ABOUT

NOVATED LEASING

ORIX Australia Corporation Limited A.C.N. 002 992 681
No 1 Eden Park Drive North Ryde NSW 2113
ORIX Driver Direct
Telephone: 1300 36 3993 Facsimile: 1300 36 3990
So you want to know about Novated Leases?

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- How a Novated Lease Works

An Operating Lease

- What is a Novated Operating Lease?

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- Comprehensive Insurance
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WHAT IS A NOVATED LEASE?

A Novated Lease is an arrangement between you (the Employee), Your Employer (the University of Wollongong) and ORIX Australia that enables you to lease a car of choice.

HOW IT WORKS

1. You choose your preferred motor vehicle and enter into a standard Fully Maintained Operating Lease with ORIX.

2. You, Your Employer and ORIX enter into a Full Novation Agreement under which your Employer pays the lease rentals to ORIX on your behalf (can include operating costs).

3. If you leave the University of Wollongong before the lease expires the Novation Agreement lapses your Employer’s responsibility to make lease payments ceases and this responsibility reverts back to you. (Refer novated lease protection)

4. During the lease term, your Employer is responsible for the calculation and payment of fringe benefits tax (FBT) on your behalf. Any differences in mileage usage notified by you that affect the FBT calculation in the original lease will be charged to you.

*The ORIX Full Novation Lease*
WHAT IS A NOVATED OPERATING LEASE?

OPERATING LEASE

Under an operating lease, ORIX retains substantially all of the risks and benefits of ownership of the vehicle. This means that:

- You have no residual value liability, although you are responsible if you have not maintained the vehicle in good condition (fair wear and tear excepted). The vehicle is returned to ORIX at the end of the lease term and ORIX bears the risk of loss or profit on its eventual sale. (It is ORIX policy to sell the vehicle back to you at the current market value if you wish to make an offer).

- All the running costs are included in the fixed monthly rental. Maintenance, tyres and registration are at a fixed monthly rate for the term. Insurance and fuel is paid on a monthly budget and reconciled at generally annual intervals.

- ORIX estimate the expected resale value of the vehicle and running cost data on the kilometre budget advised by you. If you exceed the kilometre budget then you will pay for any excess kilometre usage. (Substantial kilometre differences may necessitate a renegotiation of the lease agreement to prevent substantial liability at the end of the lease.)

<table>
<thead>
<tr>
<th>Feature</th>
<th>Operating Lease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residual Value Payable</td>
<td>No</td>
</tr>
<tr>
<td>Profit or Loss on Sale</td>
<td>No</td>
</tr>
<tr>
<td>Running Costs</td>
<td>Fixed (except Fuel &amp; Insurance)</td>
</tr>
<tr>
<td>Excess Kilometre Charge</td>
<td>Yes</td>
</tr>
<tr>
<td>Lease Rentals</td>
<td>Lower</td>
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</table>
FRINGE BENEFITS TAX

FBT is calculated under the statutory return method which is dependent on the distance you travel in each FBT year (1st April to 31st March). If you do not reach anticipated travel distances planned and you fall into a different statutory percentage bracket, your Employer will charge you the additional FBT expense. If you travel further than expected and fall into a lower FBT category you will receive a credit.

The ORIX driver reports will assist you in managing this process throughout the FBT year and the ORIX Driver Direct will help you choose an appropriate kilometre budget.

<table>
<thead>
<tr>
<th>Kilometres Per Annum</th>
<th>Statutory Percentage</th>
</tr>
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<tbody>
<tr>
<td>0 - 14,999</td>
<td>26%</td>
</tr>
<tr>
<td>15,000 - 24,999</td>
<td>20%</td>
</tr>
<tr>
<td>25,000 – 40,000</td>
<td>11%</td>
</tr>
<tr>
<td>40,001 and over</td>
<td>7%</td>
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Example:

FBT base value: $30,000
(Cost price of vehicle excluding registration and purchase stamp duty)
Distance travelled: 20,000 km
FBT Statutory Percentage: 20%
FBT Taxable Value: $6,000

FBT Liability = FBT Taxable Value x Grossed up taxable value x Marginal tax rate

therefore FBT Liability = $6,000 x 2.129189 x 0.485

= $6,196

The ORIX Novated Lease Analyser (refer to ORIX web site) will assist you to estimate this cost.

