



**churches
of Christ**
in NSW & ACT

Unity. Restoration. Life.

CHURCHES OF CHRIST

Employment Guide

A guide to inform and assist churches in the
employment of Ministers and team members.

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INTRODUCTION

churches of Christ NSW & ACT via the Network Resource Team (NRT) provide the following Employment Guide to assist churches in the employment of both ministers and other support staff within a church context. This document has been developed as a supportive resource to churches and their leaders, and should not be regarded or substituted for legal, financial or any other professional services advice.

This Employment Guide has been broken into a number of topical areas:

1. churches of Christ NSW & ACT Network,
2. Recruitment Guidelines,
3. Conditions of Employment,
4. Remuneration (including long service),
5. Ministry Review, Evaluation and Development,
6. Cessation of Employment,
7. Staff and Church Records.

Summary

The content of this Employment Guide has been created benchmarked against resources provided by other state Conferences as well as the historical version of the “Employment Handbook” previously made available by churches of Christ in NSW. This document does not serve as a prescriptive manual on the employment of roles within churches of Christ, but rather as a general guide in addressing some of the most commonly encountered issues and questions.

Relationships

The overriding principle in the relations between church and minister is that it is spiritually formed and nurtured; and that it exists for the purpose of extending the mission and ministry of the kingdom of God.

This document seeks to avoid reducing the relationship between church and minister to one of employer and employee. The relationship of minister and congregation is much more than that, it is formed and shaped in God’s call to all to service, witness and worship. However, we must recognise and acknowledge that there are legal provisions that govern this relationship and legal and regulatory responsibilities for churches that employ individuals.

As the people of God, we want to ensure that we meet these obligations and responsibilities, without compromising our scriptural and theological guiding principles implicit in a ministry relationship.

It is important for a church and minister to be clear about ministry expectations together, by clarifying in writing the role of the minister, the terms and conditions of the call, and the process by which ministry will be conducted in partnership.

This ‘Ministry Employment Agreement’ forms the basis for the partnership between minister and the church, and it is to be kept under review to ensure that it is contributing to that end. We encourage you to practice continuous improvement and amend the agreement to meet changing needs of the ministry of the church as necessary.

The church should ensure that all decisions regarding ministry appointments and salaries are properly recorded in official minutes and appropriately stored in a secure, confidential human resource file.

Reputational Risk

The Churches of Christ network in Australia has forged a reputation of integrity, participation, generosity and strength within the faith community and society as large. Ministers are our front-line representatives whose values and actions are to reflect those of the Churches of Christ. Ministers have a responsibility not to cause

any harm to the reputation of the Churches of Christ network or the Kingdom of God generally, by engaging in activities perceived by the community as unacceptable or improper.

The Need for Compliance

We note that the Church's Leadership Community (Elders, Overseers, Governance Boards, etc) have important and onerous ethical and legal responsibilities in employing ministers and staff, and as such these responsibilities must be clearly understood and complied with. These requirements include complying with the Fair Work Act and associated regulations, the Work Health and Safety regime, and the Australian Taxation Office rules. On occasion, there are significant consequences which have been experienced by churches where non-compliance has resulted in considerable financial burdens and penalties. As such, **these responsibilities are non-negotiable**, and must be understood and complied with by the governing Leadership Communities within churches.

Some Key Factors to Note:

- This Handbook is provided by way of general guidance only and will not address every eventuality that may arise in churches.
- It is recommended that churches and ministers seek further professional advice on recruitment and remuneration issues if legal opinion is desired – the churches of Christ NSW & ACT team can assist with contacts and referrals if required.
- This handbook does not contain, nor purport to provide legal advice, nor should it supplant specific professional (legal, tax agent, etc.) advice.
- If you require assistance in locating a lawyer to provide legal advice on employment issues, contact churches of Christ NSW & ACT.
- While all care has been taken in the preparation of this Employment Guide, given the nature of its contents, churches of Christ in NSW & ACT staff and Conference Executive will have no responsibilities for any claims arising out of its use or its contents.
- This handbook is written from the organisational viewpoint of a church and its respective minister – at times in this handbook, instead of referencing an 'employer' and 'employee', the contextual terms of 'church' and 'minister' are used (for example, 'the employer shall pay the employee' is described as 'the church shall pay the minister').

This does not mean that this handbook only applies to Churches and those designated as 'ministers' per se. A number of entities that are not local Churches recruit and employ people in ministry functions, and ministers do not necessarily have to be termed 'ministers' to be performing in those functions. One such example is a religious chaplain. Therefore, in the context of the recommendations herein the terms of 'church' and 'minister' should be interpreted as being interchangeable with your specific employment setting where appropriate.

- Please note that the remuneration guidelines around except fringe benefits apply only to persons deemed as a 'Religious Practitioner' as defined in the ITAA¹ to mean:
 - A minister of religion,
 - A student at an institution who is undertaking a course of instructions in the duties of a minister or religion,
 - A full-time member of a religious order, or
 - A student at a college conducted solely for training persons to become members of religious orders.

¹ Income Tax Assessment Act 1997, [Volume 10, Division 995-1 Definitions](#)

The Importance of Taxation Ruling TR 2019/3 – Who is A Minister?

In determining whether a person is a minister of religion, many, if not all, of the following characteristics should be present:

- a) The person is a member of a religious institution,
- b) The person is recognized officially by ordination or other admission or commissioning, or where the particular religion does not require a minister to be formally ordained, the person is authorized to carry out the duties of a minister based on a specified level of theological or other relevant training or experience,
- c) The person is recognized officially as having authority in matters of doctrine or religious practice,
- d) The person's position is distinct from that of the ordinary adherents of the religion,
- e) The person has acknowledged leadership in the spiritual affairs of the religious institution,
- f) The person is authorized to discharge the duties of a minister or spiritual leader, including the conduct of religious worship and other religious ceremonies.

Churches that employ people in roles which do not satisfy the above criteria should not use exempt benefit provisions for these roles. We prefer to use the language of 'ministering person' with respect to those who are trained or training in theology or ministry.

Note also that we have had legal interpretation that the exempt benefit provisions do not apply to entities endorsed as Public Benevolent Institutions, which are not seen in the eyes of the ATO as a "religious institution" for tax purposes.

Finally, Churches that employ people in roles which do not satisfy the above criteria should seek advice on the appropriate industrial instrument for these positions, such as clerical or administrative positions.

Key Contacts

Churches of Christ in NSW & ACT – Network Resource Team

Rhodes Resource Centre

Suite 301, Building B, 1 Homebush Bay Drive, Rhodes NSW 2138

(02) 8573 6000 | hello@ccnswact.org.au | www.ccnswact.org.au

Australian Charities and Not-for-profits Commission

13 22 62 | advice@acnc.gov.au | www.acnc.gov.au

Australian Taxation Office – Not-For-Profit Section

13 28 66 | GPO Box 9990 SYDNEY | <https://www.ato.gov.au/Non-profit/>

Department of Home Affairs (Border Australia)

Visa Entitlement Verification Online system (VEVO)

[https://www.homeaffairs.gov.au/Busi/visas-and-migration/visa-entitlement-verification-online-\(vevo\)](https://www.homeaffairs.gov.au/Busi/visas-and-migration/visa-entitlement-verification-online-(vevo))

Australian Ethical (formerly Christian Super)

1800 021 227 | www.australianethical.com.au/contact/

Professional Standards Unit

Mr Ross Stewart | (02) 8573 6079 | psu@ccnswact.org.au

Department of Human Services

<https://www.humanservices.gov.au/>

Fair Work Commission

1300 799 675 | www.fwc.gov.au

Fair Work Ombudsman

13 13 94 | www.fairwork.gov.au

ACT Workers Compensation (via Access Canberra Contact Centre)

13 22 81 | www.accesscanberra.act.gov.au

NSW Workers Compensation

State Insurance Regulatory Authority (SIRA) – for workers' compensation regulations

13 10 50 | www.sira.nsw.gov.au

SafeWork NSW – for work health and safety regulations

13 10 50 | www.safework.nsw.gov.au

Insurance and Care NSW (icare) - for workers' compensation insurance

www.icare.nsw.gov.au

Key Documents

Available from the Ministry Portal (www.ministryportal.org.au/myresources)

- Church Profile Template
- Pastor Position Description Template
- Pastor Employment Agreement Template
- CCNSWACT Endorsement Brochure
- CCNSWACT Endorsement Application Form
- Code of Conduct - Appendix A Form
- Recommended Remuneration Schedule for Ministers (updated annually)

Churches of Christ in NSW & ACT Policies

Policies will from time-to-time be reviewed and revised. The version, current at any time, will be the version published in the Ministry Portal: www.ministryportal.org.au.

- Churches of Christ Policy for Endorsement of Ministers in NSW & the ACT
- Code of Conduct

Online Documents

Document Name	Hyperlink
Fair Work Information Statement	www.fairwork.gov.au/employment-conditions/national-employment-standards/fair-work-information-statement
Fair Work Ombudsman's National Employment Standards	www.fairwork.gov.au/employment-conditions/national-employment-standards
ATO – Taxation of Termination Payments	www.ato.gov.au/Business/Engaging-a-worker/In-detail/Taxation-of-termination-payments/
ATO – Superannuation	www.ato.gov.au/super/

Legislation

Document Name	Hyperlink
Fair Work Act 2009	www.legislation.gov.au/Series/C2009A00028
Fair Work Regulations 2009	www.legislation.gov.au/Series/F2009L02356
The National Employment Standards	www.fairwork.gov.au/employment-conditions/national-employment-standards
Industrial Relations Act 1996	www.legislation.nsw.gov.au/view/whole/html/inforce/current/act-1996-017
Industrial Relations Regulation 2001	www.legislation.nsw.gov.au/view/whole/html/inforce/2010-10-15/sl-2001-0671

Document Name	Hyperlink
Clerks Private Sector Award 2010	awardviewer.fwo.gov.au/award/show/MA000002
Social, Community, Home Care and Disability Services Industry Award 2010	awardviewer.fwo.gov.au/award/show/MA000100
Fringe Benefits Tax Assessment Act 1986	www.legislation.gov.au/Details/C2021C00304
Income Tax Assessment Act 1997	www.legislation.gov.au/Details/C2022C00213
ATO Tax Ruling: TR 2019/3 – Fringe benefits tax: benefits provided to religious practitioners	https://www.ato.gov.au/law/view/document?docid=TXR/TR20193/NAT/ATO/00001
Work Health and Safety Act 2011 (NSW)	www.legislation.nsw.gov.au/view/html/inforce/current/act-2011-010
Work Health and Safety Regulation 2011 (NSW)	www.legislation.nsw.gov.au/view/html/inforce/current/sl-2011-0674
Workers Compensation Act 2012 (NSW)	www.legislation.nsw.gov.au/view/whole/html/inforce/current/act-2012-053
Workplace Injury Management and Workers Compensation Act 1998 (NSW)	www.legislation.nsw.gov.au/view/html/inforce/current/act-1998-086
Workers Compensation Act 1951 (ACT)	www.legislation.act.gov.au/a/1951-2
Magistrates Court (Workers Compensation Infringement Notices) Regulation 2006 (ACT)	www.legislation.act.gov.au/sl/2006-20/current/pdf/2006-20.pdf
Long Service Leave Act 1955 (NSW)	www.legislation.nsw.gov.au/view/html/inforce/current/act-1955-038
Long Service Leave Act 1976 (ACT)	www.legislation.act.gov.au/a/1976-27/

SECTION 1 CHURCHES OF CHRIST IN NSW & ACT NETWORK

1.1 Roles of churches of Christ and Ministry Agency

It is vitally important that you understand the obligations and responsibilities evident when you employ ministry and other staff. We understand, by virtue of your affiliation with us, that we have an opportunity to keep you informed of employment expectations and other legal/taxation matters that will assist you in blessing your staff.

The role of our Conference Office is to connect and resource the ministries, partners and churches that make up the family and network of churches known as churches of Christ NSW & ACT. We have existed in NSW and the ACT for over 170 years. Our heritage and background has a strong evangelical commitment to the gospel of Jesus Christ. Our network of over 95 churches is small enough to adapt to the changes taking place within our world, while remaining strategic in focus.

