



What is a Novated Lease?

A novated lease is a three-way agreement between STA Travel, the employee and the financier. There are two separate parts to a novated lease; the primary lease contract and the deed of novation. The primary lease is a contract between the employee and the financier. The novation deed is a separate agreement between all three parties (employee, employer and the financier) that sits behind the primary lease. The deed of novation transfers obligations of the lease (with exception of the residual payout) from the employee to STA Travel for the duration of the employment period or until novation deeds are cancelled or until maturity of the lease period, whichever is first. STA Travel reserves the rights to cancel novation deeds at any time at its own discretion. Upon termination of an employment contract or at maturity of the lease (residual due date), the employee becomes responsible for future lease payments and/or residual payout obligation.

To commence a novated lease the employee will need to supply personal financial details directly to the Novated Lease Provider. STA Travel will provide confirmation of current employment and current earnings when requested by the employee or Novated Lease Provider.

A novated lease is a financial obligation for which an employee holds ultimate responsibility. It is therefore important that employees seek independent financial advice and ensure that they understand the terms and conditions of the lease agreement and taxation issues relating to a novated lease arrangement.

Each eligible employee may elect to salary package a novated lease for a vehicle of personal choice.

Novated Lease Provider

STA Travel has appointed Enlist Pty Ltd (Enlist) as its partner in providing total vehicle remuneration packaging and management. Enlist are specialists in salary packaging, novation leasing and fleet management.

Employees are encouraged to direct all novated lease related enquiries to Enlist in the first instance.

Enlist Contact Details:

Ph: **1300 PRE TAX** (1300 773 829)

Fax: (03) 9860 0699

Email: info@enlist.com.au

Website: www.enlist.com.au

Employees are encouraged to contact Enlist to obtain quotes, discuss the implications and options as they relate to personal circumstances. Enlist will provide personal consulting to help each employee ensure selection of the most appropriate arrangement depending on individual circumstances and preferences.

Employee may lease vehicles under novated finance lease arrangements only.



Eligibility Criteria for Novated Lease

To qualify for a novated lease with STA Travel, employees will need to meet the following criteria;

- Be eligible under this policy
- Complete employment probation period of 6 months
- Be an Australian employee, or have a 457 Visa where the lease term must not exceed the employment contract

Novated Lease Restrictions and Guidelines

A novated lease is a STA Travel provided employee benefit. STA Travel therefore has the right to impose restrictions and recommend guidelines surrounding the novated lease program. The following are restrictions that apply to all new novated lease vehicles in STA Travel's program;

- Each employee is entitled to a maximum of 1 novated lease at any one time.
- It is compulsory for all employees to have their vehicles comprehensively insured at all times via Enlist insurance policy (underwritten by Calliden Insurance). Enlist will pay the annual premium at the start of the lease and upon each annual renewal date.
- It is highly recommended for all employees to obtain Lease Protection Insurance (LPI) as part of their Enlist novated lease. LPI will be organised by Enlist for the employee and is designed to help employees in the event of involuntary redundancy or accidental death.
- It is highly recommended for all employees to obtain GAP Insurance as part of their Enlist novated lease. GAP Insurance will be organised by Enlist for the employee and is designed to give employees peace of mind about meeting their financial obligations in the event of a total loss where Comprehensive Motor Insurance may leave them out of pocket.
- It is compulsory for all employees to include a nominal expense contingency provision of \$20 per month as part of their novated lease package to cover unexpected costs and ensure that employees do not accrue large negative balances in the Salary Package Accounts.

Employee Responsibilities

Employees agree to a range of obligations and responsibilities when they enter into a novated lease arrangement. Employees should ensure they are aware of the nature and extent of all such obligations which include but are not limited to:

- Seeking independent financial advice.

Enlist – Novated Lease Policy



- Signing an internal STA Travel acknowledgement and indemnity form prior to commencement of a novated lease (see Blue Pages – Employee Resources – Employee Benefits).
- Signing all necessary documentation that will be provided by Enlist to establish and manage the novated lease.
- Using the fuel and maintenance card provided by Enlist to purchase fuel, services, repairs, tyres and car washes at authorised merchants.
- Providing an odometer reading to merchants when purchasing fuel and maintenance with the fuel card.
- Submitting an odometer declaration form for FBT purposes after 31 March each year or upon termination of employment with STA Travel.
- Maintaining responsibility for other drivers using the vehicle.
- Paying traffic and/or parking infringement notices.
- Arranging comprehensive insurance through Enlist.
- Ensuring the vehicle is registered and insured at all times and claiming reimbursement from Enlist on an annual basis.
- Returning the fuel and maintenance card at the completion of the lease or upon termination of employment, whichever is first.
- Repaying all outstanding amounts owed to STA Travel as a result of final reconciliation of the Salary Package Account, including FBT. (N.B. final repayment for negative account balances can be deducted from pre-tax salary).
- Paying all infringements and fines, capital improvements to the vehicle after a lease has commenced, car parking, drivers license fees and tolls.

Health and Safety

STA Travel promotes health and safety for the well being of our staff and their families. It is therefore strongly recommended that employees maintain their vehicle in a roadworthy and safe condition.

Legislation Changes

In the event that tax legislation changes result in an increased cost of the employees' novated lease vehicle, STA Travel will not be held responsible. Any additional costs or losses incurred by the employee will be the responsibility of the employee.



Leave Without Pay

Leave without pay (LWOP) includes maternity leave, carer's leave, unpaid sick leave or other Company approved leave.

Employees with a novated lease vehicle who take LWOP will normally be required to stop the salary packaging arrangement and either pay out the lease or continue to pay the lease rentals and running costs from personal savings. At such time that the lease is un-novated, the employee will be required to submit an odometer declaration and return his or her fuel card. The employee's salary package account will be reconciled with the respective adjustment applied to the gross salary.

Review & Contacts

STA Travel reserves the right to amend this policy from time to time and this policy will be reviewed as required. Any questions in regards to matters covered in this policy should be referred to the HR Team – hr@statravel.com.au