This figure may change or be reduced due to other considerations such as Days Not Available and Employee Contributions.

ORIX provide a declaration form for you to complete at the end of the FBT year.

Where a vehicle is used for only part of a year (at lease start or end) FBT kilometres are annualised.
HOW DOES A NOVATED VEHICLE PLAN DIFFER FROM A COMPANY VEHICLE

If you are already eligible for a company motor vehicle issues that will possibly change for you are as follows:

- The actual FBT cost may be charged back to your package at the end of the FBT year (31 March). This may be a benefit or cost to you depending on your circumstances.

- You can select a kilometre plan that matches your utilisation rather than use a standard company plan.

- You can take the novated vehicle with you when you leave the company. This may be a benefit or a burden depending on your circumstances at the time.

- You have the ability to select your vehicle of choice (within company guidelines).

- As you are responsible for the vehicle lease if you leave your Employer, you will be required to complete a credit application, have appropriate credit assessment completed (CRAA) and sign novated lease documentation.

- If FBT tax rates change, or other legislation is enacted (ie. GST) which imposes additional costs, these may be your expense

EARLY TERMINATION OF CONTRACT

If you wish to terminate the contract and keep the vehicle you will be required to pay the Liquidated Amount which is the present value of the remaining lease rentals and the residual value.

In addition you may be responsible for expenditure incurred by ORIX but not yet recovered from you (i.e. Annual registration).

\[
\text{Liquidated Amount} = \text{Present Value of Future Rentals} + \text{Residual Value} + \text{Running costs Incurred but not paid}
\]
If you return the vehicle to ORIX then you are liable for any shortfall between the Liquidated amount and the vehicle sale price achieved by ORIX.

\[ \text{Shortfall} = \text{Liquidated Amount} - \text{Vehicle Sale Price achieved by ORIX} \]

PRODUCTS AND SERVICES

MAINTENANCE & TYRES

Costs for maintenance and tyres will be budgeted or fixed using information from ORIX’s extensive database and reference to over 20,000 vehicles.

ORIX has a comprehensive range of maintenance facilities, which are provided by a national repairer and supplier network of over 3,000 outlets. ORIX’s large vehicle fleet and history allows ORIX to:

- negotiate lower repair costs;
- enforce and extend warranty claims; and
- accurately forecast service and maintenance costs

The benefits to employees under the ORIX maintenance plan include:

- broad repair and servicing network;
- efficient monitoring of vehicle servicing;
- use of “manufacturers specified” parts only;
- costs fixed at competitive rates; and
- professional and experienced repair authorisation team to prevent over servicing whilst maintaining vehicles to a high standard.

Your tyre and maintenance budgets reflect what would be normally expected of a vehicle nominated by the length of time of the lease and the kilometre’s travelled.
For maintenance the budget includes allowances for items that would require replacement or repair and are not covered by your warranty.

Items that have not been budgeted for and are not claimable (unauthorised) are:

- Accident Damage including minor accident damage - broken windscreens, mirrors aerials or mudflaps.
- Insurance excess
- Vehicle option upgrades or vehicle modifications.
PRODUCTS AND SERVICES

FUEL

Fuel will be calculated with reference to ORIX’s database and dependent on drivers fuel choice (unleaded, premium, LPG or diesel). A budget will be set based on the following parameters:

\[
\text{Projected Fuel Price} \times \text{Vehicle Fuel Consumption} \times \text{Annual KM's} \times \frac{100}{\text{Fuel Price}} = \text{Annual Cost}
\]

For driver convenience and accurate fuel and odometer reading report, ORIX recommends the employee will be issued with an ORIX Motorcharge card.

ORIX Motorcharge card will provide access to 7,000 conveniently located fuel sites Australia-wide. ORIX Card also doubles as an Ampol/Caltex card with access to rebated fuel at over 3,000 sites Australia-wide.
PRODUCTS AND SERVICES

COMPREHENSIVE INSURANCE

ORIX is able to provide competitively priced comprehensive insurance. ORIX Comprehensive Insurance is underwritten by SGIO Insurance. Benefits of the product include:

- Market Value or Lease Payout - whichever is the greater
- Replacement windscreen
- Replacement vehicle for up to 30 days

Premiums are calculated on the employee’s claims history and type vehicle chosen.

