



Queensland Baptists

Ministerial Remuneration GUIDELINES For Registered Ministers

FOR ASSISTANCE PLEASE CONTACT

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WHAT HAS CHANGED SINCE LAST RELEASE OF THIS DOCUMENT (on 1/2/11)?

1. New section – “what has changed” (this section) – added to start of document (page 2)
2. Remuneration benchmark increases to \$1,261.60 (page 2)
3. Accommodation Reduction increases to \$210 per week (page 2)
4. Frequency/timing of future updates. See “Updates to Remuneration Benchmark” (page 3)
5. New section – “Reporting Income” (page 4)

PREPARING A REMUNERATION PACKAGE

The following Guidelines and Procedures are provided for the assistance for Churches and Ministers to set an acceptable basis for **negotiation** between Registered Ministers and Churches as part of the Pastoral Call process.

All matters relating to a Minister’s Call are based on mutual agreement and trust with both parties seeking to know both God’s will in the situation and that the other is satisfied with the arrangements.

THE REMUNERATION BENCHMARK

The Remuneration Benchmark is the Australian Average Weekly Earnings - Private Sector Ordinary Time Earnings (as released by the Australian Bureau of Statistics).

Remuneration Benchmark @ 1st Aug 2011: \$ 1,261.60 (per week)

Please refer below to new section on “updates to the remuneration benchmark” for an important change in how this figure will be adjusted in the future.

ADJUSTMENTS TO THE REMUNERATION BENCHMARK

1. **Senior Minister – Registered & Ordained** **Add 10%**

Ministers ordained for 10years or more or Ministers who have a responsibility for the other pastoral team members (i.e. Associate Pastors or Pastoral Assistants). This recognizes increased responsibility involved in supervising pastoral staff and/or additional experience gained from years of service.

2. **Registered Minister Unordained** **Reduction 15%**

Registered Ministers (as registered by QB’s Ministerial Services Committee) undertake their studies as part of their call to a particular church and as such have less time available to serve in the church

It is also recognized that Ministers Unordained have not generally completed the educational and related requirements for ordination and would be progressing towards ordination in a similar manner to Student Ministers.

3. **Accommodation Reduction** **\$210.00 per week**

The usual arrangement for full time &/or Senior Pastors is that the Church is responsible for providing accommodation for the minister and his family. This may be provided through either a church owned house or by the church renting a suitable house.

(a) If the Church owns & offers suitable accommodation (a manse): The above amount is deducted from the Remuneration Benchmark.

(b) If the Church does not own suitable accommodation: It is the responsibility for the church to pay the total rental cost to provide suitable premises, and in return may deduct ONLY the above amount from the Remuneration Benchmark. If a pastor is able to provide their own suitable accommodation, an agreed payment not exceeding the reasonable costs for the church to provide alternate accommodation may be made.

(c) If the church owns suitable accommodation but the pastor elects to reside elsewhere: This can be a complex scenario, and needs to be negotiated on a case by case basis between the church and pastor as a part of the calling process. The key question is what alternate use the church can make of the house they own if the pastor does not use it. If it is suitable for commercial rental, then the property may be regarded as an “investment” for the church during the pastor’s call, and an unadjusted remuneration may be paid. However, if the house is not able to be rented due to location or other usage, it therefore may be appropriate to adjust the pastor’s remuneration despite them not using the manse. In summary, the church ought to be no worse off financially because of the pastor’s desire to live elsewhere.

UPDATES TO THE REMUNERATION BENCHMARK

Historically, the Administrative Services Group has aimed to review the remuneration benchmark figure twice per annum effective from 1st February and 1st August of each year. These adjustments have considered the movement over the past six months in the Average Weekly Earnings index published by ABS. However, there has been some concern about the additional administrative burden of adjusting salary rates twice per annum.

Accordingly, at its meeting of June 2011, ASG has resolved to adjust this figure only once per annum from 2012. The adjustment will be calculated by considering 12 months movement in the Average Weekly Earnings, and so increases will typically be around double those published in the past. Pastors will not be worse off under this change, and there will be less administrative time required with only one adjustment per annum.