We embrace a variety of cultural churches and offer significant benefits to new churches seeking affiliation and partnership. Within this framework, we have traditional churches, large churches, emerging churches, contemporary churches, house churches and a variety of mission-shaped communities. Our commitment is to ensure that regardless of the “shape” of the church that we clearly empower and facilitate the community in effectively engaging Australian's with the life-transforming Christian message.

"churches of Christ" is a network of churches, specifically structured to empower local churches. Each church is led by local leaders and as such, has the freedom to explore their own vision within their community context. This model creates diversity and flexibility; while still calling our member churches to promote scriptural basics for church life including biblical baptism, the celebration of communion (or the Lord's supper) and the mutual ministry of all God's people.

The ethos team (2021-22). in consultation with the network, submits their completed work to Conference Executive, it includes an introduction, seven statements expanded with scriptures and three recommendations for the use and practical application of ethos within the network.

We are a network of churches who desire to partner with God and the wider body of Christ in the restoration of all things. Our churches are diverse in expression but value a shared commitment to the Lordship of Jesus and to the simplicity of New Testament Christianity. We desire and seek unity among Jesus' disciples in order that we might bear witness to His grace and glory.

Our ethos stands alongside our shared history and common practices. It exists to give us a common language to name our culture. who we are. what we are for and how we will be together. as a network of churches in this time and place. The seven statements. and the scriptures which expand them. help us to live out our shared values. Our ethos is a living document that will continue to be refreshed as frequently as the times and context necessitate.

We are Sent – with Kingdom Priorities

We are Empowered – by the Spirit

We are Adventurous – in Restoration

We are Anchored – in the Scriptures

We are Engaged – in Transformation

We are Welcomed – into Family

We are Alongside – in Service

Our story encompasses a strong commitment to leadership, development and service. We believe that the church is a God designed community engaged in the restoration and redemption of our world. Staff within churches of Christ are constantly reviewing our practices within a framework of continuous improvement to 'value adding' services to our churches and the various entities which include Agencies, camping

experiences, nursing homes, welfare partnerships and ministries. We invite you to join us in a journey of partnership as together we seek to serve into God's purposes across this great state, territory and nation.

This Guide is intended to provide a framework for local churches to navigate their way through sometimes complex and difficult issues. Its aim is to provide the right information to enable appropriate decision making by churches in respect of Ministers, other Ministering staff, administrators and volunteers.

Daz Farrell

Executive Ministry Director

SECTION 2 RECRUITMENT GUIDELINES

As an equal opportunity employer, churches of Christ is committed to fostering a diverse, multicultural work environment where our employees respect one another and share values consistent with the ethos of churches of Christ.

2.1 Overview – Staffing a Church

One of the most challenging areas for local churches is that of the role of employer. Human Resource Management (HRM) as it is referred to, is a specialised field and the legal issues surrounding the selection, support and termination of employed staff can be complex.

Ignorance of the law is no excuse and a church that unwittingly breaches any statutory obligations can be heavily penalised under legislation at both State and Federal levels. Whilst goodwill and trust operate well in most contexts, there are still certain obligations that must be observed and adhered to.

The key areas in any employment of ministers and staff within your church include:

- Staff selection process,
- Position Descriptions,
- Conditions of employment,
- Annual performance and salary,
- Grievance and conflict resolution process,
- Staff and Church Records regarding employment (especially the Minister’s Employment Agreement),
- Clear lines of authority and accountability, and
- Good communication

The relationship between the Church (employer) and the minister and staff (employee) is critical to the success of the whole body. Clearly the Christian nature of your operation places different factors on the relationship when compared to a pure business context. This tends to make the matter more difficult if the guidelines are not clearly documented for the benefit of all parties.

The following notes are designed to provide some guidelines on a range of recruitment issues.

2.2 Church Structure

The structure of the Church will define how working relationships are to operate. This structure must be clear for all staff, from the minister, leadership board, staff to the volunteers.

The recognised “best practice” governance or leadership structure for an affiliate church within Conference NSW & the ACT defines the Senior Minister/ Minister as accountable to the Elders or Leadership Board, and delegates operational/supervisory oversight of staff and ministering volunteer leaders to the minister.

This means that the Elders or Leadership Board set the guidelines for ministry and direction, but then allow the staff, through the direction of the leading minister to undertake their various roles. Developing a ‘Church Profile’ document helps provide a solid base for communicating the church structure and function to any new employee or volunteer.

The churches of Christ ministry portal (www.ministryportal.org.au) contains resources section (which will be continued to be updated and added to) that can assist in structure.

2.3 Recruitment Process

The Church Leadership Board will generally engage the minister. The following information is a guide to help you navigate the process of engagement and appointment.

The recruitment method should be clear and transparent. Outside assistance from personnel within churches of Christ Rhodes Office or other churches may be beneficial in terms of keeping the process on track and providing information on currently available ministers across Churches of Christ in Australia.

A senior minister must have leadership qualities – their other gifts will shape the ministry, but the minister must be able to gather other gifted people to do the work of ministry. It is recommended that successful candidates have appropriate tertiary qualifications in ministry and theology complemented by demonstrable maturity in character, emotional awareness and spirituality.

It is strongly recommended that any minister or ministering staff engaged should be endorsed as a churches of Christ Minister by Conference NSW & ACT. This provides a level of rigour that serves as a layer of protection of the Church as well as the minister, ministering staff and volunteers.

The following outlines some key suggested steps in the recruitment process:

2.3.1 Practical Considerations

Prior to advertising for any roles, a review should be undertaken by the current incumbent and the Leadership Board to update the Church Profile, Members Profile and the position description. The Leadership Board should also meet to clarify and set future expectations of the role.

The '**Church Profile**' is a document that churches of Christ recommend that churches use when they are in the recruitment phase of employing Ministers and other support employees. The document helps the Elders and the Leadership Board give a snapshot of what the church is about, i.e. mission, vision, values, history, ministries and current staffing and volunteer levels.

The '**Position Description**' is a document that outlines the agreed tasks and responsibilities that the incumbent is expected to undertake. This document should be reviewed again during the appointment of the minister and again during each performance review.

2.3.2 Advertising

CCNSWACT can list vacancies for local churches in the "positions vacant" area. All churches are welcome to utilise this option (without cost) by providing a "pdf" document of the advertisement for the vacancy. Advertisements can be emailed to hello@ccnswact.org.au. <https://ccnswact.org.au/careers/> is the URL of vacancy listings.

2.3.3 Selection Process

A pre-determined process for reviewing each application is required. A simple process is to review the candidates' CV and information supplied against the Minister's Profile. Where referees are provided, these should be diligently canvassed with appropriate questioning around the candidates' suitability for ministry and fit with the local church. This will help identify potential candidates for the proposed role.

2.3.4 Interviewing

Is a major part of the recruitment process for a Minister or any ministering staff that you are seeking to appoint to your church. The interview process can be broken into four areas as follows:

- Interview Team - Having a good team of people on the interviewing panel is important, people with spiritual maturity and a mix of ministry and business/ human resources/ administration skills helps achieve a balanced outcome to the interview process. Attention to gender balance (even if your eldership is gender biased) is also important for discerning how a potential candidate relates to both sexes.
- Interview Questions – Having some specifically targeted and strategic questions and allowing for both formal and informal interaction in the question time is a key goal for this step.
- Interview Format – as mentioned above it is really important that when interviewing for a Ministry position that the Team has time both formally and informally with each candidate.
- Culling Process and Second Interview – is where you identify one or two candidates and conduct a second interview which could include the candidates preaching and meeting the congregation/ church community in both formal and informal ways.

2.3.5 Employment Checks

Before being employed **Ministers and ministering staff must undergo mandatory** Police Checks and Working with Children Checks/Working with Vulnerable People checks in accordance with the Ministry

Endorsement process and to discharge the Church's obligations as a body working and ministering to and with children.

For more information, please contact churches of Christ NSW & ACT office on (02) 8573 6000.

2.3.6 Additional Screening Checks

Many denominations and church networks have a centralised list of names of people who have been identified as being unsuitable for ministry on the basis of breaches of a code of conduct (or similar). If a candidate has been previously engaged as a minister from another denomination or network, it is appropriate to make enquiries with regards to allegations and/or issues relating to their previous ministry settings. Typically, any matters raised are highly sensitive, and specific details may not be shared.

The PSU coordinator can assist in reaching out to other denominations or church networks.

Governance Boards are also encouraged to consider the history of church involvement of potential candidates. Enquiries into how other ministries have interacted with a candidate may be indicative of what to expect if that candidate were appointed to your church.

2.3.7 Working in Australia

It is the responsibility of all Australian businesses to employ legal workers.

A person is a legal worker if they are:

- An Australian citizen
- An Australian permanent resident
- A New Zealand citizen, or
- A foreign national with a visa with permission to work in Australia.

You can check a foreign national's visa status and entitlements (including if they have permission to work in Australia) online using the Visa Entitlement Verification Online (VEVO).

Churches need to be aware that a tax file number, driver's license or Medicare card is insufficient evidence on its own that a foreign national is allowed to work.

Penalties range from 'Administrative warnings', through to Infringement fines of \$315,000.

2.3.8 Employment Contract

It is important to specify the terms and conditions of employment in a suitable format that all parties agree upon prior to the formal engagement. This document may seem cumbersome, but it is valuable when clarifying issues that may arise during a Minister's tenure. Such a document properly considered and prepared will be a valuable guide to determining and defining the respective expectations of both the Minister and the Church. The Ministry Portal has an employment agreement template that you can customise to suit your particular requirements.

2.3.9 Financial Consideration

The terms of employment should be carefully discussed with prospective staff members and clearly recorded. Churches must observe all statutory obligations with respect to superannuation, workers' compensation, insurance and long service leave entitlements. churches of Christ can provide assistance in dealing with those matters if requested to do so.

Additionally, costs such as a computer/laptop, mobile phone and ongoing professional development (including professional supervision) costs should be considered.

2.3.10 Appointment of a Minister

There are various methods that may be adopted for the appointment of a minister, each church will have a process of ratifying an appointment and then introducing a new leader.

2.4 Recruiting Other Staff Members

Based on the information already provided this process should be driven by the Minister in conjunction with

a selection team that he or she appoints. The process in terms of advertising, interviewing and selection etc., should be similar to the process for engaging a Minister.

We recommend all terms and conditions must be clearly documented for future reference. This applies to volunteer staff as well as paid staff. It is important that they know their role and conditions of service. Where another staff member has a relationship with the minister, (i.e. spouse or other family member), then the ensuing conflict of interest should be acknowledged within the recruitment process to ensure all leaders are clear and settled concerning any future employment.

2.4.1 Appointment of Employees Other Than Ministers

Whilst the main focus of this handbook is with respect to the appointment of ministers, it is important that appropriate measures are addressed in the employment of other church and ministry workers, who may include:

- Pastoral Care workers,
- Administrative staff, and
- Youth or children's workers.

When undertaking such appointments, it is mindful that churches must ultimately adhere to the requirements of the Fair Work Act, which comprises a safety net of minimum employment conditions including the National Employment Standards (NES) and the relevant modern awards, unfair dismissal laws, agreement making obligations, and workplace rights specified under the act.

In most cases the salary packaging arrangements for these employees in churches usually falls outside the conditions of salary packaging for ministers (religious practitioners), as they mainly look after the administration, financial and management of the Church rather than in a ministering capacity. In some cases, there will be additional ministering functions/responsibilities as part of a role. However, this does not automatically mean they are employed as a minister under the guidelines. You will need to consider their ministry related function, experience, qualifications and endorsement within their role to allow them to be employed as a ministering person.

In regard to salary packaging in most cases the opportunity to obtain FBT exemptions in a clerical and/or administration role is unlikely as the criteria for exemption is that you must be a religious practitioner (refer to the taxation ruling).

An exemption to this rule could be where the church is an incorporated association and have obtained charity and public benevolent institution (PBI) status.

