

# Attachment 2

## Visiting medical officers

### Terms and conditions of employment— contracts

## **Visiting medical officers engaged under a contract of employment**

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An electronic version of this document is available at

<https://www.health.qld.gov.au/employment/conditions/contracts/medical>

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## Introduction

The purpose of this document is to provide Visiting Medical Officers (VMOs) with guidance about other benefits that apply to their employment, in addition to the terms and conditions contained in the employment contract that will operate on or after 4 August 2014.

This document provides general information only as the terms and conditions for a particular employee will depend on the circumstances of their employment.

The [\*Blueprint for better healthcare in Queensland\*](#) released in February 2013 clearly articulated a range of reforms aimed at enabling the public health system to grow and provide for a sustainable future. The blueprint focuses on four principal themes:

- health services focused on patients and people
- empowering the community and our health workforce
- providing Queenslanders with value in health services
- investing, innovating and planning for the future.

The blueprint specifically identified the need for a modern and flexible employment framework to be at the core of required reforms and a broad range of employment initiatives are currently being introduced to deliver on those reforms.

This direction accords with the findings and adopted recommendations of the Queensland Commission of Audit (QCOA), which was released in early 2013.

One of the key changes arising from these reforms is the introduction of modern individual contracts to replace the traditional award and agreement based arrangements for senior staff. Consistent with this change, VMOs will be offered individual contract arrangements, incorporating new private practice provisions, to be effective from 4 August 2014.

The Director-General, in accordance with the provisions of the *Hospital and Health Boards Act 2011* (Qld), establishes the terms and conditions of employment for health service employees.

Terms and conditions for VMOs engaged under a contract of employment are primarily contained in the individual employee's contract of employment. However, other contract terms and conditions of employment may be prescribed in the:

- *Hospital and Health Boards Act 2011* (Qld)
- applied public service law
- *Industrial Relations Act 1999* (Qld)
- directives, including health employment, health service and public service directives
- Queensland Health's integrated human resource manuals (IRMs), human resource policies and other reference guides
  - Code of Conduct for the Queensland Public Service.

## Application

This terms and conditions of employment document provides guidance to VMOs employed in Hospital and Health Services (HHSs) and the Department of Health, including commercialised business units (CBU), in relation to other benefits that operate as a matter of policy or practice and apply to a VMO's employment in addition to the provisions of the framework contract.

## Appointment/contract of employment

On or after 4 August 2014, all appointments to VMO positions will be regulated by a health employment directive made under the *Hospital and Health Boards Act 2011*.

The directive requires that VMOs appointed on or after 4 August 2014 be engaged on a framework contract of employment.

The framework contract is to be made between each VMO and their employer as follows:

- Where the VMO is employed by an HHS—other than as the health service chief executive (HSCE)—the contract will be signed by the VMO and the HSCE or authorised delegate.
- Where the VMO is employed by a service as the HSCE, the contract will be signed by the VMO and the chair of the board of the service.
- Where the VMO is employed by the department or a commercialised business unit, the contract will be signed by the VMO and the Director-General or authorised delegate.

The framework contract establishes a standard form contract for VMOs that includes terms and conditions which are to be consistent for all contracts. However, the framework contract also allows for various terms and conditions which may be tailored to meet particular requirements of the employment.

For example, the framework contract will include following information:

- duties required for the position
- performance criteria and/or key performance indicators (KPIs)
- level of the position and the remuneration that will apply
- the term of the appointment, where the appointment is for a particular term
- the arrangements for the private practice, where the employer permits or requires the VMO to undertake private practice.

Importantly, from 4 August 2014 private practice may only be undertaken by VMOs who have entered into a framework contract. It will be for each service to decide what private practice activities it requires to be undertaken.

All current VMOs will be offered the opportunity to enter into a framework contract before 4 August 2014. From 4 August 2014, only those VMOs who have entered into a framework contract will be eligible to engage in private practice arrangements required by the employer.

## Remuneration arrangements

Table 1 establishes a two tier remuneration structure for all VMOs who have entered into a framework contract.

