

THE CONFERENCE OF CHURCHES OF CHRIST IN VICTORIA AND TASMANIA



Recommended Terms and Conditions of Employment of Ministers

Approved by the Council of Churches of Christ in Victoria and Tasmania on 27 October 2010

As recommended by Mission and Ministry
and prepared in consultation with The Properties Corporation

Replacing document dated 30 April 2008

SUMMARY OF DEFINITIONS

- **Allowance:** Payment of costs associated with ministry in addition to a stipend. Minister's allowances that are paid are treated as exempt fringe benefits and are not subject to PAYG tax and therefore are not to be reported on the minister's annual payment summary.
- **ATO:** The Australian Tax Office.
- **Benefit:** A reimbursement to, or payment on behalf of, a church employee. A benefit provided by a church to a member of its ministry staff predominantly in respect of pastoral or related duties is exempt from FBT. Exempt fringe benefits are not reported on annual payment summaries.
- **Conference Council:** As defined in the Constitution of Conference of Churches of Christ in Victoria and Tasmania Inc., Council is the governing body of Conference.
- **Eligible Work Related Fringe Benefits:** Certain expense payment, property or residual benefits in respect of an eligible work related items (see Section 58X of the FBTAA) that are exempt from fringe benefit tax.
- **Exempt Benefit:** Benefits paid to the minister that are exempt from Fringe Benefit Tax (FBT) and therefore are not termed Fringe Benefits.
- **Exempt Stipend:** That part of the stipend that is paid to the Ministers Expense Account (MEA) and does not appear on the minister's annual payment summary. These payments are not subject to FBT.
- **Fringe Benefit:** Any benefit provided to the minister, or an associate of a minister (such as a family member), in respect of the employment of the minister principally in respect of ministry duties or duties directly related to the ministry of the church. The minister can be current future or a former minister of a church.
- **GST:** Goods and Services Tax.
- **Lay minister:** A person with or without theological qualifications who is appointed by a church or agency in Churches of Christ to act in the position of a minister.
- **Minister:** Includes ministers, assistant ministers, specialist ministers and lay ministers employed by churches or agencies in Churches of Christ.
- **Ministry Expense Account (MEA):** The bank account (or equivalent) that receives the exempt component of the minister's stipend and exempt allowances, and makes payments to third parties and reimburses the minister for ministry related expenses.
- **Mission and Ministry:** The partner department of Conference Council responsible for creating, building and sustaining healthy local churches.
- **National Employment Standards:** The minimum standards for Australian employees established by the Fair Work Act 2009
- **Ordinary Times Earnings (OTE):** Ordinary time earnings are generally what the minister earns for their ordinary hours of work. This can include both exempt and non-exempt components of their total salary and other payments.

- **PAYG:** Pay As You Go tax that is levied on the minister's non-exempt component of the stipend.
- **Churches of Christ Provident Fund:** The organisation that administers long service leave entitlements for ministers.
- **Rateable Remuneration:** The total ministers remuneration that is to be included in the calculation of the church's annual WorkCover premium, being the amount that appears on the minister's annual payment summary.
- **Salary Packaging:** Where both the church and minister agree that the minister's remuneration package will be received by way of a combination of cash salary and non-cash benefits.
- **Salary Sacrifice:** A salary sacrifice arrangement is an arrangement between a church and the minister, whereby the minister agrees to forgo part of their entitlement to salary or wages in return for the Church or associate providing them with benefits of a similar value.
- **Stipend:** That part of the minister's salary received as wages on a fortnightly basis.
- **Superannuation Guarantee Levy:** The minimum superannuation contribution set by the Commonwealth Government that the church must make on behalf of the minister to a complying superannuation fund.
- **Superannuation Co Contribution:** The co-contribution is a contribution by the Federal Government to match personal after-tax contributions paid to a superannuation fund by the minister.
- **Superannuation Concessional Contributions:** Payments made from the minister's MEA directly to the Superannuation Fund.
- **Superannuation Non-Concessional Contributions:** Payments made from the minister's non-exempt component of the stipend.
- **TFN:** Tax File Number.
- **Valuable Consideration:** Receipts not in money form, but capable of being valued in monetary terms. This occurs when a person receives goods, services or some other benefit in exchange for some item, action or promise.