REGISTRATION

Registration costs are estimated in accordance with the employee’s initial registration and ORIX’s projected annual cost.

ORIX is able to supply Compulsory Third Party Insurance at rates negotiated on ORIX fleet of 20,000 vehicles.

MOTOR CLUB

ORIX can arrange membership and annual membership payments made on the employee’s behalf. Choice can be made between standard or extra services.

MOTOR VEHICLE DISPOSAL

Access is provided to employees for the disposal of vehicles at lease end or early lease termination. This is through ORIX National Tender located in each capital city.

The vehicle is tendered to a select list of vehicle wholesalers. ORIX regularly achieves prices above wholesale prices due to the fact that all vehicles are of high quality and have a maintained service history through ORIX Five Star Repairer Network.
PRODUCTS AND SERVICES

NOVATED LEASE PROTECTION

Novated Lease Protection is a form of insurance that allows you protection in the event of involuntary employment termination.

GUIDELINES

You are eligible for Novated Lease Protection if you are under a contract of employment with corporate clients of ORIX Australia.

DEFINED EVENTS

- Death
- Total Permanent Disablement
- Retrenchment and/or redundancy

Retrenchment is a term that means that your employment has been terminated due to redundancy.

This means any situation resulting in the termination of employment with the following exclusions:

- Employment is not full time
- Termination of any part time, seasonal, intermittent, contract or completion of specified work
- Voluntary resignation or redundancy
- Termination caused by misconduct or lack of performance to the employment specification or description

COVERAGE

The cover allows you to return your novated vehicle without cost if any of the above defined events occur.

The Lease Payment Option will allow you to retain the vehicle for up to three months from the date of separation of employment at no cost. If you are re-employed in this time you will then re-novate the vehicle to your new employer.

LIMITATION OF COVERAGE

- In the event of Death, Lease Payout Protection is limited to $20,000 (unlimited in all other circumstances).
- A claim under the policy cannot be made within 30 days for existing employees and 90 days for new employees.
- There is a limitation of one claim per person in any twelve consecutive months for Novated Lease Payment Protection.
COMMON QUESTION AND ANSWERS ABOUT NOVATED LEASE’S

Q1. What should I do before I proceed?
   A. You should be able to answer the following questions:
      
      • Do I have the appropriate approvals in place my employer?
      • Read the University of Wollongong’s Salary Packaging web site and Salary Packaging Guidelines
      • Vehicle, Make and Model required (allowed within policy?)
      • Vehicle options required?
      • Estimated total annual kilometres?
      • Preferred lease term?

      You may wish to use the ORIX Novated Lease Analyser to give you an estimate of the package value of the vehicle you are considering.

Q2. How do I contact ORIX?
   A. Call ORIX Driver Direct, who can assist you in understanding the implications of Novated Leasing and Salary Packaging.

   ORIX DRIVER DIRECT

   Location: No. 1 Eden Park Drive
   (Waterloo Road)
   North Ryde NSW 2113

   Telephone: 1300 36 3993
   Facsimile: 1300 36 3990

   E Mail: driverdirect@orix.com.au

Q3. How will Driver Direct help me make a decision?
   A. ORIX Driver Direct are aware of your company’s novated plan and will assist you in such matters as:
      
      • Vehicle choice, availability and pricing
      • Advice on employer related salary packaging
      • Fringe benefits tax
      • Novated leasing benefits and implications
      • Advice and options on various budget categories - maintenance, tyres, fuel, insurance, registration and motor club
      • Credit approval and employee affordability
Q4. How do I calculate the most affordable vehicle option for my Salary Package?

A. The ORIX Novated Lease Analyser is an easy to use software program (Excel) that allows you to calculate a range of salary package costs. You can use the program yourself or have a Driver Direct adviser assist you.

Q5. When should I start this process?

A. Delivery times can be up to three months. Therefore, you should start the process at least 3 months before expected delivery.

Q6. What vehicle choice do I have?

A. Please refer to the University of Wollongong’s Salary Packaging Guidelines first. ORIX will allow you to novate:

- New vehicles - Operating Lease
- Second hand/used vehicles from the ORIX ex lease vehicle fleet

Q7. What lease term and residual value can I choose?

A. Lease terms are between 12 to 60 months. Used vehicles will have lease terms determined by the age of the vehicle.

*Operating Lease*

Residual is ORIX risk and therefore the residual value is generally set at a value that ORIX could reasonably assume to achieve at the end of the lease term.