It is important for such appointments that:

- An Employment Contract is in place, that conforms to the requirements of the Act, including outlining the key NES minimum entitlements.
- There is a clear basis of remuneration within this agreement. This includes referencing where possible an award, such as the Clerks Private Sector Award 2010, or Social, Community, Home Care and Disability Services Industry Award 2010.
- The employment status is clearly articulated (full-time, part-time, or casual).
- Appropriate leave entitlements are understood and maintained, superannuation is provided for and paid, and PAYG tax deducted and remitted.
- Workers Compensation insurance policy is extended.

SECTION 3 CONDITIONS OF EMPLOYMENT

Terms of employment for a minister should be agreed upon by the Church and the minister as part of the appointment process, and an **Employment Agreement** confirming the arrangements should be signed by the church and the minister prior to the commencement of employment. Typically included in these agreements is the position description. Care should be taken to mutually set out the intended responsibilities which the minister is to undertake and the authority they will have in the exercise of those responsibilities. Ministers should receive from the church a copy of a signed Ministry Employment Agreement along with the respective position outcome statement.

The following discussion covers recommended minimum inclusions / guidelines in relations to employment terms offered to prospective ministers and other employees.

3.1 Legislation

The Fair Work Australia Act 2009, the Annual Holidays Act 1944 (NSW), the Long Service Leave Act 1955 (NSW), Long Service Leave Act 1976 (ACT), Work Health and Safety Act 2011 contain the entitlements of Ministers and other employed staff including their entitlements to annual leave, sick leave and parental leave. These should be referred to along with the relevant modern award that covers employed staff other than Ministers.

3.2 Fair Work Information Statement

The 'Fair Work Information Statement' is a simple two-page document; published by the Federal Government, which outlines an employee's basic rights under the law. Under Federal law any minister and other employed staff who are employed on or after 1 January 2010 must be given a copy of this statement by their church. The Fair Work link for this statement can be accessed at <https://www.fairwork.gov.au/employee-entitlements/national-employment-standards/fair-work-information-statement>.

3.3 Code of Conduct and Compliance

People endorsed for ministry with the churches of Christ must be familiar with, and abide by, and sign the Minister's Code of Conduct. Information about the [Professional Conduct Protocols](#) (including the Code of Conduct) is available from churches of Christ NSW & ACT. Churches are required to ensure that the Code of Conduct, and the accompanying statement of compliance, is drawn to the attention of potential ministerial appointees.

Before being employed, Ministers and other potential employees must undergo a police check and a Working With Children Check (NSW) or Working With Vulnerable People (ACT) in accordance with the Ministry Endorsement process and to discharge the Church's obligations as a body working with children. These checks must be maintained throughout the entire term of the minister's appointment. Failure to do these could result in the immediate termination of the minister's employment.

3.3.1 Conflict of Interest

The Minister will arrange, and continuously monitor their affairs so that there is no conflict between the Minister's interests and those of the church.

The Minister must have prior consent of the church, to hold any direct or indirect interest in, or work in any capacity for, any person, business or any other not-for-profit organisation other than the church. If the Minister is engaged part-time, then they can work outside of those hours in other entities. This should be articulated in the employment agreement.

3.4 Ministry Term

There is considerable variation throughout local Churches of Christ across Australia in relation to ministry appointment terms; although three to five-year term with the option of extensions is common. Anecdotal

evidence tends to indicate that longer term ministries may be more effective than shorter term ministries (the exception is an Intentional Interim Ministry) and on that basis an initial five-year term (with the first three to six months being a probationary period) is a good starting point. The key point being the term of appointment must be articulated and agreed in the Ministry Employment Agreement.

3.5 Part-time employment

Churches employing a minister on a part-time basis should note that our remuneration recommendations are based on a 38-hour week. Therefore, the package for a part-time minister should be calculated pro-rata on that basis. For example, a minister employed for one day (7.6 hours) per week should receive 1/5th of the full-time remuneration recommendations plus other pro-rata benefits where applicable (such as pro-rata calculated employer provided superannuation, long service leave, etc.).

3.6 Husband and Wife Joint Ministries

In the context of current day society, joint ministry situations are becoming more and more common. Such a situation may include both husband and wife as joint ministers, or one as a minister and the other as a church administration assistant, etc.

Remuneration for joint ministries should be negotiated prior to appointment, with payment to be based on the agreed number of hours to be worked by each spouse. During negotiations with the church at the commencement of the ministry, the respective proportions of each individual salary package should be resolved. Note these decisions should be minuted in the records of the church and advised to each spouse in writing in order to satisfy the requirements of the Australian Taxation Office.

As is the case with any “team based” ministry, it is critically important that a separate position description be prepared for each spouse so that there can be no misunderstanding as to the specific responsibilities for each position.

Where the husband and wife ministry will job share one position, it is recommended that employment terms provide for the spouse to be automatically terminated when their partner resigns or is terminated.

3.7 Hours of Work/Time off

For many people a ‘working week’ is five days. In a ministry situation there can be no hard and fast rules, therefore care needs to be taken when an appointment is made to acknowledge the need for a minister to have appropriate days off. Where an agreed day off falls on a public holiday, an alternative day should be arranged. Similarly, when a minister works on a public holiday, an alternative day off should be arranged.

How many hours is a minister expected to work? This is always a hard issue to quantify, and experience demonstrates that many of our ministers, work long (and often unacknowledged) hours in the service of their church.

Anecdotal evidence tends to indicate that the average church adherent works 38+ hours per week (38 hours is the legal maximum that most full-time employees would be required to work), and in addition, generally undertakes around five voluntary hours per week as a service to the Lord. This is a good guideline for ministers who should be expected to be employed for 38 hours per week, and encouraged to contribute to church life through additional hours as per above. Ministers should be discouraged from excessive time spent on ministry matters and from being out more than three nights per week in a ‘ministry’ capacity.

It is reasonable for the minister to utilise flexibility in working hours with regard for ‘out of normal’ duties (for example, work on evenings, Sundays, the ‘on call’ nature of most pastoral positions, etc.). This ‘flexible approach’ to working hours is further supported by the Government’s National Employment Standards’ (NES). Broadly, the NES requires employers to give ‘fair and equitable’ consideration for an employee’s request for flexible work hours (especially where the care of children not yet of school age is concerned).

3.8 Leave

Leave entitlements available under the NES, or any additional leave that is negotiated on appointment needs to be detailed in the Employment Agreement.

All leave specified under the NES are available to both Ministers and other staff employed under a permanent arrangement.

3.8.1 Annual Leave

Four weeks of paid annual recreation leave per year pro rata should be provided. Accurate records must be kept of leave accumulations and usage.

The practice of allowing leave to accumulate from year to year is undesirable for both the church and the minister and should be avoided. As a guide, no more than 8 weeks accrued leave should be carried over from year to year and any excess above this should be taken as soon as possible unless there are pressing reasons, such as planned extended overseas travel or other extenuating situation or personal/family circumstances. A cash out option for excess annual leave over for example 6 or 8 weeks could also be considered. It is also an important point to remember that the provision of adequate leave for a Minister and other staff is an important duty of care that the church board carries.

Please Note: annual leave is not portable from one church to another.

3.8.1.1 Annual Leave Loading

Annual leave loading has been incorporated into the base “Recommended Salary Rates for Ministers”.

If a different salary arrangement is entered into, it is recommended that a Minister be paid an annual leave loading of 17.5% of the amount of the base salary otherwise payable for the application period of holiday leave.

Leave loading of 17.5% is payable to any clerical or administrative support person employed under the Clerks Private Sector Award 2010.

If leave loading is payable, it should be included in the Employment Agreement.

3.8.2 Long Service Leave

Long Service Leave is an entitlement that provides for additional leave to long-serving workers in accordance with the applicable State or Territory legislative requirements. Long Service Leave entitlements varies between states and do not include provisions for portability.

3.8.2.1 NSW Long Service Leave

The minimum requirements for long service leave under the *Long Service Leave Act (NSW) 1955* is **8.67 weeks** after 10 years of service with the same or related employer and one month paid leave for each additional five years’ service.

An employee who at the time he/she has completed five years (but less than ten years) of service is posted in NSW and where service has a substantial connection with NSW is entitled to a long service pro rata payment if he or she resigns as a result of illness, incapacity, domestic or other pressing necessity or is dismissed for any reason except serious and wilful misconduct or dies.

Long Service Leave can be taken in one continuous period of leave or, if the church and the Minister agree, the following options could be available:

- Where two months’ leave is owing – in two separate periods
- Where between two months and 19.5 weeks – in two or three separate periods
- Where more than 19.5 weeks – in two, three or four separate periods

Long Service Leave pay is based on whichever is the highest rate:

- Ordinary pay for the last pay period prior to taking leave been taken, and
- Average weekly ordinary rate of pay earned during the previous 5 years or 12 months, whichever is higher.
- Ordinary pay does not include overtime, shift penalties or penalty rates.

3.8.2.2 ACT Long Service Leave

The minimum requirements for long service leave under the *Long Service Leave Act (ACT) 1976* is **1/5 months for each years of service** after 7 years of service with the same or related employer and one month paid leave for each additional five years' service.

An employee who at the time he/she has completed five years (but less than seven years) of service is posted in ACT and where service has a substantial connection with ACT is entitled to a long service pro rata payment if he or she resigns as a result of illness, incapacity, domestic or other pressing necessity, reaches retirement age, or is dismissed for any reason except serious and wilful misconduct or dies.

The time and manner of taking long service leave should be agreed between the Church and the Minister.

For full time employees Long Service Leave pay is paid at the equivalent to the ordinary remuneration they would have received in respect of the period of leave if they had not taken the leave. For part timers and casuals, long service leave is calculated based on the average number of hours worked over the previous 12 months by the ordinary remuneration of the employee on the day prior to taking leave.

3.8.2.3 Churches of Christ Ministers and Employees Benefits Scheme (LSL portability)

On 1 February 2018, the Churches of Christ Council of Australia announced the closure of the Ministers and Employees Benefits Scheme.

From 1 February 2018, the Churches of Christ Ministers and Employees Benefits Scheme ceased accepting new members, and has entered a wind-down stage, closing out Members accounts up until 31 January 2019.

All NSW and ACT based Churches, ministries and other organisations employing ministering persons are required to provision for Long Service Leave in accordance with state legislation as outlined in 3.8.2.1 and 3.8.2.2 above.

3.8.3 Sick & Carer's Leave

A full Federal Court decision handed down on 21 August 2019 confirmed the method of accruing and taking paid personal/carer's leave under the National Employment Standards. The information on this page has been updated to reflect this decision. An appeal of this decision will be heard by the High Court. In the meantime, the decision made on 21 August 2019 is the current state of the law and applies to affected employers and employees.

Sick and carer's leave (also known as personal leave or personal/carer's leave) permits a minister or other employees take time off to help them deal with personal illness, caring responsibilities and family emergencies.

Sick leave can be used when an employee is ill or injured.

An employee may have to take time off to care for an immediate family or household member who is sick or injured or help during a family emergency. This is known as carer's leave but it comes out of the employee's personal leave balance.

The National Employment Standards includes both paid and unpaid leave entitlements. An immediate family member is a:

- spouse or former spouse
- de facto partner or former de facto partner
- child
- parent
- grandparent
- grandchild
- sibling, or
- child, parent, grandparent, grandchild or sibling of the employee's spouse or de facto partner (or former spouse or de facto partner).

This definition includes step-relations (e.g. step-parents and step-children) as well as adoptive relations. A

household member is any person who lives with the employee.

Full-time and part-time employees are entitled to 10 working days of paid personal/carer's leave for each year of employment according to the number of working days, not hours. A working day is the portion of a 24 hour period that an employee would otherwise be working.

An employee's entitlement is expressly based upon time working for the employer and is expressly calculated in days.

For every day of personal/carer's leave taken, an employer deducts a day from the employee's accrued leave balance. If an employee takes a part-day of leave, then an equivalent part-day is deducted from the employee's accrued leave balance.

An employee's entitlement to paid personal/carer's leave accrues progressively during a year of service according to their completed service or part thereof during the year, and accumulates from year to year.