LIST OF KEY CONTACTS

Centenary Development Foundation (CDF)

Churches of Christ Provident Fund:

Phone: (07) 33271628

Fax: (07) 3378 1334

Address: PO Box 469, Kenmore QLD 4069

Web: www.cdf.au.com

Email: info@cdf.org.au

Christian Super

Email: helpdesk@christiansuper.com.au

Phone: 1300 360 907

Fax: 1300 367 828

Address: Locked Bag 5073 Parramatta NSW 2124

WorkSafe Victoria

Phone: (03) 9641 1444

Phone: 1800 136 089 (toll free)

Email: info@worksafe.vic.gov.au

WorkCover Tasmania

Email: wstinfo@justice.tas.gov.au

Phone: (03) 6233 7657 (Outside Tasmania)

Phone: 1300 366 322 (Inside Tasmania)

Fax: (03) 6233 8338

Fair Work Australia - Victoria

Address: Level 4, 11 Exhibition Street, Melbourne, 3000

Address: GPO Box 1994, Melbourne, 3001

Phone: (03) 8661 7777

Fax: (03) 9655 0401

Email: melbourne@fwa.gov.au

Fair Work Australia - Tasmania

Address: 1st Floor, Commonwealth Law Courts, 39-41 Davey Street, Hobart, 7000

Address: GPO Box 1232M, Hobart, 7001

Phone: (03) 6214 0200

Fax: (03) 6214 0202

Email: hobart@fwa.gov.au

Churches of Christ Insurance

Phone: (03) 9880-6165

Fax: (03) 9880-6123

Email: cocinsurance@churchesofchrist.org.au

Churches of Christ Vic/Tas and Mission and Ministry and The Properties Corporation

Address: 1st Floor 582 Heidelberg Rd, Fairfield Vic 3078

Phone: (03) 9488-8800

Fax: (03) 9481-8543

Emails: cofcvictas@churchesofchrist.org.au; adminMandM@churchesofchrist.org.au;

propcorp@churchesofchrist.org.au

RECOMMENDED TERMS & CONDITIONS OF EMPLOYMENT OF MINISTERS

INTRODUCTION

The information contained in this document is of a general nature and will not address every eventuality that may arise in churches. It is therefore important that churches accept their own responsibility to act at all times within the spirit of these terms and conditions and the employment relationship between the church and its minister.

1 RELATIONSHIPS

The overriding principle in the relationship between church and minister is that it is spiritually formed and nurtured; and that it exists for the purpose of furthering the work of the kingdom of God at a particular place and in a particular time. While the concept of a shared responsibility between church and minister is our spiritual model there are, within that relationship, State and Federal Governments legal implications and standards which require us to conform to certain employer/employee obligations such as taxation, superannuation, long-service leave, and workplace health and safety legislation.

It is not the intent of this document to reduce 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 serve, witness and worship. However we must recognise and acknowledge that there are legal provisions that govern this relationship.

As the people of God, we want to ensure that we meet these standards without compromising our scriptural and theological principles. Thus the framework of the legal responsibilities of our society, and the sharing of ministry together, will unite us in ministry beyond any legal connection.

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

This Agreement forms the basis for the partnership between minister and church, and it is to be kept under review to ensure that it is contributing to that end, and should be amended 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. Details can be conveniently entered in a 'Record of Ministry Appointment'.

2 REPUTATIONAL RISK

The Churches of Christ movement in Australia has forged a reputation of integrity, participation, generosity and strength within the faith community and society at large. Ministers are the 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 movement by engaging in activities perceived by the community as unacceptable or improper.**

3 TERMS AND CONDITIONS OF EMPLOYMENT

This document sets out the conditions of employment of Ministers in Victoria and Tasmania. The national workplace relations system governed by the **Fair Work Act 2009** sets the **National Employment Standards (NES)**, which are the minimum entitlements of employees. In compliance with the Act, this document incorporates the NES entitlements.