**Table 1 Remuneration framework**

Base rate	Annual base rate as contained in Appendix 1	Annual rate paid fortnightly
Tier 1	Fuel payment Professional development	Standard allowances paid fortnightly
Tier 2	Additional hours	Payment for work performed outside of core hours

For the purposes of Tier 1 professional development, a country area will exclude those facilities operated by the Metro North, Metro South, Children’s Health Queensland, Gold Coast, Sunshine Coast and West Moreton HHSs.

## Superannuation

Subject to federal legislation, the service must comply with superannuation arrangements prescribed in the *Superannuation (State Public Sector) Act 1990* (and associated deed, notice and regulation).

If Australian Government legislation provides for choice of fund rights and in circumstances where the VMO does not choose a fund in accordance with the *Superannuation Guarantee (Administration) Act 1992* (Cth), the service will direct contributions to the fund prescribed by the *Superannuation (State Public Sector) Act 1990*.

## Attendance and hours of duty

### Medical fatigue

The service is required to have an open and transparent fatigue management strategy in place for medical staff. Any fatigue related matters will be managed in cooperation between the VMO and their relevant manager to ensure the health and safety of both patients and the VMO.

Excessive on-call hours and hours of work are to be managed in accordance with best practice fatigue management, Department of Health human resources policy I1, Medical Fatigue Risk Management System, as amended from time to time and the services fatigue management strategy.

### Reporting absences from duty

A VMO shall, as soon as practicable, report to their relevant manager on any inability to perform their duties, and the reason for that inability.

## Performance review

VMOs will be required to participate in regular performance reviews which will include an evaluation of KPIs for the particular employment included in the framework contract. The KPIs will be developed at the HHS level in agreement with the VMO and will be reviewed by the HHS from time to time.

The following principles form guidelines for the KPI framework:

- KPIs will be specific, measurable, achievable, realistic and targeted.
- KPIs will be professionally relevant, support good medical practice and professional standards.
- The KPI framework will include performance management principles and principles governing inclusion of KPIs in contracts.
- The KPI framework will include a transparent process for describing, weighting, measuring and rating each KPI.
- The KPI framework will include clear criteria for Tier 3 payments, if applicable, upon the VMO meeting or not meeting KPIs either fully or partially.
- The KPI framework will include, within a reasonable period of time prior to the annual review, the requirement for advice to the VMO on performance concerns that may affect the VMO's ability to meet KPIs either fully or partially.
- The KPI framework will address the elements described in clauses contained in the VMO framework contract:
  - 14—review of remuneration
  - 19—review of performance
  - 27—professional development leave.
- The KPI framework will confirm that an analysis of ratings given for all employees across the service will be undertaken periodically by the service.



## Leave and other entitlements

Table 2 provides details and references for all leave and other entitlements available to VMOs engaged under a contract of employment.

**Table 2 Leave and other entitlements**

Leave and other entitlements	Application
<p><b>Professional development</b></p>	<p>VMOs will be paid one professional development allowance of \$5,000 per annum (\$6,000 for country areas), which will be paid fortnightly. All professional development leave is subject to the approval of the executive director, medical services, clinical director or relevant manager.</p> <p>VMOs will accrue four weeks' professional development leave per year for a maximum of 40 weeks. Professional development leave accrual is not paid out on termination of employment.</p> <p>By agreement with the executive director medical services, clinical director or relevant manager, the VMO may utilise accrued professional development leave to undertake professional development activities outside of core hours provided that the delivery of services is not unreasonably affected.</p>
<p><b>Annual/recreation leave</b> Human resource policy C51 (as amended from time to time)</p>	<p>Outlines annual leave provisions and arrangements.</p> <p>VMOs (other than a casual employee) are entitled to four weeks annual leave each year.</p> <p>An exception is where work is ordinarily required to be performed on public holidays. VMOs who are ordinarily required to work public holidays and who have completed a full year of employment will be allowed an additional one week annual leave. The additional week's leave is in lieu of extra payment for the work performed on public holidays.</p> <p>Annual leave may be allowed to accumulate for two years or longer by agreement</p> <p>VMOs who accrue five weeks recreational leave per annum and are required to be on-call once during the Christmas closure period, will be debited one day from their recreational leave balance.</p> <p>VMOs who accrue five weeks recreational leave per annum and are required to be on-call for two or more periods during the Christmas closure period will not have their recreational leave balance debited.</p> <p>For all VMOs a further amount of 17.5 per cent leave loading is calculated for four weeks annual leave accumulated in any one year. The leave loading is paid when annual leave is accessed or paid out at termination.</p> <p><a href="https://qheps.health.qld.gov.au/hr/policies-agreements-directives/policy-index/c-remuneration-leave-benefits/annual-recreation-leave">https://qheps.health.qld.gov.au/hr/policies-agreements-directives/policy-index/c-remuneration-leave-benefits/annual-recreation-leave</a></p>