It has further been resolved to move the time of the adjustment to coincide with the financial year, rather than the previous adjustment dates. **Accordingly, the next adjustment to the remuneration benchmark shall be announced in early June 2012 and be applicable from 1st July 2012.**

EXEMPT FRINGE BENEFITS

Pastors working at Queensland Baptist churches are deemed to be a “Religious Practitioner” as defined in subsection 136(1) of the Fringe Benefit Taxation Act Australia. Queensland Baptists recommends that eligible pastors are paid as:

50% cash (taxable) component and 50% exempt fringe benefits.

Exempt Fringe Benefits may be used for any incurred personal expenses of the pastor, but not taken in cash. Historically lists of “eligible” uses have been published, but there is no legal restriction on the use of exempt benefits. However, in stressing that the benefit cannot be taken in cash, this includes payments to accounts where the pastor has the ability to draw down that benefit as cash – such as a line of credit on a home, or

cash advances on a credit card. This is difficult to enforce in a failsafe manner, but an understanding of the legal requirement and a commitment to seek to comply ought to be established.

REPORTING INCOME (IMPLICATIONS OF EXEMPT FRINGE BENEFITS)

It is important to recognise that different organisations and Government departments will view Exempt Fringe Benefits differently when considering what a pastor's "income" is. This issue is of significance in that often clerical staff members at these organisations do not understand exempt fringe benefits and consider them the same as employee fringe benefits. A summary of the position for various organisations is as follows.

Banks and other lenders: When indicating total income to a bank for consideration of the financial position of the pastor, the question is intended to ascertain the amount of personal money that the pastor has control over and therefore the entire stipend (including exempt fringe benefits) ought to be shown. It may be appropriate to itemise this as independent income so it can be verified by the bank, but in doing so the term "exempt fringe benefits for religious practitioners" ought to be used in full to avoid confusion.

ATO: In preparing group certificates and tax returns, the Tax Office is only interested in taxable income, and therefore exempt fringe benefits amounts ought not appear. Additionally – benefits administered and paid by the ATO for which a pastor may be eligible do not require the pastor to declare their exempt fringe benefit amount either. This includes Family Tax A and B payments.

Centrelink: Eligibility to receive payments such as sickness benefits, employment benefits, and parenting payments relies on the definition of income in the Social Security Act, which is broader than the ATO's position. Our most recent legal and departmental advice on this is that if exempt fringe benefits are used to fund items of ministry benefit (such as a motor vehicle, home office, phone and travel costs – all where used for ministry purposes) ought not be considered as income. However, exempt fringe benefits used for home mortgage or rent, school fees for children, or private use of the motor vehicle do need to be considered as income. Recently a copy of a form from Centrelink assisting with this breakdown has been requested from one pastor. It is strongly recommended that if you are eligible to receive any of these benefits that you clarify with Centrelink what income is to be declared, particularly in relation to exempt fringe benefits for religious practitioners.

SUPERANNUATION

Australian law requires employers to contribute a Superannuation Guarantee amount of 9% to the employee's nominated fund. Due to the Exempt Benefit issue, calculation of this amount is subject to interpretation. There are three approaches that could be adopted by a church to calculate the appropriate amount of superannuation for a pastor. Please note that in each of these cases, the example figure quoted is applicable if the pastor is being paid 100% of the guideline amount without adjustment:

Legal minimum: The legal requirement is 9% of the cash component – ie. $\$1,261.60 * 50% * 9% = \56.77 per week. QB strongly recommends that this approach is not used as it penalises pastors and would leave them in a difficult position in retirement.

Recommended minimum: QB recommends that the contribution of the equivalent of 9% of the FULL GUIDELINE AMOUNT – ie. $\$1,261.60 * 9% = \113.54 per week.

Equivalence: It is generally recognised that pastors are underpaid compared with other professionals of similar levels of qualification, and that the exempt fringe benefits rules are in part designed to reinstate some portion of that salary imbalance. Considering this, a generous approach would be to consider the equivalent superannuation benefit payable of another professional employee receiving the same take-home pay as the pastor. The equivalent weekly salary is \$1,569.60, so a 9% superannuation contribution would be \$141.26 per week. QB encourages churches to consider this level of payment if they are in a financial position to do so.