Personal/carer's (PC) leave continues to accrue when an employee takes a period of paid personal/carer's leave or paid annual leave. Personal carer's leave and compassionate leave will not accrue on unpaid leave unless it is community service leave.

PC leave is cumulative from one year to the next, but is not portable from one church to another.

In a situation where leave is required for family care, and no PC leave is let, then up to two days of unpaid leave is available to the minister per occasion.

It is essential that records be kept of the accumulation and use of PC leave.

Circumstances may occur (such as an accident or prolonged illness) which will necessitate the consideration of extended PC leave. In order to meet this contingency, churches may like to consider sickness and accident insurance cover (available through Churches of Christ Insurance Services).

Please note: the use of PC leave does not affect the entitlement to Compassionate leave, or vice versa.

3.8.3.1 Unpaid Carer's Leave

A Minister or other employees (including a casual employee) is entitled to two days of unpaid carer's leave for each occasion when a member of the employee's immediate family or household requires care or support because of a personal illness, injury, or an unexpected emergency.

An employee may take unpaid carer's leave for each occasion as a single continuous period of up to two days, or any separate periods to which the employee and his or her employer agree. An employee cannot take unpaid carer's leave during a particular period if the employee could instead take paid personal/carer's leave. (This does not apply to casuals who have no entitlement to paid personal/carer's leave.)

3.8.4 Compassionate Leave

Churches should naturally be very supportive of ministry families in times of special circumstances. Compassionate leave is generally provided for the purpose of spending time with a person who is a member of the Ministers' immediate family or household (as stated by the NES) and has a personal illness, or injury, that poses a serious threat to his or her life, or after the death of person, and is available for up to two full pay days per occasion.

Please Note: compassionate leave is not cumulative for one year to the next, and is not portable from one church to another. The usage of compassionate leave does not affect the entitlement of PC leave, or vice versa.

3.8.5 Community Service Leave

Where a minister (or other employee) needs to take leave for a 'prescribed community service activity' (for example, jury service, SES callout, other emergency service duties, et.) then leave should be granted not only for the term of the minister's involvement in the activity, but also where applicable for reasonable travel time and time for rest after the activities.

Community service leave is unpaid leave, except for jury service where an employee is entitled to 'make-up

pay' (the difference between normal pay and the remuneration provided by the Department of Justice to the relevant minister). Make-up pay is payable by the church to the minister, and only applies for the first 10 days of jury service per trial. Ministers are exempt from jury duty if they apply for exemption on the basis of 'current ministry'.

Please note: for many ministers, such 'community service' activity may be part and parcel of the job (for example, SES or Disaster Recovery Chaplain), and therefore in these situations, and where the involvement is acknowledged by the church leadership as part of the job, naturally such activities would not technically require leave.

3.8.6 Study and Other Leave

Each church is encouraged to provide ministers with study leave of up to 2 weeks per annum in addition to their annual leave quota. The payment of study leave will be at the discretion of the Elders and / or Leadership Board upon review.

Study leave should be used in conjunction with the Ministers Professional Development requirements.

Each church is encouraged to provide any minister with 2 weekends of additional leave each year, in addition to the annual leave entitlement for study time, retreat, time with family or as an opportunity to visit other churches.

3.8.7 Maternity & Parental Leave

An employee is entitled to parental leave when a child is born or adopted. Parental leave entitlements include:

- maternity leave
- paternity and partner leave
- adoption leave
- special maternity leave
- a safe job and no safe job leave
- a right to return to old job.

Parental leave is leave that can be taken when an employee gives birth; an employee's spouse or partner gives birth; or an employee adopts a child under 16 years of age:

Maternity leave is an unbroken period, taken during or after pregnancy.

Refer to <https://www.fairwork.gov.au/leave/maternity-and-parental-leave>

Partner leave: an unbroken period of no more than 3 weeks taken at the time of birth (short paternity or partner leave) and a further period of unbroken leave, taken in order to be the child's primary care giver (extended paternity or partner leave).

Expectations with regard to unpaid maternity leave need to be discussed and clarified as soon as practicable. Arrangements would then need to be made for an interim ministry appointment, and possible re-direction of phone calls and correspondence.

Leave may be taken from:

- six weeks prior to the baby's due date for pregnant ministers,
- birth of the baby for male ministers,
- date of adoption where the child adopted is under sixteen years of age.

If the Minister is able to continue with part of the responsibilities of ministry during this period, appropriate part-time remuneration should be negotiated as a proportion of a five-day working week.

Refer to: <https://www.fairwork.gov.au/how-we-will-help/templates-and-guides/best-practice-guides/parental-leave>

3.8.7.1 Paid Parental Leave

In the 2009/10 Budget, the Federal Government announced the introduction of a comprehensive Paid Parental Leave (“PPL”) scheme for parents who are the primary carers of children born or adopted on or after 1 January 2011. The scheme aims to provide a system of PPL for Australia’s working parents, meeting a gap currently in our system or workplace practices, and brings Australia in line with most other OECD countries. The scheme is also a way of supporting parents outside of the social welfare system by recognising that paid parental leave should be treated as a workplace entitlement.

The PPL scheme does not provide an entitlement to leave, PPL is designed to complement existing leave entitlements, for example, the unpaid parental leave provision of the NES under the Fair Work Act 2009.

Refer to: <https://www.humanservices.gov.au/individuals/services/centrelink/parental-leave-pay>

It is essential that the minister consults with and applies directly to the Department of Human Services.

3.8.7.2 Parental Leave Pay

Parental Leave Pay provides eligible working parents (usually birth mothers) with up to 18 weeks’ pay at the National Minimum Wage before tax. Full-time, part-time, casual, seasonal, contract and self-employed workers may be eligible.

3.8.7.3 Dad and Partner Pay

Under the Parental Leave Scheme, “Dad and Partner Pay” provides eligible working dads or partners with up to **two weeks’ pay** at the National Minimum Wage. Full-time, part-time, casual, seasonal, contract and self-employed workers may be eligible.

Dads or Partners have to be on unpaid leave or not working to receive the payment.

3.8.7.4 Practical Considerations

- Leave is to be taken in one continuous period. This leave may be taken at any time during the first 12 months after the date of birth or adoption.
- The minister contacts the Department of Human Resources to apply for leave payments. The church does not have to contact the department if approached by the minister, and cannot make contact on behalf of the minister.
- The Department determines eligibility of a minister. If approved, the Department will contact the church who is then required to provide the Department with information about the business and payroll arrangements as well as,
- Providing confirmation regarding certain employee details. Scope exists for a church who may not agree with the decision of the Department to review/appeal such decision.
- The Department will send the payments to the church (usually EFT) starting just before the date the payment is due to commence. These payments will be accompanied by a payment notice. It is important to note the church is not required to transfer the payment to the employee if the funds have not been received.
- The church distributes the payments to eligible ministers through normal payroll arrangements. A payslip is still required for these payments.
- The church must notify the Department if an employee returns to work before the full period of Paid Parental Leave has been used, if the minister resigns, (the minister must also notify the department) or if there is a relevant administrative change to the business (for example, change of payroll arrangements).
- Note that there is some ambiguity as to the treatment of Exempt Benefits under this scheme. The impact of this should be assess case by case, and the principle of “no disadvantage” should apply to the minister.
- Churches are not required to distribute payments to an eligible minister if the minister has been employed for less than 12 months or in circumstances where the minister is accessing less than eight weeks PPL. These ministers will still receive the payment, but directly from the department.

3.8.7.5 Pregnancy within joint ministries

The Fair Work Act 2009 allows each minister of a joint ministry to take a separate period of up to 12 months of unpaid parental leave if the leave is associated with either:

- The birth of a child of the minister, or the minister's spouse.
- The placement of a child under 16 with the minister for adoption.

Both ministers may at the same time each take up to three weeks' unpaid parental leave (reducing their overall entitlement) either immediately after the birth or placement of a child or by agreement with the church, at any time.

3.8.8 Public Holidays

Ministers are to be paid for public holidays if the public holiday falls on a day that they would generally be required to work. Where a minister is reasonably required to work on a public holiday, the minister is entitled to take a day in lieu on a later date.

On a Public Holiday, a minister cannot be on any other form of leave except for long term unpaid leave or workers' compensation.

3.9 Workers Compensation

It is a legal requirement under the current legislation that churches be registered with and take out a WorkCover insurance policy for all employees. The policy provides insurance cover or the costs of the minister's benefits if the minister is injured or becomes ill because of their ministry duties.

In New South Wales, WorkCover will only insure the minister's '**rateable remuneration**' that appears on the annual income statement, which is the non-exempt component of the stipend, and any superannuation payments paid by the church.

It is not uncommon for organisations to be subject to audit by WorkCover NSW and to face heavy penalties for not declaring and paying their premium.

Insurance cover for the exempt benefits such as the housing, care and book benefits and exempt component of the minister's stipend that is **not** covered by WorkCover.

3.10 Superannuation

3.10.1 Employer Provided Superannuation

Under Federal law the church must pay employer superannuation to an accredited superannuation fund on behalf of the minister (or any other employee for that matters). Previously this was only if the employee was earning at least \$450 per month, but this threshold was abolished from 1 July 2022. Note, the superannuation guarantee age limit of 70 was removed from 1 July 2013 and employers are required to contribute to eligible employees.

The respective employer superannuation amounts for ministers should be the 'employer % rate' times the total salary package.

All employers are required to make superannuation contributions for each quarter in the month following the respective quarter (similar to the quarterly BAS lodgement requirement). Contributions are therefore due to be paid by 28 October, 28 January, 28 April and 28 July of each year.

The superannuation contributions can either be a 'lump sum' payment at the respective quarterly due date, or regular payments throughout the quarter (usually as part of the payroll process).

When a minister (or any other employee) turns 65, superannuation funds can only accept contributions by the minister if the minister/employee works at least 40 hours in a period of not more than 30 consecutive days in that financial year.

When a minister (or any other employee) turns 70, superannuation funds can only accept non-member superannuation contributions if they are mandated compulsory employer contributions. For example,

superannuation contributions paid in accordance with an award.

When a minister (or any other employee) turns 75, superannuation funds can no longer accept personal superannuation contributions.

3.10.2 Employee Provided Superannuation

Under Federal law any employee in Australia may choose to contribute an amount from their cash salary to their superannuation fund (this amount would be in addition to the employer contributed amount. In return for doing this, amounts contributed by the minister are not liable for income taxation, thereby reducing the income taxation due on a minister's cash salary.

It should also be noted that currently the Federal Government has a program in place called "Super Co-Contributions" whereby the government will match employee superannuation contributions up to a certain limit and as per certain guidelines/conditions.

Please note that this employee contributed superannuation 'taxation benefit' is made available to all Australian taxpayers, and not just ministers per se, then no set opinion is expressed herein as to whether this benefit should be factored into considerations concerning any recommended maximum allowed benefit amounts or not.

Whilst the context of the discussion herein would imply that the utilization of this 'salary sacrificing' benefit may indeed result in the minister technically receiving more than 50 per cent of their total salary package as untaxed benefits. The decision as to whether any 'community exempt benefits' (CEB) such as employee superannuation contributions should be included when considering the 50 per cent recommended maximum 'ministry exempt benefit' (MEB) levels, is a decision that should be made by the church and the minister in the light of their current context.

3.10.3 SuperStream

"SuperStream" is a standard for processing superannuation data and payments electronically. Under SuperStream, you need to pay super contributions for your employees electronically (EFT or BPAY) and sent the associated data electronically.

The data is in a standard format so it can be transmitted consistently across the super system – between employers, funds service providers and the ATO. It is linked to the payment by a unique payment reference number.

Benefits include employers can make all of their contributions in a single transaction, payments are processed faster and more accurately, people can be more reliably linked to their super – reducing potential lost accounts and unclaimed monies.

The easiest way to make contributions is by registering with a clearing house. Most super funds offer access to a clearing house however may charge either or both administration and processing fees. The ATO offers to businesses with 19 or less employees a free service.

3.10.4 Additional Notes on Superannuation

In most cases ministers also have a legal right to select the super fund to which they want their employer and/or employee contribution paid into.