<p><b>Sick leave</b></p> <p>Directive 06/20 (as amended from time to time)</p> <p>Includes:</p> <ul style="list-style-type: none"> <li>• meritorious service</li> <li>• war service</li> <li>• sick leave in lieu of recreation and long service leave.</li> </ul>	<p>Outlines sick leave provisions and arrangements.</p> <p><a href="https://www.forgov.qld.gov.au/employment-policy-career-and-wellbeing/directives-policies-circulars-and-guidelines/sick-leave-directive-0620">https://www.forgov.qld.gov.au/employment-policy-career-and-wellbeing/directives-policies-circulars-and-guidelines/sick-leave-directive-0620</a></p>
<p><b>Bereavement leave</b></p> <p>Human resource policy C11 (as amended from time to time)</p>	<p>Outlines the arrangements for bereavement leave on the death of a member of an employee's immediate family or household.</p> <p><a href="https://qheps.health.qld.gov.au/hr/policies-agreements-directives/policy-index/c-remuneration-leave-benefits/bereavement-leave">https://qheps.health.qld.gov.au/hr/policies-agreements-directives/policy-index/c-remuneration-leave-benefits/bereavement-leave</a></p>
<p><b>Long service leave</b></p> <p>Directive 11/18 as it pertains to long service leave (as amended from time to time)</p>	<p>Outlines long service leave provisions and arrangements.</p> <p>An employee shall be entitled to long service leave in accordance with the provisions of directive 10/13 as it pertains to long service leave (as amended from time to time), issued by the Minister for Industrial Relations under section 54 of the <i>Public Service Act 2008</i>.</p> <p>Payment for long service leave will be made at the ordinary rate of pay being paid to the VMO immediately prior to the long-service leave being taken.</p> <p><a href="https://www.forgov.qld.gov.au/employment-policy-career-and-wellbeing/directives-policies-circulars-and-guidelines/long-service-leave-directive-1118">https://www.forgov.qld.gov.au/employment-policy-career-and-wellbeing/directives-policies-circulars-and-guidelines/long-service-leave-directive-1118</a></p>
<p><b>Parental leave</b></p> <p>Human resource policy C26 (as amended from time to time)</p>	<p>Outlines parental leave provisions and arrangements.</p> <p><a href="https://qheps.health.qld.gov.au/hr/policies-agreements-directives/policy-index/c-remuneration-leave-benefits/parental-leave">https://qheps.health.qld.gov.au/hr/policies-agreements-directives/policy-index/c-remuneration-leave-benefits/parental-leave</a></p>
<p><b>Carers leave</b></p> <p>HR Policy C9 (as amended from time to time)</p>	<p>Outlines carers leave provisions and related processes.</p> <p><a href="https://qheps.health.qld.gov.au/hr/policies-agreements-directives/policy-index/c-remuneration-leave-benefits/carers-leave">https://qheps.health.qld.gov.au/hr/policies-agreements-directives/policy-index/c-remuneration-leave-benefits/carers-leave</a></p>
<p><b>Special leave</b></p> <p>Human resource policy C7 (as amended from time to time)</p> <p>Includes:</p> <ul style="list-style-type: none"> <li>• defence reserve forces leave</li> <li>• state emergency</li> <li>• floods, cyclone, bushfires and storms</li> <li>• elections</li> <li>• special leave without pay.</li> </ul>	<p>Outlines special leave provisions and arrangements.</p> <p><a href="https://qheps.health.qld.gov.au/hr/policies-agreements-directives/policy-index/c-remuneration-leave-benefits/special-leave">https://qheps.health.qld.gov.au/hr/policies-agreements-directives/policy-index/c-remuneration-leave-benefits/special-leave</a></p>
<p><b>Court attendance and jury service</b></p> <p>Directive 13/14 (as amended from time to time)</p>	<p>Outlines the provisions for employees required to attend court as a witness or to undertake service as a juror.</p> <p><a href="https://www.forgov.qld.gov.au/employment-policy-career-and-wellbeing/directives-policies-circulars-and-guidelines/court-attendance-and-jury-service-directive-1314">https://www.forgov.qld.gov.au/employment-policy-career-and-wellbeing/directives-policies-circulars-and-guidelines/court-attendance-and-jury-service-directive-1314</a></p>