Additional Employee Contributions

A pastor may wish to make additional contributions to their superannuation fund and churches are encouraged to support them by facilitating this process as required. Professional advice ought to be sought by the pastor as to how to handle this issue.

Superannuation Reporting

From 1st July 2010, any superannuation contributions over and above 9% of the cash component need to be reported to the Payment Summary provided at the end of the financial year. This includes contributions made in accordance with the “Recommended Minimum” amount above – where 9% is contributed on the entire remuneration package. For more details on this change – please refer to QB’s “Changes To Reporting Requirements on Annual PAYG Payment Summaries” document from July 2010.

OTHER ISSUES REGARDING REMUNERATION / BENEFITS:

1. **Annual Leave** - Four weeks per year (No Leave Loading applies under these guidelines).
2. **Telephone** - The telephone is an integral part of the minister’s effective functioning therefore the church should provide a telephone service to the minister’s home as a minimum at the church’s expense.

It is also recognised that mobile phones have become an effective tool for ministers. Should the church either provide or agree to provide a mobile phone, it should be provided at the church’s expense.

The minister should be responsible for the cost of any private calls made on these services, and an agreed method of determining these costs needs to be established.

3. **Internet/Email facilities** - Internet/email is firmly established as the communication method for society in general and in ministry. It is recommended that churches provide these facilities for the minister’s use.
4. **In-Service Training** - It is recognised that In-Service Training is an important part of the minister’s ongoing effective ministry and it is therefore recommended that the church provide the following:
 - a. A minimum of 10 days per year for in-service training and the like plus travel time.
 - b. The actual in-service training event should be approved by the church prior to the minister undertaking such training and any reasonable expenses incurred by the minister be reimbursed by the church.

Examples of in-service training events are Pastors Annual Conference, Training Courses provided through the Baptist Union and its Services Groups or other groups satisfactory to the Church Leadership.

5. **Week-end Breaks** - It is recognised that ministers need to take appropriate short breaks away from the church other than the normal day off per week arrangement. It is recommended that ministers be granted four clear weekends per year in consultation with the church.
6. **Remote Areas Churches** may need to make consideration of their geographic location when agreeing a pastoral remuneration package. Particular terms and conditions would need to reflect the specific needs of the pastor being called, but could include church-funded return airfares to Brisbane on an annual basis, or an additional week of annual leave.
7. **Part-time ministry arrangements** often cause difficulty in determining a suitable remuneration package. The following process provides a basis for determining a suitable remuneration package.
 - a. Calculate a fulltime Remuneration Package as per the guidelines.
 - b. Determine the number of days to be worked in the week including Sunday if Worship Services are to be part of the ministry responsibilities.
 - c. Divide the total package amount by five (5) days and multiply by the number of days to be worked. The result will be the Remuneration Package Amount.
 - d. If an Exempt Fringe Benefit Remuneration Package is to be provided, apply the 50% rule set out in the earlier section of the Guidelines.
8. **Administering Exempt Benefits.** It must also be stressed that the onus is on the paying authority to correctly administer all Exempt Fringe Benefit payments. Documents supporting each transaction must be kept and be available including all individual receipts and invoices etc. attached to any credit card statement. All Exempt Fringe Benefit transactions should be kept entirely separate from any wages / stipends / cash payments.
9. **Exempt Benefit Accounts.** Funds set aside for Exempt Fringe Benefits remain the property of the church until such times as the funds are expended on an item.

DOCUMENTING REMUNERATION, TERMS AND CONDITIONS

It is recommended that the remuneration package, terms and conditions be agreed between the church and the minister as part of the pastoral call arrangements and documented prior to the commencement of a call.