Prior to 2004 the Churches of Christ in Australia operated a superannuation fund under the auspices of the national agency known as the Churches of Christ (Church) Ministers and Employees Benefits Scheme. In 2004 this superannuation fund was transferred completely to a separate commercial superannuation fund known as "Christian Super". Therefore, inquiries in relation to any 'old Ministers and Employees Benefit Scheme superannuation accounts' should be made directly to Australian Ethical (formerly Christian Super) and not to the Ministers and Employees Benefits Scheme.

3.11 Other Considerations

3.11.1 Minister with Child-Care Responsibilities

A minister accepting or resuming full-time employment should recognise that some ministerial duties and pastoral contact may need to be performed without their children present, and therefore make the necessary child-care arrangements. Exceptions to this will be situations where the minister's children are an integral part of a particular program in which the minister is involved (e.g. playgroup, Sunday School, children's club, etc.).

3.11.2 Minister with Child-Care Responsibilities of a Disabled Child

If ministers are parents or carers of a child under school age, or a child under 18 years of age with a disability, they can request a change in working arrangements to assist with the care of the child.

SECTION 4 REMUNERATION

The formation of a minister's salary package can be complicated as each minister may request the inclusion or exclusion of different benefits and expenses. When calculating a salary package there are various legislations that needs to be taken into consideration. It is strongly recommended that all arrangements entered into have been fully documented and expert financial advice sought to ensure that the agreement entered into is compliant.

This section will outline:

- Remuneration Levels,
- Minister's Accommodation,
- Motor Vehicles,
- Reimbursements,
- Salary Packaging,
- Exempt Benefits, and
- Minister's Remuneration and Centrelink Benefits

4.1 Remuneration Levels

The Conference AGM establishes the minimum salary packages for ministers, being the stipend and benefits that are applicable to the normal circumstances of a pastoral ministry.

Whilst these benchmarks highlight a fair and reasonable remuneration level, or where a church makes special demands on the minister, affiliated churches are at liberty to increase levels where the minister has extensive ministry experience and/or responsibility and/or if the housing impost in a given area so warrants. The value of these are to be separately determined by the church and added to the minister's package. The decision made with regard to the **salary package must be documented** as part of the meeting of the church leadership.

Conference is aware of the impact on Ministers if salaries are not consistently reviewed. Therefore, in April each year the Conference Executive reviews the ministry salary recommendations. Salaries are reviewed against salaries of ministers from other denominations in NSW and ACT. Conference Executive also considers other relevant economic data such as annual inflation rates and the impact any increases have on both congregational viability and ministers.

Conference guidelines stipulate that up to a maximum of 66.67% of the annual stipend is to be packaged under Salary Packaging arrangements.

4.2 Minister's Accommodation

An area that can easily be overlooked in employment negotiations is that of the minister's residence and the expectations of the parties in relation to that residence. Churches are encouraged to be sensitive to the accommodation needs of the Minister and their families.

The Remuneration Guidelines advise a church to provide accommodation for the minister and their family. In fulfilling this obligation, a church may choose from three available options:

1. Provide a church owned manse
2. Lease a manse on the local property rental market
3. Provide sufficient funds to the minister as a Housing Benefit, to enable them to lease a suitable property on the local property rental market.

Please refer to the Remuneration Schedule for Ministers document located in the Ministry Portal Resource section for the appropriate schedule "With Manse" or "Without Manse" to apply to your ministry situation.

Where other alternatives require consideration, it is a matter of negotiation between the minister and the church leaders.

4.2.1 Use of Church Manse

The following suggested guidelines cover the provision of a manse by a church.

Prior to appointment, opportunity should be provided for a new minister and their spouse to inspect the manse to be provided. This will allow an opportunity for mutual arrangements regarding repairs, décor, chattels, etc. to be made with the church.

The church is responsible for:

- Providing a manse that is clean and in a good state of repair before the minister moves in,
- Providing general chattels (for example, floor coverings, blinds, light fittings, etc.),
- Providing a manse with a garage (or carport and garden shed),
- Providing effective cooling (or heating) as required,
- Security doors to all external doors of the manse,
- Ensuring security by supplying and maintaining locks, keys and devices,
- Providing a study facility (in either the manse or church (preferably both)). Where the study is provided in the manse, consideration should be given by the church as to the church covering the expenses of a manses study that are related to ministry work,
- Providing regular and prompt maintenance and repair,
- Complying with the laws regarding health and safety of people using or entering the property,
- Undertaking a pre-occupancy 'spring clean', and
- Providing a landline telephone, if required (and the church should also cover at minimum the line rental cost and the cost of calls and any applicable internet access associated with ministry work).
- Providing insurance of the manse, property fixtures and fittings; according to an estimate of the replacement value of the building, and any contents that are the property of the church. (This can be arranged with Church of Christ Insurance Services).

The minister is responsible for:

- General cleaning, household and garden maintenance,
- The repair of any damage the minister's family or their guests cause to the property, less 'fair wear and tear',
- Cost of utility expenses except for any related to an office or study. The matter of reimbursement of these utility expenses should be negotiated at the time of the ministry appointment, including the possibility that full or part payment for these utilities might be included as an exempt benefit.
- Allowing church representatives to enter the premises for specific purposes (including inspection, repairs and maintenance).
- The insurance of the contents of the manse that are privately owned.

The expectation with regard to the maintenance of the house and garden of the church-owned manse is that the ministry family will treat the manse with the same care and respect as would be given to their own home.

The Minister and their family should be afforded exclusive rights and access to the manse and not be required to share or sub-lease the property to third parties.

4.2.2 Minister resides in own home

A component for housing is usually included in a minister's package where a manse is not provided by the church. The standard salary rates are calculated with this default position in mind.

The following additional observations are made:

- The church should consider covering the ministry related expenses of a minister's home study (if they have one), and
- The church should provide the minister with a telephone for use at their home, and the church should also cover at minimum the rental cost and the cost of calls and any applicable internet access associated with ministry work.

Where the minister's study is located in the minister's own residence, it is recommended that the church pays 25% of the electricity and gas accounts of the residence. Where the ministry uses an office located in a building occupied by the Church, the matter of re-imbusement of utility expenses should be negotiated at the time of ministry appointment and according to local circumstances.

4.2.3 Minister resides in rented property

If the church does not have a manse, and a manse is rented for example, the church and minister should negotiate together in good faith what component would constitute benefit, and what component should be paid by the church. In some cases, it may be most appropriate for the church to pay the full rent, unless the minister has requirements that are out of the ordinary and hence may require some form of cost sharing.

4.2.4 Minister's Accommodation – impact on Salary Package

The issue of whether the value of a manse should be included in a minister's salary package, and if so what the value should be, is an individual one in each ministry setting that should be agreed upon by the minister and the church before the Ministry Employment Agreement is ratified by both parties.

It should be noted that under no circumstance should the manse be valued at anything more than 'fair market rental value'. In this situation where the church and the prospective minister disagree on the 'rental value' attributed to a manse, informal advice from an independent third party should be sought (for example, a local real estate agent), and the church is always encouraged to act in grace when agreeing to a ministry package.

A housing benefit should be provided for a Minister where a manse is not provided by the church. It is of significant advantage to the Minister if the payment of the housing benefit is made directly to the landlord or mortgagee preferably through a Fringe Benefits package. If the church is renting accommodation for the Minister, the rent should be paid by the church directly to the landlord. The remuneration is treated similar to Minister with a manse – Refer to the Remuneration Schedule for Ministers document located in the Ministry Portal Resource section for "With Manse" schedule.

4.2.4.1 Minister's Accommodation and Husband and Wife Joint Ministries

The housing benefit is a component of an individual minister's salary and is to be calculated and paid separately for both the husband and wife in a joint ministry.

4.2.4.2 Minister's Accommodation and Ministry Agreement

As indicated, it is strongly encouraged that both churches and ministers agree in writing to the terms and conditions of the use of the manse including coverage of issues such as any potential use of the manse in the period after conclusion of ministry; who is responsible for payments such as water, rates etc.; what sort of pets are allowed (if any); who is responsible for paying for and organizing the steam cleaning of carpets/pest spraying/ etc. and when it is required (if at all).

4.2.5 GST Implications of Housing Benefit Quantum

Background

Churches have had a long-standing responsibility to provide accommodation for their pastors. Some of the reasons for this are:

- A pastor may not have the financial capacity to buy into the local property market, or rent suitable local accommodation, particularly if called to a church in greater Sydney. No one would want pre-screening of pastoral candidates and a subsequent call to be based upon a pastor's personal wealth, rather than their potential fit with the ministry needs of the church.

- If a church manse is not available and the cost of real estate in an area is high, the pastor may need to live on the outskirts of town or city based on affordability. The resultant extended travel times and costs would diminish their effectiveness.
- Provision of a manse enables a pastor to be “local” to people in the boarder community and “available” to members of the church community.
- The manse may also provide space for hospitality, hosting of bible studies, women’s groups and other meetings.

For churches where the ATO deems the provision of a manse to be a “remuneration benefit”, GST incurred in the building, maintaining or improving of the manse cannot be claimed back by the church.

ATO ruling:

In order to determine whether the provision of housing to a pastor is a “remuneration benefit”, the ATO has drawn the following “line in the sand”.

If the Housing Benefit a pastor could elect to take is equal to, or greater than, 75% of the local market rental of the accommodation provided to a pastor, then the arrangement is clearly “commercial” in nature and the church may not claim back the GST incurred maintaining or improving the manse.

If the Housing Benefit a pastor could elect to take is less than 75% of the local market rental of the accommodation provided to a pastor, then this arrangement is clearly “not commercial” in nature and the church may claim back the GST incurred maintaining or improving the manse.

Impact on Churches:

Please note ATO advice includes the phrase “...Housing Benefit a pastor could elect to take...” assumes that churches will know the Housing Benefit that could be paid to any pastor currently living in a church owned manses is correct, as a Housing Benefit value is one of the inputs into the calculation of the employer Superannuation Contribution for any pastor living in a manse.

All churches should therefore have in place a Housing Benefit policy that described how their church will determine the value of a Housing Benefit, which would be paid to a pastor, should a manse not be available or the pastor chooses to provide their own accommodation.

It is expected that such a policy would normally involve:

- A survey of the local rental market value for the church
- An assessment of the rental market value of any church owned manse.
- If the church does not own a manse – a listing of the criteria the church requires in a manse, so that appropriate properties can be selected from the local rental market to be included in the determination by the church of a Housing Benefit value.

Please note that should the ATO audit your church it can easily work the mathematics backwards from the church employer superannuation contributions, to determine the value that the church is using as the Housing Benefit in the superannuation contribution calculation.

Bottom Line:

Where the church wishes to claim back any GST incurred in the building, maintaining or improving of its manse, the value of the Housing Benefit the church would pay (and is currently being used in the church’s superannuation contribution calculations) must be less than 75% of the local market rental value of the manse.

4.3 Motor Vehicle

The Church will not be responsible for any traffic or parking fines incurred by the minister or driver whilst undertaking church work.

4.3.1 Privately owned

If the minister uses their own motor vehicle for the purpose of performing their duties, the minister must ensure that the motor vehicle is registered and insured for third party property damage at all relevant times. Upon request, the minister must produce proof of such registration and insurance to the Church.

4.3.1.1 Car Benefit (part of the recommended minimum for remuneration of Ministers).

The recommended benefit is based on payment for 52 weeks. It should be paid during periods of annual leave, sick leave, compassionate leave and time off.

4.3.2 Church owned

The Church is responsible for the cost of registration and third-party property insurance. Only the nominated drivers should be permitted to operate the vehicle.

4.4 Reimbursements

A church should reimburse the Minister for all reasonable and necessary out of pocket expenses properly incurred in the performance of the Minister's responsibilities as defined by their position description, but only to the extent that the Minister submits an account of such expenses (that is, receipts) incurred with supporting documentation.

4.5 Salary Packaging & Fringe Benefits

Salary Packaging is where an employer and employee agree that the employee's remuneration package will be received by way of a combination of cash salary and non-cash benefits. It is strongly recommended that all salary packaging arrangements entered into is properly documented to prevent any future disputes.