<p><b>Early retirement, redundancy and retrenchment</b></p>	<p>Outlines in directive 04/18 Early retirement, redundancy and retrenchment.</p> <p><a href="https://www.forgov.qld.gov.au/employment-policy-career-and-wellbeing/directives-policies-circulars-and-guidelines/early-retirement-redundancy-and-retrenchment-directive-0418">https://www.forgov.qld.gov.au/employment-policy-career-and-wellbeing/directives-policies-circulars-and-guidelines/early-retirement-redundancy-and-retrenchment-directive-0418</a></p>
<p><b>Discipline policy</b> HR Policy E10 (as amended from time to time)</p>	<p>Outlines the policy and process for the management of discipline in Queensland Health.</p> <p><a href="https://qheps.health.qld.gov.au/hr/policies-agreements-directives/policy-index/e-ethics-and-conduct/discipline">https://qheps.health.qld.gov.au/hr/policies-agreements-directives/policy-index/e-ethics-and-conduct/discipline</a></p>
<p><b>Recognition of entitlements</b></p>	<p>The chief executive will recognise entitlements accrued by a VMO prior to agreeing to a contract provided there is no break in service.</p> <p>If there is a break in service recognition of previous service and employment directive 12/18 (as amended from time to time) will apply.</p> <p><a href="https://www.forgov.qld.gov.au/employment-policy-career-and-wellbeing/directives-policies-circulars-and-guidelines/recognition-of-previous-service-directive-1218">https://www.forgov.qld.gov.au/employment-policy-career-and-wellbeing/directives-policies-circulars-and-guidelines/recognition-of-previous-service-directive-1218</a></p>
<p><b>Recognition of previous service and employment</b> Directive 12/18 (as amended from time to time)</p>	<p>Outlines the arrangements for recognition of previous service and employment when a person is appointed or reappointed, engaged or re-engaged to work in the Queensland Public Service and other eligible government entities.</p> <p><a href="https://www.forgov.qld.gov.au/employment-policy-career-and-wellbeing/directives-policies-circulars-and-guidelines/recognition-of-previous-service-directive-1218">https://www.forgov.qld.gov.au/employment-policy-career-and-wellbeing/directives-policies-circulars-and-guidelines/recognition-of-previous-service-directive-1218</a></p>
<p><b>Recognition of previous service for long service leave and sick leave purposes</b> Human resource policy C55 (as amended from time to time)</p>	<p>Outlines entitlements for recognition of previous service for long service leave and sick leave purposes.</p> <p><a href="https://qheps.health.qld.gov.au/hr/policies-agreements-directives/policy-index/c-remuneration-leave-benefits/recognition-prev-service-leave">https://qheps.health.qld.gov.au/hr/policies-agreements-directives/policy-index/c-remuneration-leave-benefits/recognition-prev-service-leave</a></p>
<p><b>Council leave</b></p>	<p>VMOs who are current councillors of the royal colleges, national speciality societies or the Australian Medical Association Queensland are entitled to access council leave up to ten paid days per annum, in addition to any other entitlements.</p> <p>Should leave in excess of ten days per year be required, it may be deducted from professional development leave. Such leave shall be granted only for periods that fall within ordinary rostered hours. These periods are not cumulative.</p>
<p><b>National president's leave</b></p>	<p>The national president of a royal college, national speciality society or state or federal Branch of the Australian Medical Association may be granted unlimited council leave.</p>
<p><b>Examiners' leave</b></p>	<p>VMOs are entitled to access examiners' leave, in addition to any other entitlements. Examiners' leave may be accessed by a registered examiner of any of the royal colleges for the purpose of conducting and examining registrars, or teaching. Such leave shall be granted only for periods that fall in core hours.</p>