PROCESSING MINISTERIAL EXEMPT FRINGE BENEFITS:

Option 1:

1. The church sets aside the amount determined for Exempt Fringe Benefits.
2. A cheque account may be set up to deposit the funds. Such account must be in the name of the church e.g. "XYZ Church Expenses Account" or "XYZ Church No 2 Account". A separate account should be set up for each minister and appropriately named to identify each minister. A purchase card, or credit card in the Church's

name may also be established for this purpose.

3. Each account should be operated by the approved church bank signatories including the minister. The monthly statement should be addressed to the Church Treasurer and a copy given to the minister. The minister should then identify what the funds were expended on and verify them by attaching appropriate documentation to the copy of the statement and returning it to the Church Treasurer.
4. The account may accumulate funds throughout the minister's term of settlement.
5. It is permissible for the minister to be reimbursed from the Expense Account for items of expenditure paid from his own funds. Such items must have appropriate documented evidence.
6. No cash or cheque should be drawn from the account to the minister (with the exception of Item 5 above).
7. At the conclusion of a pastoral call, the balance in the account may be paid direct to the minister, in which case it must have tax deducted accordingly.
8. It is important to note that when the church transfers funds to the "Expenses Account", they become designated funds for conversion to the agreed expenses or exempt benefits at the minister's discretion.

Option 2:

1. The church sets aside the amount determined for Ministerial Expenses and Exempt Benefits.
2. The minister submits all accounts individually or as credit card reimbursements (with supporting documents) to the Church Treasurer for payment.

UNREGISTERED EMPLOYEES

Churches may employ people who are not Registered Ministers (with Queensland Baptists) to perform a variety of pastoral and non-pastoral responsibilities. While this guideline cannot deal with all of the complexities of such employment arrangements, some comments have been added to give churches a starting point in such considerations.

Where staff members are employed in non-pastoral roles – such as clerical or maintenance staff – it is recommended that equivalence with industry awards or standards, such as the clerical award. Historically, The Department of Justice and Attorney General provides a helpful web site in this regard at wageline.qld.gov.au for your reference. This is now superseded by Fair Work Online website: www.fairwork.gov.au, although it is notable that some "modern awards" still use terminology only defined in the pre-modern awards. For example – clerical/administrative staff should be remunerated under the pay and conditions detailed in the Clerks – Private Sector Award 2010, but to determine the "Level" number for a particular employee, it is still necessary to refer back to the State Clerical Employee's Award 2002.

Once a reliable benchmark has been determined, it may be helpful to convert this into an equivalent proportion of the QB Remuneration Guideline figure, as this will mean all employees will receive remuneration adjustments at the same time.

Employees who are engaged in pastoral roles but are not registered with Queensland Baptists would need to have their remuneration packages negotiated individually depending on their training, experience and responsibilities. It is beyond the scope of this document to determine whether or not Exempt Fringe Benefits ought to apply to such employees.

RECOMMENDED REIMBURSEMENT FOR GUEST SPEAKERS

	Engagement	Details	Reimbursement
A	One Service	Cover initial travel and preparation costs. See Option D.	\$100.00
B	Two Services	Invitation for meals, and an “afternoon base” should be extended. See Option D.	\$ 150.00
C	Church Camp, Weekend	Accommodation and meals are to be supplied.	\$ 300.00
D	Long Distance	Where long distances are travelled, it is suggested that a per kilometre allowance be considered	Rate per km. See “F” below
E	Queensland Baptists Appointees, Staff (inc. Services Groups, but excluding Malyon College lecturers)	There is normally no obligation on the Church as the appointee will be using a Qld Baptist owned vehicle or receives a car allowance. This work is part of the services provided by the Queensland Baptist Services Group and is covered by the Church’s contribution to the BapShare Ministry Fund. An invitation for meals and a “base” should be extended.	
F	Motor Vehicle Rates (Incidental use of vehicle)	Motor vehicle rates are 75% of published Australia Taxation Office guidelines as at 30 June 2009: Up to 1600 cc 1601-2600 cc 2601 cc and upwards	¢ per km 47 55 56

Church Treasurers should note Multi-Cultural, Youth Ministries and Malyon College Lecturers would appreciate a contribution in line with A, B, C & D above.