4.5.1 Considerations

There are two elements that have been considered with regard to salary packaging the Minister's remuneration. The first is the rulings from the ATO regarding fringe benefit tax, and the second is the ethical reflection regarding the nature of the life of the church and the call for all the followers of Jesus to be model citizens.

4.5.2 What is salary packaging?

Salary packaging is where an employer and employee agree that the employee's remuneration package will be received by way of a combination of cash salary and non-cash benefits.

Most employers are liable to pay fringe benefits tax (FBT) in relation to the provision of non-cash benefits to their employees. Such benefits are then known as fringe benefits. The liability for payment of FBT falls on the employer under the FBTA.

However, under the FBTA, there are exemptions for churches (employers) not to pay FBT for the provision of benefits when these are exempt benefits.

4.5.3 What Makes Minister's Fringe Benefits Exempt?

Not all employees of churches who are paid fringe benefits are eligible for exempt benefits. To be eligible, the employee, including a Minister, is to satisfy the conditions under section 57 of the FBTA outlined below.

Benefits provided to certain employees of a 'religious institution' are exempt benefits under section 57 of the FBTA if:

- a) the employer of an employee is a registered religious institution;
- b) the employee is a religious practitioner;
- c) a benefit is provided to, or to a spouse or a child of, the employee; and

- d) the benefit is not provided principally in respect of duties of the employee other than:
 - i. any pastoral duties; or
 - ii. any other duties or activities that are directly related to the Practice, study, teaching or propagation of religious beliefs.

4.6 Exempt Benefits

A 'religious practitioner' is legally defined to mean:

- a) a Minister of religion;
- b) a student at an institution who is undertaking a course of instruction in the duties of a Minister of religion;
- c) a full-time member of a religious order; or
- d) a student at a college conducted solely for training persons to become members of religious orders

The ATO has developed a taxation ruling known as TR 2019/3 and titled 'Fringe benefits tax: benefits provided to religious practitioners' that explains the requirements of section 57 of the FBTAA. This ruling states that, except in rare cases, a Minister should have all of these characteristics:

- is a member of a religious institution
- is recognised by ordination or other admission or commissioning, or has authority from the religious institution to carry out the duties of a minister based on theological training or other relevant experience
- is officially recognised as having authority on doctrine or religious practice
- is distinct from ordinary adherents of the religion
- is an acknowledged leader in spiritual affairs of the institution, and
- is authorised to act as a minister or spiritual leader, including the conduct of religious worship and other religious ceremonies.

The ATO has also developed examples to help understand certain terms used in section 57 of the FBTAA. These examples have been included at the end of this Guide, and you should check the ATO website to see if they have been updated.

We recommend that churches become familiar with these examples. If you are unsure as to whether or not your arrangements are compliant with ATO requirements you should obtain independent professional advice.

The above exemption does not extend to church employees who are not religious practitioners in their employed capacity or Ministers who are not undertaking duties principally of a pastoral or religious nature, e.g. administrators, secretaries or caretakers (this includes Ministers of religion who perform an administrative function).

4.6.1 Advantages of FBT Exemption

The practical implication of the FBT exemption is that the church can, without any additional cost, offer its Minister a more attractive package by providing a mix of cash salary and non-cash benefits (fringe benefits) funded from a component of the Minister's remuneration. This effectively and legitimately decreases the taxable income of the Minister.

The extent to which a Minister will gain from the use of a remuneration package will depend on a range of factors, including:

- a) Choosing to have a Ministry Expense Account (MEA);
- b) Living in their own home or a rental property;
- c) Owning, leasing, or provided with a car; and

- d) Having significant expenses which are usually claimed on their annual tax return.

All these factors are governed by personal choices made by each Minister.

This information is general only and we recommend that churches and Ministers consult an accountant or financial advisor for tailored advice on salary packaging and fringe benefits.

4.7 Payment of Salary

4.7.1 Limits on fringe benefits arrangements

Currently, legislation does not limit the amount of remuneration which can be sacrificed under salary sacrifice arrangements. However, Churches of Christ in NSW & ACT has recommended that a maximum of 66.67% of the total remuneration (**excluding superannuation and LSL**) is to be salary sacrificed by way of exempt benefits - please refer to Section 4.8 – Ethical Reflection).

4.7.2 Payment of the non-exempt component of remuneration

The part of the salary that is not paid to the MEA but paid to the Minister's personal bank account is considered assessable income for tax purposes.

PAYGWT is to be deducted at the rates shown in the ATO's published tax tables and remitted to the ATO in accordance with the requirements of the tax legislation via the church's Business Activity Statement. An Income Statement must be issued to the Minister at the end of the tax year.

4.7.3 Payment of the exempt component of remuneration

That part of the remuneration that is not paid to the Minister into the Minister's personal bank account but transferred to the MEA is considered **an exempt benefit** and is exempt from FBT under Section 57 of the FBTA.

4.7.4 Payment of the Fringe Benefit component

Fringe benefits are paid by the church to the MEA. The church is to make payments directly to third parties on behalf of the Minister from these funds. These fringe benefits **are exempt benefits** and are exempt from FBT under Section 57 of the FBTA.

4.8 Ethical Reflection

As the Minister's benefits comprise of exempt benefits, remuneration arrangements must be ethical.

To be socially responsible, we do not want to exploit a provision made to the church, as all Australian citizens utilise services funded by personal income tax, including public infrastructure such as roads, public transport, social security payments, (including aged pension) and public health facilities.

Therefore, with regard to the salary or cash component of the Minister's package, churches of Christ in NSW & ACT recommends to churches that a minimum of 33.33% of a Minister's remuneration (excluding superannuation and LSL) is to be allocated as salary and is to be recorded on the Minister's annual income statement. A maximum of 66.67% of a Minister's remuneration (excluding superannuation and LSL) can then be paid to the MEA as an exempt benefit.

4.9 Establishment and administration of Ministry Expense Account (MEA)

4.9.1 Account Name

For practical purposes, it is recommended that the church open a separate bank account (Ministry Expense Account - MEA) and deposits, for each pay period, the nominated amount of a Minister's remuneration to be paid as an exempt benefit. Where the church employs more than one Minister, there are to be separate bank accounts for each Minister).

The MEA must be an employer account and therefore must be in the church's name. A Minister's personal account must not be used for the payment of exempt benefits.

4.9.2 Signatories

The account is to have two (2) authorised account signatories and cheques are to be counter signed. The Minister may be one of those signatories. Cheques should not be pre-signed.

4.9.3 Direct Debits

Where payments are by way of direct debit from the MEA, documentation such as a letter requesting the direct debit payment is to be sighted and signed.

4.9.4 Accumulation of Funds

As there are no established savings limits to the MEA, it can accumulate funds over the term of the Minister's employment with the church.

4.9.5 At Conclusion of Ministry

At the conclusion of the term of ministry, any remaining balance should be expended and not transferred to the Minister's next employer. This will enable the church to ensure that the funds in the MEA are only allocated as exempt benefits and comply with its employer responsibilities. If the balance is part of a lump sum on termination, it becomes subject to income tax and will need to be disclosed on the Minister's PAYG payment summary.

Churches are to allow the MEA to remain open for a period of time to allow the Minister to expend any accumulated funds at the conclusion of a ministry. This will ensure that the Minister is not disadvantaged if their new position does not satisfy all the conditions of exemptions under Section 57 of the FBTAA.

4.9.6 Audit requirements

The MEA is to be included in the church's annual audit. A statement indicating that the MEA is in accordance with the recommended terms and conditions is to be included with the church's annual accounts.

4.9.7 Benefits whilst on leave

The Exempt Benefit component of a salary package should continue to be paid during all periods of leave (except unpaid leave), as the calculations for same are based on a 52-week year.

4.10 Expenditure from the Ministry Expense Account

4.10.1 Ministry related expenditure from MEA

The ability to structure remuneration as salary or exempt benefits allows those in ministry to order their finances so that costs incurred in relation to their duties as a Religious Practitioner may either be claimed through:

- a) their MEA account; or
- b) paid from their salary and subsequently claimed as an allowable deduction through their taxation return.

Expenses can only be claimed through **one of these avenues not both.**

4.10.2 Private Expenditure from MEA

Ministers can also make payments to third parties from the MEA for private expenditure where the recipient of the benefit of the payment is either their spouse or dependent child (no other family members).

These payments can include but are not limited to:

- a) Health insurance for Minister and his family, and any other medical & health related costs;
- b) Education costs for Minister and his family, including school uniforms;
- c) House contents insurance;
- d) Electricity, gas, private telephone and internet rental and usage;
- e) Subscriptions;
- f) Family holiday expenses;

- g) Second car expenses;
- h) House rates, taxes, repairs and insurance costs;
- i) Mortgage/loan repayments (but not payments to mortgage offset accounts); and
- j) House rental payments.

4.10.3 Tithes and Offerings

Tithes and offerings should not be paid from the MEA. Unlike other expenses, there is no commercial obligation on a Minister to pay tithes and offerings.

As tithes and offerings are made voluntarily and are not actually incurred by a Minister in the same way that an expense is (e.g. by having an invoice issued), they are not within the definition of a fringe benefit.

As tithes and offerings cannot be structured correctly as a fringe benefit, the donations from the MEA will be deemed by the ATO to be assessable income of the Minister.

This will also result in a situation where the church has not fully complied with its employer obligations should for this deemed salary and wage income.

To avoid these unintended consequences, tithes and offerings must be given by a Minister personally from the salary component of their remuneration. This requirement also applies to personal donations by a Minister to a charity and or deductible gift recipient.

4.11 MEA – Other Operational Matters

4.11.1 Reimbursement of Expenses

This is where the Minister purchases an item or pays an expense with his/her own funds and is reimbursed by the church from the MEA. A receipt or an invoice is required to be produced as proof of the expenditure, and where applicable, account for any GST transactions.

Once reimbursed, these expenses cannot be included in the Minister's annual taxation return as an allowable deduction.

4.11.2 Payment to third parties directly for unpaid accounts

This is where the Minister provides an invoice for payment and the church makes payment to the provider directly; the method of payment can either be by cheque or direct debit.

Payment to third parties may also be completed by direct debit periodically, for example payment of rent or a housing loan can be done periodically directly from the MEA. In this situation a statement is required each period to reconcile and support the periodic payments, and to account for any GST.

4.11.3 Reimbursement of payments from the Minister's dedicated credit card

Ministers can use a credit card and be reimbursed from the MEA for approved payments from the MEA.

The Credit Card Statement is to be presented along with accompanying documentation to support the transactions the Minister wishes to be reimbursed from the MEA bank account.

4.11.4 Cash Withdrawals

Ministers are to be advised that any cash withdrawals, cash advances or purchases of cheques that can be converted to cash are not exempt benefits. Instead, these items are treated as assessable income and will need to be recorded on the Minister's Income Statement for taxation and Medicare purposes.

4.11.5 MEA and GST

GST can generally be claimed by the church as an input tax credit for those expenses incurred by a Minister and paid from the MEA. Some exceptions to this rule exist for transactions relating to entertainment and costs of maintaining a Minister's family (such as groceries).

If GST in relation to expenses paid from the MEA is claimed by the church as an input tax credit then it is up to the church to decide whether this is retained in its general bank account or transferred to the MEA for subsequent expensing.

4.11.6 Accumulated Balances

The MEA can accumulate balances that can be carried forward from year to year to be used for major purchased such as a motor vehicle or to attend an overseas conference.

4.11.7 Interest Credit on the MEA

As the MEA is to be in the name of the church, the funds set aside in these accounts remain the notional property of the church.

Any interest earned on these funds is to be transferred to the church's accounts.

4.11.8 Audit of the MEA

Whilst the church is exempt from paying FBT in relation to 'religious practitioners' it is not exempt from audit to ensure compliance with the ATO legislation. It is essential that accurate records be maintained of the operation of the MEA. Churches are to keep supporting documents for transactions of the MEA.

4.11.9 Record Keeping

The ATO requires churches to keep records of receipts and payments from the MEA for 5 years.