On appointment of a new Minister, the attached Fair Work Information Sheet is to be made available.

It is essential that the church and the minister reach agreement on terms and conditions of employment **prior to an appointment being made**

The church is to ensure that all decisions regarding ministry appointments and salaries are properly recorded in official minutes.

The following are the suggested minimum guidelines for establishing Terms and Conditions of Employment.

4 EMPLOYMENT AGREEMENT

Churches are to ensure that there is a signed Employment Agreement between the church and the minister. Where a church employs a minister either on an ongoing or fixed term basis and there is no employment agreement, the minister and the church are bound by the prevailing *Ministers Terms and Conditions Document*, and are subject to the requirements of Fair Work Australia.

5 REMUNERATION

5.1 Remuneration Level

Annually Conference establishes the minimum salary package for ministers, being the stipend and allowances that are applicable to the normal circumstances of a pastoral ministry.

Where a church makes special demands on the minister, the value of these are to be separately determined by the church and added to the minister's package. The decision made in regard to the **salary package must be documented** as part of a 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 Council reviews the ministry salary recommendations. Salaries are reviewed against salaries of ministers from other denominations in Victoria. The Council also considers other relevant economic data such as annual inflation rates and the impact any increases have on both congregational viability and ministers.

5.2 Part-time Packages

Churches employing a minister part time should be aware that the full time package is based on a 5-day week, so that the package for part-time ministry should be calculated pro-rata on that basis. It is Conference's recommendation that a church should provide full accommodation (provision of manse or full housing allowance) for ministers serving for 3 days per week or more. Where ministers serve less than 3 days per week, the church should at least provide a pro rata housing allowance.

5.3 Employment Entitlements

5.3.1 Maximum Weekly Hours of Work

Ministers should not be expected to work more than thirty-eight (38) hours per week, plus reasonable additional hours when required. Both the church and the minister are to be flexible in the hours to be worked.

5.3.2 Annual Leave

The legal requirement for annual leave is 4 weeks. (Including four Sundays). Churches need to be sensitive to the circumstances and workload for the minister in their particular church.

In any situation with particular stress or overload, an additional one to two weeks of paid annual leave, may recognise the church's pastoral care for the minister in those circumstances.

Churches are required to keep accurate records of annual leave accrued and taken by the minister

It is recommended that annual leave entitlements for a given year be taken by the end the following year, and that **no more than 4 weeks annual leave be accumulated.**

The minister's leave entitlement accumulates pro-rata for the period of completed service where a full year has not been served.

Benefits and allowances are based on a full year of 52 weeks and should therefore be paid during periods of leave.

5.3.3 Long Service Leave

The church has an obligation to make contributions for the minister's Long Service Leave (LSL) entitlements (including part time ministers), according to Victoria's ***Long Service Leave Act 1992***. The Churches of Christ Provident Fund (CPF) acts for churches throughout Australia in the administration of LSL. Churches make an annual payment to CPF of **1.3 times the total of weekly salary and allowances.**

This payment is to be made by 31 March each year or by instalment in accordance with CPF recommendations.

To provide a standard national procedure for the calculation of LSL contributions, and to be consistent with the definition of 'ordinary pay' under the *Long Service Leave Act 1992*, the calculations should be based on the ministers total salary package of stipend and allowances.

The *Long Service Leave Act 1992* provides for 13 weeks leave after 15 years service, with the employee eligible to take an initial period of LSL after 10 years of continuous employment with the Churches of Christ nationally.

Under the Recommended Terms and Conditions of Employment for Ministers, Churches of Christ in Australia are regarded as one employer, thus giving portability of entitlement to ministers, without an excessive cost burden on any individual congregation.

Churches should check that any LSL entitlement of a transferring minister is paid by the previous employer to CPF at time of appointment. Churches should request details of any intended use of LSL entitlement during the initial period of any appointment.