<p><b>Indemnity</b> (private practice in paid time)</p>	<p>Prior to a health service offering certain VMOs the ability to engage in private practice, the health service must satisfy itself of the existence of suitable indemnity for the type of work the VMO is performing.</p> <p>In the absence of suitable indemnity arrangements, private practice must not be engaged by the VMO.</p>
<p><b>Outreach package</b></p>	<p>An HHS may choose to offer the availability of a package arrangement for outreach work in the manner that existed prior to 4 August 2014, with rates indexed in January of each year in cases when a VMO works away from their home location.</p>
<p><b>Exception to call back</b></p>	<p>A health service may choose to offer the availability of exception to call back arrangements for VMOs at specific Queensland Health hospitals. VMOs are to be paid on a 'rate per procedure basis' for such arrangements, commensurate with the relevant rate/s set out in the <a href="#">Department of Veterans' Affairs Fee Schedule for Medical Services</a> (as updated and amended from time to time) as an exception to standard call back payments.</p> <p>Applicable Queensland Health hospitals include:</p> <ul style="list-style-type: none"> <li>• Toowoomba Hospital</li> <li>• Hervey Bay Hospital</li> <li>• Bundaberg Hospital</li> <li>• Gladstone Hospital</li> <li>• Rockhampton Hospital</li> <li>• Mackay Base Hospital</li> <li>• Mount Isa Hospital</li> <li>• Maryborough Hospital</li> <li>• Cairns Base Hospital</li> <li>• Townsville Hospital.</li> </ul>
<p><b>Motor vehicle</b></p>	<p><b>Travel</b></p> <p>Where a VMO is recalled to perform work to provide a clinical service during an off-duty period or outside core hours the VMO shall be refunded the cost of transport as follows:</p> <ul style="list-style-type: none"> <li>• taxi fares where a taxi is utilised</li> <li>• one motor vehicle allowance as per directive 14/10 – motor vehicle allowances, (as amended from time to time).</li> </ul> <p>A VMO will be compensated for reasonable out of pocket expenses in accordance with directive 14/10 incurred for travel to non-metropolitan hospitals.</p>
<p><b>Car parking</b></p>	<p>Current car parking arrangements for VMOs will continue to apply.</p>

Table 3 provides a summary of leave entitlements for VMOs engaged under a contract of employment.

**Table 3 VMO leave entitlements**

Leave category	Entitlements under contract
<b>Paid leave</b> (e.g. recreation, long service, sick, PDL)	<ul style="list-style-type: none"> <li>• Annualised base</li> <li>• Tier 1—standard allowances</li> </ul>
<b>Leave loading on recreation</b> (14% or 17.5%)*	<ul style="list-style-type: none"> <li>• Base</li> </ul>
<b>Half pay leave</b>	<ul style="list-style-type: none"> <li>• Pro rata at half rate of all entitlements paid when on full pay leave.</li> </ul>
<b>No pay leave</b>	<ul style="list-style-type: none"> <li>• Not paid</li> </ul>
<b>Leave paid out upon termination</b>	<ul style="list-style-type: none"> <li>• Base</li> </ul>

\*VMO's entitled to four weeks of recreational leave will receive 17.5% leave loading and VMOs entitled to 5 weeks of recreational leave will receive 14% leave loading (pro rata).

## Code of Conduct for the Queensland Public Service

HHSs have been prescribed, under the Public Sector Ethics Regulation 2010, to be a public service agency. This means that the HHS and its employees will be bound by the Code of Conduct for the Queensland Public Service.

Therefore, VMOs are bound by the Queensland Public Service Code of Conduct. The code reflects the principles of integrity and impartiality, promoting the public good, commitment to the system of government, accountability and transparency.

VMOs have a responsibility to visibly demonstrate and uphold the principles and values of the *Public Sector Ethics Act 1994* and demonstrate their conscious commitment to ethics by communicating the importance of ethical decision-making in the workplace, and promoting ethical behaviour in day-to-day actions.

## Conflicts of interest

If a VMO has an interest that conflicts or may conflict with the discharge of the VMO's duties, the VMO:

- must disclose the nature of the interest and conflict to the chief executive or HSCE as soon as practicable after the relevant facts come to the VMO's knowledge
- must not take action or further action in relation to a matter that is, or may be, affected by the conflict unless authorised by the chief executive or the HSCE.

