

TREASURER'S INSTRUCTION 9

PAYROLL DEDUCTIONS

Reissued: 21 January 2015

Effective: 26 September 2007

Scope

9.1 This instruction applies to all public authorities unless otherwise stated.

Objective

9.2 To establish requirements for the making of deductions from salaries and wages.

9.3 This instruction applies to new deductions established on or after 26 September 2007 and does not apply to deductions established prior to that date. The previous version of Treasurer's Instruction 9 *Payroll Deductions*, which was replaced by this instruction, applies to previously established deductions.

Interpretation and Definition

9.4 This instruction should be interpreted and applied in accordance with Treasurer's Instruction 1 *Interpretation and Application*.

Instruction

Deductions from Salaries and Wages

9.5 A deduction, including a deduction of an administrative fee as described in clause 9.8, from the salary or wage of an employee, other than a deduction required to be made by law or by the order of a court, may be made only on the written and signed authority of that employee. Where an employee is transferred from one public authority to another:

9.5.1 all authorities for deductions made by that employee must be forwarded to the new employing public authority; or

9.5.2 a statement of normal deductions from that employee's salary or wages signed by an authorised officer shall be forwarded to that public authority.

9.6 Provided the deduction is being remitted to an organisation included on the new employing authority's approved list, compliance with clause 9.5 will be sufficient to permit deductions to continue for that employee at the public authority to which he or she has been transferred without the need for any additional authorisation to be completed.

9.7 A deduction from an employee's salary or wage must be made only in respect of organisations approved for that purpose by the Chief Executive or an authorised

delegate. This requirement does not apply to any deduction which is required to be made by law or by the order of a court of competent jurisdiction.

- 9.8 Upon agreement with the receiving organisation and subject to clause 9.5, 9.7 and 9.10, and in relation to each deduction authorised by the employee (other than those listed in clause 9.9), a public authority may withhold from employees' payroll deductions which are remitted to organisations an administrative fee. The administrative fee should be determined by the public authority taking into account administrative costs involved in processing the relevant deductions. In the absence of evidence to the contrary an administrative fee of up to 3.3 percent (GST inclusive) of the value of the associated deduction could be considered a reasonable indicative fee for public authorities to use.
- 9.9 The administrative fee must not be charged where the amount deducted from an employee's salary or wage is paid to a superannuation scheme; is required by law or the order of a court; or is paid to a Union as subscription fees. In addition, donations made by employees to a deductible gift recipient (as specified by the Australian Taxation Office) as part of an approved 'Workplace Giving' program are exempt from an administration fee.
- 9.10 An employee's salary or wage (after relevant deductions if any) must be paid into an account:
- authorised by that employee;
 - held with a financial institution; and
 - in the name of the employee and/or a person having a relationship with the employee (examples include wife (former wife), de facto (former de facto) or child of the employee) or any other account for the purposes of the payment of salary or wages, where authorised by the Chief Executive or delegate.

Subject to individual Departmental/public authority systems, procedures and policies, an employee may request their salary or wage to be apportioned and paid into up to four such accounts without incurring any administrative fee or charge. Thereafter, the employee may be charged the administrative fee referred to in clause 9.8 for each account above four.

- 9.11 The administrative fee collected pursuant to clause 9.8 must be credited to an appropriate receipt line in the public authority's accounts.

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