4.11.10 Minister's additional income at the church

As religious services can only be provided by a religious institution, a Minister (acting as agent of a church) cannot provide religious activities under their own Australian Business Number (ABN).

Accordingly, any additional income resulting from the Minister's activities as an agent of the church is to be paid to the church, and banked in the church's bank account and not the Minister's MEA.

These additional activities which result in an income to the church include funerals, weddings, speaking appointments and seminars.

The additional income received by the church as a result of the Minister's activities can be paid to the Minister as income i.e. paid **to the Minister as salary, or paid directly to the MEA. Payment will be at the discretion of the church.**

4.12 Motor Vehicle

The Church will not be responsible for any traffic or parking fines incurred by the Minister or for damage to, or theft from, their motor vehicle.

4.13 Ministers' Salary and Centrelink Benefit Entitlements

Centrelink is the Commonwealth Government entity that administers entitlements to social security benefits. Centrelink uses different criteria than the ATO in determining how income affects these entitlements.

Family Tax Benefits and certain other family assistance support payments are also administered by Centrelink under the A New Tax System (Family Assistance) Act 1991 (Cth).

The main difference with between the ATO's determination of income for eligibility for government payments and allowances administered by Centrelink under the Social Security Act 1991 (Cth) is in the payment of exempt benefits.

In determining the total reportable income for religious practitioners, the ATO only assesses income that is included in an individual's income tax return. This will usually mean what is disclosed on a Minister's Income Statement. Centrelink however, determines income for social security benefits on the basis of income disclosed on the Income Statement plus any personal benefits received by the religious practitioner.

Centrelink uses the term 'valuable consideration' as a guide to determine if a payment is a part of a Minister's income under the Social Security Act 1991 (Cth).

Valuable consideration is defined as; "Receipts not in money form but capable of being valued in money terms. This occurs when a person receives goods, services or some other benefit in exchange for some item, action or promise."

The following principles can be used in assessing the remuneration of Ministers for Centrelink payments:

- a) Fringe benefits paid to Ministers for activities directly related to ministry are not to be included as income. For example, work-related: home office expenses, reimbursement of petrol expenses.
- b) Fringe benefits paid to Ministers to meet expenses that are not directly related to ministry will be treated as income. For example: school fees, personal travel, clothing, holidays, purchase of assets for private use.

There can be payments to the Minister that contain both private and ministry components. For example, work-related components of telephone & internet and utility expenses for the Minister's residence.

In this situation the Minister will need to determine what proportion is for private purposes. Where the percentage of private and church use of particular expenses has been agreed to, then this is to be recorded in the church minutes for future reference.

The table below indicates what types of Centrelink payments require disclosure of both the exempt and non-exempt component of the Minister's remuneration.

Centrelink Payment Type	Disclose Salary Component of Remuneration	Disclose Exempt Benefit Component of Remuneration
Age Pension	Yes	Yes
Austudy	Yes	Yes
Carer Allowance & Health card	Yes	No
Carer Payment	Yes	Yes
Child Care Subsidy	Yes	No
Child Support	Yes	No
Commonwealth Seniors Health Card	Yes	No
Dad and Partner Pay	Yes	No
Disability Support Pension	Yes	Yes
Family Tax Benefit Part A	Yes	No
Family Tax Benefit Part B	Yes	No
Farm Household Allowance	Yes	Yes
Jobseeker payment	Yes	Yes
Parenting payment	Yes	Yes
Parental Leave Pay	Yes	No
Special Benefit	Yes	Yes
Youth Allowance	Yes	No

4.14 Additional Expense Recommendations

4.14.1 Telephone and Internet expenses (additional recommended minimum)

A church should pay all telephone and internet charges relating to the church's Ministry. This should be negotiated between the church and minister prior to the minister being engaged.

4.14.2 Moving Expenses (additional recommended minimum)

The church should pay reasonable relocation expenses for the Minister and the Minister's family, their furniture and effects when a Minister takes up a new appointment.

4.14.3 Book benefits and Study benefit (additional recommended minimum)

Ministers need resources on an ongoing basis to facilitate their ministry and to nurture their own spiritual growth. An annual Book/Study benefit is recommended as part of the total remuneration package.

Ministers need to keep pace with the spiritual and practical demands of contemporary Ministry. The value of continuing study and in-service training is commended to both Church and Minister.

4.15 Total Cost to Church

The terms upon which a Minister is engaged should include provision for the payment of Long Service Leave and superannuation contributions. In addition, the church will incur a range of "on-costs" such as Workers Compensation Insurance and expenses related to the Minister's housing, motor vehicle use, telephone, conferences and seminars.

The total annual cost to the Church for a full-time Minister will likely include:

- Gross salary remuneration
- Car and Housing benefits
- Long Service Leave contribution
- Superannuation contribution
- Endorsement and Ongoing professional development costs
- Professional Supervision costs
- Workers Compensation Insurance
- Phone & IT related costs
- Ministry related expenses

4.15.1 Insurance Against Loss of Service

Churches are advised to consider insuring against loss of ministry services due to any accident involving, or an extended sickness of their, Minister. In some cases, it may be necessary to employ another person to undertake the ministry role and for a small outlay, insurance will cover the salary of a replacement Minister, allowing the church to maintain reasonable financial support to the regular Minister, particularly when not (fully) covered by workers' compensation.

SECTION 5 MINISTRY REVIEW, EVALUATION AND DEVELOPMENT

Ministers are expected to work within their area of competence and training. Ministers need to be aware of the importance of training and supervision if they have a significant counselling ministry.

Ministers should be provided with 2 weeks per year of paid leave to increase their skills and knowledge.

Please note: In discussions with Conference's insurers, they have informed us that ministers who do not undergo regular professional development are an increased insurance and liability risk; and in the case of a local church it is the local church board's obligation to minimize potential risk and litigation liability.

Churches need to build into their own budgeting and oversight structure all appropriate accountability and funding support to ensure ministers partake in professional development.

5.1 Endorsement

churches of Christ NSW & ACT encourage churches to support and contribute to the cost of their Minister obtaining Endorsement and the Minister's ongoing professional development activities and study.

The Endorsement process is usually granted to a person in recognised ministry within Churches of Christ on the following basis:

- The endorsement requirements being met.
- The Minister committing to the Code of Conduct.
- The Minister committing to undertake Ongoing Professional Development (OPD).

Under the Endorsement process, Ministers are required to undertake OPD. Churches are encouraged to contribute to the Endorsement process of their Ministers and view favourably any request for leave by their Ministers to undertake the minimum OPD to meet the requirements of the Endorsement process.

5.2 Mentoring and Spiritual Direction

All Ministers are encouraged to have an ongoing and planned personal professional development program that fulfils the requirements of churches of Christ NSW & ACT Ongoing Professional Development. Individual mentors and ministry team mentors are helpful for the professional and spiritual development of ministers and ministering teams.

5.3 Professional Supervision

All Ministers are encouraged to engage in Professional (Pastoral) Supervision on a regular basis,² typically 8 times per year. Professional Supervision is a regular, intentional and brave space where the minister can discuss and process their professional and personal challenges. It allows a minister to bring work concerns, responsibilities and celebrations to the table. It is a brave place to explore personal struggles that impact the workspace that, if left unattended, in some instances could devolve into unethical work practice.

churches of Christ NSW & ACT have a list of recommended Professional Supervisors who have met our expectations regarding suitable training and appropriate accountability measures. This list can be made available upon request.

We recommend that the local church leaders assist the minister in finding a Professional Supervisor and make provision to cover the costs of Professional Supervision.

² For Ministers who are Endorsed after September 2019, ongoing Professional Supervision is a mandated requirement for continuity of Endorsement.

5.4 Ongoing Professional Development

Ongoing Professional Development (OPD) is used in most professions to encourage high standards in the areas of character and competence. Continuous learning for ministers needs to be balanced, helpful and practical. Research shows that many Australian ministers are struggling to cope and are close to emotional exhaustion. The OPD process is designed to encourage ministers to take opportunities to be emotionally refreshed, mentally stretched, spiritually renewed and professionally re-equipped.

5.5 Pastoral Review and Evaluation

The pastoral review process is an annual review of a Minister's vocational ministry by those to whom they are accountable. Senior pastors are typically accountable to their board of elders or an equivalent body while others are typically accountable to the senior pastor. The pastoral review is conducted with the pastor by those to whom they are accountable or with a third party who then reports back to the pastor and the elders/senior pastor.

The pastoral review process is one way a church eldership or equivalent body exercises pastoral oversight over its church community by supervising and supporting their pastor in their pastoral ministry. It is born out of a spirit to spur one another on towards love and good deeds in service of Jesus. It is an

A Pastoral Review considers elements of an annual performance appraisal common to many other professions. More than that, however, a Pastoral Review is an act of pastoral care for the Minister.

It is strongly recommended that churches undertake a Pastoral Review process and that this program of review/evaluation should be included in the Ministry Employment Agreement. Both church and minister will derive value from such a process and effective performance appraisal can help prevent misunderstanding in roles and responsibilities. Identification of any dissatisfactions or unmet expectations before they become problematic is clearly desirable. In addition, continuing personal and professional development is important for effective ministry, and the formation of a development plan should be part of any review process.

churches of Christ NSW & ACT provide resources for use in conducting a Pastoral Review – available in the My Resources section of the [Ministry Portal](#).

The Employment Agreement should include a process for routine appraisal of the Minister's performance. One way in which this might be undertaken is for two or three of the church leaders, who are sensitive to the mind of the congregation, to undertake a review with the Minister of all aspects of the Minister's performance at agreed intervals (at least annually, but perhaps half-yearly). If the parties concerned approach this process with an open mind and prayerful preparation, it will provide a forum for the recognition of potential difficulties before they become major issues, thus allowing early and positive corrective action to be taken.

The importance of this point cannot be overemphasised. Community standards require that employees have the right to feedback regarding performance and conduct expectations and development needs, and that they be given the opportunity to correct any deficiency before being subject to any disciplinary action regarding unsatisfactory performance and/or conduct. In the caring environment of a church community this is most certainly true. As a minimum the regime under the Small Business Fair Dismissal Code provided under the Fair Work Act, should be followed where the Church employs less than fifteen (15) full time equivalent employees. If that is not the case a different regime will apply.

If the review falls in the penultimate year of a ministry term, then that review requires a specific focus on the question of whether a renewal of the ministry term is appropriate.

Where a Minister appears incapable or unwilling to address any identified shortcomings, or where a Minister considers that the church's evaluation is unreasonable, a formal meeting should be arranged with the Minister, church leaders, and a Conference representative who might act as an independent chairperson of the meeting. The Minister should be allowed to have an advocate of his/her own choosing present. Should the conflict remain unresolved following this meeting a fair and reasonable disciplinary process should be

undertaken, and this may involve a number of corrective measures up to and including termination of the ministry.

5.6 Renewal of Ministry Term

It is strongly recommended the following process for deciding on the renewal of a Ministry Term:

- All ministries should undergo an independently facilitated 360-degree appraisal/review process in the year prior the penultimate year.
- The process in the penultimate year of term is to intentionally focus on the question of term renewal.
- A conversation between church leadership and minister should be held with an external facilitator, to discern an appropriate response to the outcome of the review with regard to the renewal or conclusion of the ministry.

5.7 Conferences, Seminars and Study Leave

Churches are encouraged to:

- Pay the costs of the Minister's attendance at State Ministers' conferences, Collective, camps, safe ministry training, seminars and lectures. Participation of the minister in other State and churches of Christ Conference activities is strongly recommended.
- Ministers should be allowed sufficient leave with pay to enable them to travel to, attend, and return from such meetings, in addition to their annual leave entitlements. Churches should also consider meeting some or all of the travel expenses, where applicable.
- Churches should consider favourably any reasonable request from a Minister for study leave that is used for legitimate study purposes. (E.g. post-graduate study such as conducted under the auspices of ACOM or other theological providers).