The HSCE may direct the VMO to resolve a conflict or possible conflict.

## **General information**

### **Personal property**

The service will not accept liability for any loss, theft or damage to clothing, belongings while used or stored on HHS grounds. Insurance of these items is the responsibility of the VMO.

### **Smoke-free workplace**

In accordance with government requirements and its own commitment to a healthy workplace, Queensland Health has a strictly enforced policy of maintaining a smoke-free working environment. Smoking is confined to designated areas as identified by each HHS.

### **Inappropriate use of email and business systems**

VMOs are required to comply with all policies concerning the use of government owned communication and information devices. Failure to comply is a serious matter which may result in dismissal.

### **Safety**

It is a condition of employment that VMOs comply with all obligations under applicable occupational health legislation.

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# Appendices

## Appendix 1 Hourly rates

**Table 4 VMO hourly rates**

VMO hourly rates from 7 July 2014	Base hourly rate	Loaded hourly rate—no private practice (24%)*	Loaded hourly rate—private practice (48%)*
<b>Visiting specialist</b>			
1st year	110.47	136.98	163.49
2nd year	114.22	141.63	169.04
3rd year	117.88	146.17	174.46
4th year and thereafter	120.84	149.85	178.85
<b>Visiting senior specialist</b>			
1st year and thereafter	131.29	162.79	194.30
<b>Visiting general practitioner</b>			
1st, 2nd, 3rd year	95.92	118.95	141.97
Thereafter	99.57	123.47	147.37
<b>Visiting general practitioner with FRACGP and/or vocational registration</b>			
1st year	95.92	118.95	141.97
2nd year	99.57	123.47	147.37
3rd year and thereafter	103.19	127.95	152.73

\*refers to private practice costs incurred outside of employment with Queensland Health

### Appointment of VMOs

#### Commencing rates for visiting general practitioners and visiting general practitioners with FRACGP and/or vocational registration.

Visiting general practitioners or visiting general practitioners with FRACGP and/or vocational registration shall be employed at the commencing rate provided for the first year of service.

#### Commencing rates for visiting specialists

The commencing rates for visiting specialists shall be as follows.

**Table 5 Commencing rates for visiting specialists**

Experience	Commencing rate
Less than 1 year eligibility for specialist registration	1st year rate
1 year eligibility for specialist registration	2nd year rate
2 years eligibility for specialist registration	3rd year rate
3 years or more eligibility for specialist registration	4th year and thereafter rate



## Commencing rates for visiting specialists in country areas

The following special arrangements apply to visiting specialists, as defined by Australian Health Practitioner Registration Authority (APHRA), in country areas:

- a visiting specialist who is the sole specialist in a particular field employed in a country area shall be employed at a commencing rate of not less than the third year rate
- a visiting specialist, in respect to an HHS, employed in a country area shall be employed at a commencing rate one paypoint higher than provided above.

For the purposes of this clause, a country area will exclude those facilities operated by Metro North, Metro South, Children's Health Queensland, Gold Coast, Sunshine Coast and West Moreton HHSs.

## Movement within classification levels—guidelines

Advancement for all VMOs on contract may be considered as part of the annual performance review contained in the contract.

In the case of visiting general practitioners, advancement may only be considered on the third anniversary of the date of commencement of duty by a single increment increase.

In the case of visiting general practitioners with FRACGP and/or vocational registration, progression may only be considered via an annual increment increase on each anniversary of the date of commencement of duty.

In the case of visiting specialists, progression may only be considered via annual increments payable on each anniversary of the date of commencement of duty.

In the case of visiting general practitioners with vocational registration, continuation of payment will be dependent upon maintaining such registration and providing documentary evidence of same to the employer on an annual basis.

In those circumstances where vocational registration is not maintained and/or satisfactory evidence is not provided, the VMO shall cease to be entitled to be paid on the scale for visiting general practitioner with FRACGP and/or vocational registration and revert to the scale for visiting general practitioner. This could result in a reduction in the hourly rate payable to that VMO.

VMOs employed prior to 2001 and have since ceased to run their own private practice will retain the loaded rate.