Q8. Can ORIX source a used vehicle for me?

A. ORIX have a regular supply of lease vehicles that are available for leasing.

Q9. Can I source my own vehicle?

A. You may source your own dealer quote. If you forward this to ORIX we can provide a lease quote. However, ORIX will provide a purchasing service for you where you will benefit from our national purchasing power.
Q10. How does the ordering process work?

A. Your should follow these steps:

- ORIX to provide you with an acceptable quote
- You complete an application form and receive credit approval from ORIX
- ORIX will issue all required documentation and associated paperwork
- You read the documents (you may wish to seek independent legal/taxation advice).
- Sign all documents. Forward the relevant documents to the Salary Packaging Officer at the University of Wollongong for signature
- The documents are then forwarded to ORIX
- ORIX will order the vehicle on receipt of correctly completed documents and when approval requirements are met
- The Driver Direct representative will keep you informed on the delivery process and any issues that need resolution prior to delivery

Q11. What will the quotation look like?

A. The quotation will list the vehicle details and price including FBT Purchase Price, Kilometres per annum, Term etc. The quote will include monthly and annual figures for budgeted items including:

- Finance cost
- Rental Business Duty
- Maintenance
- Tyres
- Fuel
- Comprehensive Insurance
- Registration and CTP
- Management Fees
- Motor Club
- Relief Vehicle
- FBT (Statutory Return Method)
- Total Salary Package Cost

Q12. Can I alter the quote in any way?

A. You are required to include the following products as a minimum:

Finance, Fuel, Maintenance, Comprehensive Insurance and Registration. The running cost budgets are set by ORIX based on our past experience according to your kilometre budget and term.
Q13. What if I am unsure of the kilometres to be travelled for both private and business use?

A. Don’t be too worried about the kilometres to be travelled, ORIX can adjust your budget (generally annually) to reflect changing travelling patterns during the term. It would be prudent to look at the kilometre bands shown in the FBT Statutory Percentage Calculations (this includes business and private use) and be reasonably confident you will fit into each of these categories.

Q14. What does ORIX do with my personal details for the credit application?

A. The privacy act prevents any information supplied by you being shared with any third party (including your Employer). ORIX deal directly with you on all credit matters.

Q15. How do I get instruction on the ORIX program that includes things like car services, tyres etc.?

A. You will receive an ORIX Driver Handbook which gives you a national dealer network to contact along with instructions on what to do in the event of an accident etc. The features of your program will be shown to you by an ORIX employee when you pick up your car.

Q16. How do I know if I am travelling to budget?

A. ORIX provide you with a monthly statement showing actual expenditure against budget per month and life to date. You will also be prompted to review your travelling pattern against required FBT distance.

Q17. Do I need to insure my vehicle?

A. As part of your lease contract your motor vehicle will be insured through ORIX.

Q18. How is re-insurance affected?

A. Because you have ORIX Insurance the policy is automatically renewed.

Q19. Can I add items to my car after delivery and have them accommodated through my package?

A. You will not be able to add any options to your vehicle once the contract has started (unless you pay cash). Therefore it is important you consider all options, accessories required before finalising your contract.
Q20. What are my options at the end of the lease?

A. Operating Lease
   1. Return the vehicle to ORIX
   2. If you wish to purchase the vehicle, then ORIX may consider an offer from you to purchase
   3. Re lease the vehicle

Q21. Will I have to pay GST on the Lease Payments?

A. GST will be payable on lease payments from 1 July 2000.

Q22. Will I have to pay GST on the Residual Value?

A. Operating Lease: No GST will be payable if you return the vehicle to ORIX. However you will have to pay GST if you choose to purchase the vehicle.

Q23. If I change employment, can I novate the lease to the new employer?

A. Yes, with the new employer’s agreement.

Q24. What happens if I go on unpaid leave from the University?

A. You will be deemed to have ceased employment and will remain responsible for the lease payment. On return from leave the novation agreement can be negotiated.

Q25. What happens if I am transferred overseas?

A. You should seek guidance from your employer in regard to company policy on how your case might be treated. The contract will either continue or need to be terminated.

Q26. I need more information.

A. Contact ORIX Driver Direct on 1300 363 993. We will be happy to help.