SECTION 6 CESSATION OF TENURE AND EMPLOYMENT

There are a number of circumstances that may necessitate the termination of a ministry (and for an important note on 'unfair dismissal laws' see the end of this section). These circumstances include:

- The minister has responded to a call to another ministry position or to some other employment, and agreement has been reached between church and minister to conclude the appointment at the end of the current term.
- The minister, for whatever reason, has exercised the option to give notice under the terms of their Ministry Employment Agreement to conclude ministry prior to completion of the current term.
- Personal circumstances or ill-health make it necessary for the minister to withdraw from ministry.
- The church finds it necessary to terminate the appointment, due to a breach of the respective Ministry Employment Agreement by the minister, or for another serious mitigating factor which is recognised under law as a sufficient reason for termination of employment.
- Recommendation of termination of employment by the Professional Standards Unit of the Churches of Christ in NSW

The entitlements and obligations of the church and the Minister on termination will depend on the circumstances of the Minister's termination. Reference should be made to the Australian Tax Office's document titled Eligible Termination Payments - a practical guide for employers for information on how to process the ministers' final termination payment.

6.1 Termination according to the Terms of the Ministry Employment Agreement

When the ministry is concluding at the end of the term, or as a result of the required notice, the process of termination is usually an amicable one. The Fair Work Act 2009 sets out the rights and obligations of the church and the minister in relation to the termination of employment. These laws apply irrespective of whether the Minister is reappointed with another church affiliated with the churches of Christ NSW & ACT, Conference or Churches of Christ nationally.

Some aspects to be considered in the process include:

- *Long service leave, and superannuation* entitlements should be paid right through until the termination date. If a full year / 'period in advance' contribution has been made by the church for either of these entitlements, and the ministry is concluding prior to the period in question, then the church may consider leaving the entire contribution in the minister's entitlement as a sign of its generosity and gratitude.
- *Annual leave* entitlements should be calculated on a pro-rata basis for the current year and added to any unused entitlements from previous years. If paid as a 'lump sum', calculations should be based upon the value of the total salary package, and paid in accordance with instructions obtainable from the Australian Tax Office.
- Where the church is providing housing (whether by providing a residence or by payment of a housing benefit) the housing should be provided, or payments made up to the date of the termination of the employment
- If a Fringe Benefits package has been negotiated it is not appropriate for those benefits to be paid out in cash to the Minister. The accumulated balance in any fringe benefits account must be applied to meet the Minister's expenses which represent Exempt Benefits. On termination the accumulated balance must be applied either as the reimbursement of an expense incurred by the Minister or applied to meet a financial obligation of the Minister (but not paid to the Minister) or otherwise it must be included in the termination payment income according to ordinary concepts and the appropriate tax deducted.

6.2 Early Retirement from Ministry

In this situation there may be some emotional stress for both the minister and church. There may also be some practical and financial issues. Such a situation must be handled with a great deal of sensitivity, grace and compassion. The following points are provided for general guidance:

- The churches of Christ NSW & ACT Office should be advised immediately of the circumstances. If deemed necessary then confidential counselling and appropriate support can be provided to the minister, church members or church community as appropriate.
- Leave entitlements plus any other accumulated benefits should be paid as a 'lump sum' in accordance with instructions obtainable from the Australian Tax Office.

6.3 Exit Interviews

The Church leaders should consider conducting an exit interview close to the end of the Minister's employment. This provides an opportunity for the leaders to simply listen to the Minister who may wish to provide honest feedback and to also reflect on their successes and shortfalls during their tenure. It may be important to also ensure that information and projects are handed over in a suitable manner.

Churches of Christ in NSW & ACT may also offer an exit interview to the Minister so they may reflect more openly with someone who is outside of their ministry context. These exit interviews are kept confidential and no feedback is provided to other people unless specifically approved by the Minister.

6.4 Termination Outside the Terms of the Ministry Employment Agreement

Difficulties may arise when there is a need for the church or the minister, to terminate the ministry under circumstances not generally anticipated in the employment agreement, ranging from personal or family needs of the minister, to loss of confidence and trust by the minister in the church (or vice versa), to serious ministerial misconduct, etc. Although such situations can often be resolved amicably there are occasions where the church and the minister will be in conflict over the need for (or the terms of) termination.

Churches are not immune from action for wrongful dismissal, and there are some circumstances where termination of the ministry may be in the best interests of the church and/or minister. For example:

- Where the terms of employment have been breached by the minister.
- Where the emphasis or direction of the minister is no longer consistent with agreed expectations and priorities of the church.
- Where the minister no longer has the confidence and support of the church leadership board.
- Where the minister has findings of misconduct against them under the Minister's Code of Conduct.

In all situations, the following general directives should be followed as the circumstances warrant:

- Any Ministry Employment Agreement should include a process for routine appraisal of a minister's performance and development needs. One way in which this might be undertaken is for two or three of the church leaders, who are sensitive to the mind of the congregation, review with the minister all aspects of the minister's performance at agreed intervals
- If this process is approached with compassion and prayerful preparation by the parties concerned, it will provide a forum for the recognition of potential difficulties before they become major issues, thus allowing early and positive corrective action to be taken.
- The importance of this point cannot be over emphasised. Community standards require that employees have the right to feedback regarding unsatisfactory performance and behaviour and that they are given the opportunity to correct any deficiency before being subject to any disciplinary action. In the caring environment of a church community this is most certainly also true.
- Where a minister appears incapable or unwilling to address any identified ongoing / collected

problems or shortcomings, or where a minister considers that the church's evaluation is unreasonable, a formal meeting should be arranged between the minister, church leaders, and Church, Ministry and Pastoral Support representative (who may be able to act as an independent chairperson for the meeting), the minister should be allowed to have an advocate present. Should the conflict remain unresolved, a fair and just disciplinary process must be undertaken before any consideration is made to move to terminate the ministry as being appropriate.

- The appraisal and any subsequent discipline process must be in alignment with the originally agreed position description and the Ministry Employment Agreement. If not, the minister may have a case for unfair dismissal.
- It should be remembered that churches and/or their leadership teams may be accused of wrongful dismissal where the minister in question has had no formal written warnings (it is generally expected that in addition to any specific legal requirements for early termination that in most situations three separate written warnings should be given to the minister).³
- Unless termination is a result of a serious and/or knowledgeable breach of conduct by the minister, then as far as possible, termination should provide for three months' notice, or pay in lieu of notice if the circumstances prevent the minister from continuing effective ministry for those three months. Pay in lieu would include salary, use of the manse, and other benefits as defined in the employment agreement.
- While some circumstances may justify termination without notice or pay in lieu of notice, such instances are few. An example of such an instance is where the Minister is in breach of the Code of Conduct, thus disqualifying the Minister from effective ministry. In the event that a Minister's behaviour is so unacceptable as to justify instant dismissal, the advice of the Network Ministry Coordinator (or another person nominated by the Executive Ministry Director) and an appropriately qualified lawyer should be sought. If you require assistance in locating a lawyer to provide legal advice on employment issues due to the complexity and sensitivity of these matters and the desire for good outcomes the Network Ministry Coordinator will supply necessary advice and support to both the church and the Minister during this process. Severance payment terms should be determined in accordance with their specific terms and conditions and the Federal "Fair Work Act" or on the advice of an independent and qualified source.
- Termination of a Minister also impacts the Minister's spouse and family. Often a Minister's family have invested much of their own time and energy into the Church. It is important that church leaders recognise and acknowledge this, and honour and respect the Minister's spouse and family and their contribution to the church.

Instant termination is difficult under any circumstance. The church should always receive legal advice before any action is taken to terminate an employment contract in a manner that is outside the scope of that contract. The importance of this point cannot be over emphasised.

It is usually the case that the leadership must prove that the minister has been incompetent in carrying out his ministry and/or has not achieved stated written goals. If not, then the minister could be entitled to be paid out for the remainder of their term.

6.5 Payments on Termination

Churches are advised payments of unused annual leave, rostered days off, time in lieu and long service leave entitlements made on termination CANNOT be provided as exempt benefits and are to reported via Single Touch Payroll.

³ Note however that this point may not be applicable in the case of serious misconduct that warrants immediate termination (however as noted elsewhere in this section the church should always receive (and act in accordance with) legal advice if a situation has arisen where such decisions are being countenanced).

SECTION 7 STAFF AND CHURCH RECORDS

It is important that churches maintain accurate records in relations to employee files, payslips and payroll calculations.

These records can be audited by the Fair Work Ombudsman without notice. The Ombudsman has the authority to issue both breach notices and fines and penalties under the Act.

7.1 Personnel Files

Personnel files for all employees must be maintained and include all documents, notes, records and correspondence in relation to the Church's employees (including Ministers') employment. The files should be stored and handled in a confidential secure manner. In particular Churches should ensure adequate written records of all matters relating to a Minister's employment are prepared and securely kept on file including the Employment contract, records of amendments to it, records of Performance and Development Reviews, records of all leave and records of all payments to, or on behalf of, the Minister.

7.2 Payslips

Please refer to section 536 of the Fair Work Act 2009 and clauses 3.45 and 3.46 of the Fair Work Regulations 2009 or the Fair Work Australia Website which outlines the details needed in pay slips to be supplied to employees with their pay. The regulations require that a payslip include:

- The churches' full legal name and ABN,
- The full name of the employee,
- The date of payment,
- The period of payment,
- The number of hours worked for the period concerned,
- The employee's wage rate,
- The gross and net wages paid,
- Details of any additional payments made i.e. any loadings, monetary allowances, bonuses, incentive-based payments, penalty rates or other entitlements paid that can be singled out,
- Details of any deductions (including, where applicable, the fund or account into which a deduction was paid,
- Details of any tax deducted,
- If the employer is required to make superannuation contributions, the amount of contribution in the period, name and number of the fund to which paid or the contributions the employer is liable to make, together with details of the fund to which it is to be made, and
- Year-to-date cumulative totals should also be shown.

Note: Employers who contribute a defined benefit interest into a defined benefit fund do not have to fulfil the reporting requirements for superannuation contributions.

Note: Any deductions from an employee's pay must be authorized in writing by the employee. Generally speaking, an employer is allowed to make a deduction from an employee's pay if:

- a) the employee agrees in writing and the deduction is principally for the employee's benefit, or
 - b) the employee authorises the deduction in accordance with an industrial agreement; or
 - c) the deduction is authorised by or under a modern award, or an order of Fair Work Australia;
- or

- d) the deduction is authorised by or under a Commonwealth, State or Territory law or an order of a court.

Generally speaking, an employer cannot make a deduction from an employee's pay if:

- a) the deduction is not for the benefit of the employer and is unreasonable, or
- b) the employee is under 18 years of age and the guardian or parent has not authorized the deduction in writing.

Note: Electronic pay slips must list the same information as are required in hardcopy pay slip.

7.3 Single Touch Payroll

Single Touch Payroll (STP) is a requirement in relation to employer reporting obligations designed to reduce burdens in respect of information required to be provided to government agencies. The first phase of STP commenced on 1 July 2018, and STP Phase 2 commenced on 1 January 2022. Churches generally report relevant payroll information for STP purposes via their accounting software.

Initially under STP a church employer was only required to report a minister's reduced salary where exempt benefits were provided by way of a salary sacrifice arrangement. For example, if a minister received 66.67% of their remuneration (excluding superannuation contributions) as exempt benefits and 33.33% as salary, only the 33.33% salary component would be reported.

STP Phase 2 requires additional information to be reported by way of the disaggregation of income. As a result of this, gross income and salary sacrificed amounts (rather than just the net reduced amount) are required to be reported, as is more information in relation to allowance types.

STP Phase 2 also requires the reporting of additional information in relation to allowances. Some churches use the term "allowances" in respect of the benefits they provide. However, the use of this term is usually incorrect because the amounts are not paid to ministers for them to expend. Instead, amounts are often transferred to a separate bank account in the church's name to then be expended by a minister directly on various costs. An example of this is a payment directly towards a minister's mortgage.

As this type of expense account is in the church's name, neither the transferring of funds to it nor the expending of funds from it directly on expenses represent the provision of allowances. The requirements of STP Phase 2 to allowances therefore will not have any application to transactions in a correctly structured church benefit account. However, the transfer of funds to this account will need to be reported as a salary sacrificed amount type above.