5.3.4 Personal (sick) /Carer's leave and Compassionate Leave

A minimum of:

- Ten days (10) paid personal (sick) /carers leave per year;
- Two days (2) **unpaid** carers leave as required per year; and
- Two days (2) paid compassionate leave **for each occasion regarding the minister's immediate family or household.**

It is essential that both the accumulation and the use of personal leave be adequately documented

5.3.5 Additional Leave

The church is encouraged to offer its minister at least one weekend away each year, in addition to the annual leave entitlement. This weekend could be used as a study period, family time or as an opportunity to visit another church.

5.3.6 Community Service Leave

Ministers are entitled to unpaid leave for voluntary emergency activities and up to ten days (10) of paid leave for jury service

5.3.7 Parental leave and related entitlements

Ministers can request up to twelve months unpaid leave, and can request an additional twelve months unpaid leave, plus other forms of maternity, paternity and adoption related leave.

5.3.8 Public Holidays

Ministers are to be paid for public holidays. Where a minister is reasonably required to work on a public holiday, the minister is entitled to take a day in lieu at a later date.

5.3.9 Workers Compensation

It is a legal requirement under the Accident Compensation (WorkCover) Insurance Act 1993 (for **Victorian** churches) and the Workers Rehabilitation and Compensation Act 1988 (for **Tasmanian** churches), that churches be registered with and take out a WorkCover insurance policy with the respective state WorkCover Authority. The policy provides insurance cover for the costs of the minister's benefits if the minister is injured or becomes ill because of their ministry duties.

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

Accordingly, in Victoria, there **is no** WorkCover premium to be paid by the church on the exempt allowances and the exempt component of the stipend, as exempt benefits under the Fringe Benefit Tax Assessment Act 1986 are considered **exempt remuneration** under the Victorian Accident Compensation Act 1985.

Insurance cover for the exempt benefits such as the housing, car and book allowances and exempt component of the minister's stipend that is **not** covered by WorkCover in Victoria, is covered under the **Church of Christ Insurance**. Churches are to contact Church of Christ Insurance if a situation arises that may lead to an insurance claim by the church

5.4 Superannuation

Prior to 2004 the Churches of Christ in Australia operated a superannuation fund for ministers under the auspices of the national agency known as the Churches of Christ Provident Fund. 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 Provident Fund superannuation accounts' should be made directly to Christian Super (see link below) and not to CPF.

CLICK HERE: [Christian Super](#)

'Choice of Fund' legislation requires churches to pay the Superannuation guarantee contributions into a complying superannuation fund of the minister's choice.

5.4.1 Employer (Church) Contributions

The Superannuation Guarantee legislation (SG) introduced in 1992 requires churches to make compulsory superannuation contributions on behalf of the minister to a complying superannuation fund.

5.4.2 Calculation of ministers superannuation liability to be paid by the church

The prevailing Government superannuation guarantee contribution rate is 9% of the minister's total salary package (ordinary salary) being the total stipend (both exempt and non exempt) and the total value of the exempt allowances.

5.4.3 Payment of the church's superannuation liability

All churches are required to make superannuation contributions for each quarter in the month following the respective quarter. Contributions are therefore due to be paid by the church into a complying superannuation fund by 28 October, 28 January, 28 April and 28 July of each year.

The superannuation contributions can either be a 'lump sum' payment by the respective quarterly due date, or regular monthly payments throughout the quarter.

Please note:

- In the situation where a part time minister does not earn \$450.00 per month, then the church is still encouraged to provide employer superannuation.
- When a minister (or any other employee) turns 65, superannuation funds can only accept contributions if the minister/ employee works at least 38 hours in a continuous 30 day period in that same 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.

5.4.4 Types of superannuation contributions

- **Employee (minister) Co-Contributions**

Ministers can also make additional personal contributions from the non -exempt component of the stipend, towards their superannuation, and can access the Federal Government's 'Super Co-Contributions' whereby the government will match employee superannuation contributions up to a certain limit and as per certain guidelines/ conditions.