## **Procedures and criteria for promotion to visiting senior specialist**

A visiting specialist shall not be entitled to be considered for incremental progression to visiting senior specialist level unless the visiting specialist has been eligible for specialist registration for at least seven years and has received satisfactory performance appraisal and development reports annually in this time.

Appointment to a visiting senior specialist position may also transpire by way of appointment to an advertised vacancy.

## Appendix 2 Fringe benefits tax

### Public hospital fringe benefits tax exemption cap

Queensland Health is eligible to claim a capped fringe benefits tax (FBT) exemption in relation to employees whose work is exclusively performed in, or in connection with, a public hospital. Not all work areas of Queensland Health are within the scope of this concession, but all HHSs are included.

The public hospital FBT exemption cap allows Queensland Health to provide taxable fringe benefits up to an aggregated grossed-up taxable value of \$17,000 as an employee working exclusively in and for the designated HHS without FBT being incurred. The grossed-up taxable value of taxable fringe benefits above the cap that an employee chooses to salary package will be taxed at the current FBT rate.

The FBT exemption cap applies to the aggregation of both salary sacrifice and non-salary sacrifice fringe benefits. Non-salary sacrifice fringe benefits are the first priority when applying the \$17,000 FBT exemption cap to ensure that salary sacrifice arrangements are cost neutral to the hospital and health service. Non-salary sacrifice fringe benefits are those that are provided or occur through means other than via the arrangements administered by the external salary sacrifice bureau service provider Remuneration Services (Queensland) Propriety Limited (“RemServ”).

### Salary sacrificing

The following definitions will apply:

**FBT**—tax imposed by the *Fringe Benefits Tax Act 1986*. The FBT year refers to the employer's FBT return period of 1 April to 31 March each year.

**FBT exemption cap**—the FBT exemption cap is a tax concession under the *Fringe Benefits Tax Assessment Act 1986* for limited categories of employers. The FBT exemption cap is not an employee entitlement. The manner of the application of the FBT exemption cap is determined by the employer in accordance with the FBT legislation. Under the FBT legislation, to be eligible for the FBT exemption cap at the time fringe benefits are provided, the duties of the employment of an employee must be exclusively performed in, or in connection with, a public hospital.

**Salary sacrifice**—salary sacrifice is a system whereby a portion of an employee's gross salary or wage is paid as a benefit, before tax, rather than directly as salary, thereby usually reducing the amount of tax paid by the employee on the income. This is called salary sacrificing because it is sacrificing salary for a benefit and is at the discretion of the employee for the approved range of items. For example, if an employee who earns \$60,000 gross salary, sacrifices \$10,000, income tax would be payable only on \$50,000.

**Salary**—for the purposes of determining what remuneration may be sacrificed under this clause, salary means the salary payable under schedule 2 of the contract, and also, where applicable, the payments payable via the employer to the employee under the *Paid Parental Leave Act 2010*.

- Salary sacrificing arrangements will be made available to the following employees covered by this agreement in accordance with Public Sector Industrial and Employee Relations (PSIER) Circular C1-11 and any other relevant PSIER Circulars issued from time to time:
  - permanent full-time and part-time employees
  - temporary full-time and part-time employees
  - long-term casual employees as determined by the *Industrial Relations Act 1999* (Qld).
- Should an employee elect to sacrifice a portion of their salary to agreed benefits, the employee must submit a signed unamended participation agreement with the employer prior to commencing such arrangements.
- Employees may elect to sacrifice the lesser of the following amounts:
  - 50 per cent of salary
  - where employees are eligible for the FBT exemption cap, up to the grossed-up taxable value of benefits that ensures the FBT exemption threshold amount prescribed by legislation is not exceeded.
- Where an employee who is ineligible for the FBT exemption cap sacrifices benefits attracting FBT, the employee will be liable for such FBT.
- Under the FBT legislation, the FBT exemption cap applies to all taxable fringe benefits provided by the employer, whether through the salary sacrifice arrangements or otherwise. Where an employee who is eligible for the FBT exemption cap sacrifices benefits attracting FBT, the employee will be liable for any FBT caused by the FBT exemption threshold amount being exceeded as a result of participation in the salary sacrifice arrangements. To remove any doubt, any benefits provided by the employer separate from the salary sacrifice arrangements take first priority in applying the FBT exemption cap.
- If any federal taxation laws passed by the Australian Government or rulings by the Australian Taxation Office in relation to salary sacrifice/packaging have the effect that the benefits of sacrifice/packaging for employees are reduced or eliminated at any time during the term of this contract, the employee's rights under this contract in respect of salary sacrifice/packaging will be varied accordingly and the rest of the contract will continue in force.
- The employer will be under no obligation to negotiate or agree to any changes to this contract as a trade-off for salary sacrifice/packaging benefits which have been reduced or eliminated as a result of new or amended federal taxation laws or rulings by the Australian Taxation Office. The employee's right to sacrifice part of their salary is expressly made subject to any federal taxation laws affecting salary sacrifice arrangements or rulings of the Australian Taxation Office in relation to salary sacrifice arrangements which may be introduced or amended from time to time during the term of this contract.
- The individual salary packaging arrangements of any employee will remain confidential at all times. Proper audit procedures will be put in place which may include private and/or Auditor-General reviews.
- Where the employee has elected to sacrifice a portion of the payable salary under schedule 2 of the framework contract:

