midnight on the date of lease termination.
Policy Collision Damage Waiver:	\$500, unless specified otherwise  The applicable Collision Damage Waiver is payable upon each and every claimable event where at fault. Where the Applicant is not at fault and a third party can be identified and liability rests clearly with the third party, this Collision Damage Waiver is not payable. Please note the claims administrator will determine eligibility for this provision.
Major Exclusions:	Vehicle being driven by any person under the influence of any drug or with a blood alcohol level exceeding the legal limit. Vehicle being used whilst in an unsafe or un-roadworthy condition. Vehicle engaged in pace making, reliability or other trials, rally, race or contest. Vehicle being driven by any person not legally licensed to do so. Vehicle loads or tows any load in excess of that prescribed by its manufacturers. Vehicle being used for personal gain or profit. No cover provided for loss or damage to personal items.
Policy Benefits:	The Collision Damage Waiver is not payable where the Applicant is not at fault. No punitive Collision Damage Waiver for under age drivers, unless otherwise specified. Provision of a free replacement vehicle for a period of up to 14 days following the total loss of the covered vehicle. We are able to arrange a replacement vehicle for any event other than theft, but that car will be provided at your expense. Any driver may drive the vehicle, provided they are legally licensed to do so and are doing so with your consent. Gap coverage of \$5,000 or 10% (whichever is greater) when the payout figure is greater than the market value.
Claims Services:	No written claim form is required. You have access to a 24 hour toll free claims emergency assistance line 1800 64 64 64. Quality controlled preferred repairer network.