- subject to Australian Tax Office requirements, the sacrificed portion will reduce the salary subject to appropriate tax withholding deductions by the amount sacrificed (see definition of salary sacrifice)
- any allowance, penalty rate, overtime, weekly workers' compensation benefit, or other payment, to which an employee is entitled under their contract of employment, act or statute which is expressed to be determined by reference to the employee's salary, will be calculated by reference to the gross salary which the employee would receive if not taking part in salary sacrificing arrangements
- salary sacrificing arrangements will be maintained during all periods of leave on full pay, including the maintenance of cash and non-cash benefits
- the employee's salary for superannuation purposes and severance and termination payments will be the gross salary which the employee would receive if not taking part in salary sacrificing arrangements.
- The following principles will apply to employees who avail themselves of salary sacrificing:
  - no cost to the employer, either directly or indirectly. As part of the salary package arrangements, the costs for administering the package via a salary packaging bureau service, and including any applicable FBT, will be met without delay by the participating employee
  - there will be no additional increase in superannuation costs or to FBT payments made by the employer that would not otherwise be payable had the employee not engaged in salary sacrificing
  - the employee may cancel any salary sacrificing arrangements by giving one month's notice of cancellation to the employer, and similarly the employer will give the employee one month's notice of termination
  - the employer strongly recommends that employees obtain independent financial advice prior to taking up a salary package
  - there will be no significant additional administrative workload or other ongoing costs to the employer
  - additional administrative and FBT costs are to be met by the employee
  - any increases or variations to taxation, excluding payroll tax, that result in additional costs will not be met by the employer and will be passed on to the employee as part of the salary package, if they wish to maintain the salary sacrifice arrangement.

## Abbreviations

Abbreviation	Definition
APHRA	Australian Health Practitioner Registration Authority
CBU	Commercialised business units
COA	Queensland Commission of Audit
Director-General	Chief executive of the department administering the act
Department of Health/department	Divisions and commercialised business units of the Department of Health
Health service CE	Health service chief executive
HHB	Hospital and Health Board (board)
HHB Act	<i>Hospital and Health Boards Act 2011</i> (Qld)
HHS	Hospital and Health Service
HR Policy	Department of Health Human Resources Policy
HSCE	Health service chief executive or Director-General when the department is the employing entity
IRMs	integrated human resource manuals
PSIER	Public Sector Industrial and Employee Relations
Service	Hospital and Health Services and the Department of Health, including commercialised business units
Visiting Medical Officer/VMO VMO (GP) VMO (GP VR) VMO (VS) VMO (VSS) VMO (ACP)	<b>VMO</b> means a VMO who is registered under the <i>Health Practitioners National Law Act 2009</i> to practise in the medical profession and who incurs ongoing private practice costs. This includes a visiting general practitioner, or, a visiting general practitioner with FRACGP and/or a visiting general practitioner with FRACGP and/or vocational registration, or, a visiting senior specialist, or, a visiting specialist or a Visiting Medical Officer with advanced credentialed practice registered with the Medical Board of Australia under the provisions of the <i>Health Practitioners National Law Act 2009</i> .