CLICK HERE: [Super Co-Contribution Information](#)

5.4.5 Superannuation Summary Table

This list is a summary of the superannuation contributions that a church can make on behalf of the minister:

Type of Contributions	Description	Maximum Ministers Age
Superannuation Guarantee	% of the ministers Ordinary Times Earning (OTE) based on the total salary package	Age 70
Additional Super Contributions	Contributions in addition to the SG that the church may make	Age limit is stipulated in the agreement with the church
Salary sacrifice	Contributions in addition to the SG as agreed to by the Church and the minister. Payment can be from the MEA or the PAYG portion of the Stipend	Age 75

5.4.6 Superannuation on pay slips

From 26 March 2007, legislation requires churches to report superannuation information on the ministers pay slip. The information to be included on the payslip is:

- Amounts and contributions paid into the ministers nominated superannuation fund, and
- The name of the superannuation fund.

5.5 Pay Period and Pay Slips Information

5.5.1 Pay Period

The recommended option is fortnightly payment with one week in advance. i.e., at the end of the paid first week of the fortnight

5.5.2 Pay Slips

With each payment of salary and/or allowances the minister should receive a pay slip within 24 hours of a payment being made detailing:

- The church's full legal name and ABN,
- The minister's full name,
- Date of payment,
- Period of payment (e.g. 11/3/2010 – 25/03/2010),
- The number of hours worked by the minister for the period concerned,
- The minister's wage rate,
- The gross (before tax) and net (after tax) wages paid to the minister,
- Details of any deductions made,
- Details of any additional payments made to the minister,
- Details of any additional payments made to other parties (e.g. compulsory super payments made to a super fund on behalf of the minister), and

- Year to date cumulative totals should also be shown.

5.5.3 Personnel File

PERSONNEL FILES FOR EMPLOYEES ARE HIGHLY SENSITIVE AND CONFIDENTIAL and must be maintained to include all documents, notes and records and correspondence in relation to the minister's employment.

6 TERMINATION OF A MINISTRY

The majority of ministries will conclude because:

- Agreement has been reached between church and minister to conclude the ministry at the end of the current term, or
- The minister has responded to a call to another ministry position or other employment, and has exercised the option to give notice under the terms of the Appointment agreement with the church, or
- The minister is obliged due to ill health or other personal circumstances to withdraw from ministry, or
- The church finds it necessary to terminate the ministry.

The National Employment Standard (NES) regarding termination and redundancy pays will be the *minimum* standard for the Churches of Christ in Victoria and Tasmania regarding ministers.

6.1 Termination According to the Terms of the Ministry Employment Agreement

Long Service Leave (LSL) and Superannuation

Long Service Leave (LSL) and Superannuation contributions are to be paid to the date of termination of employment. Ministers LSL is portable between churches within Churches of Christ nationally and is not required to be paid out by the church to the minister on termination if the minister is employed by another affiliated Church of Christ church.

Ministers wishing to be paid LSL on termination, are to advise the church of this as LSL payments from the CPF are to be paid to the church, and not the minister directly.

If or when churches or ministers are seeking to clarify timeframes and eligibility for LSL they must contact CPF directly to discuss and confirm all details of any entitlement and/or corresponding timeframe and eligibility issues.

Annual Leave

Annual leave entitlements are to continue to be accrued on a pro rata basis for the current year to the termination date, and added to any unused entitlements from previous years.

Any unused annual leave paid to the minister on termination is to be calculated on the minister's current total stipend (exempt and non exempt). Churches are to be aware of the tax implications (contact the ATO if necessary) of any annual leave paid as a lump sum on termination

MEA account balances

The accumulated balance in any MEA can be transferred to the next employer if the minister is reappointed with Churches of Christ nationally.

If the minister wishes to spend the balance of the MEA an agreement in writing between the minister and the church is required to agree to a date when all payments are to be completed from the MEA and the account closed. This is to be no more than 30 days from the date of termination.

Some payments on termination attract superannuation. That is, churches are required to calculate employer superannuation contributions on certain lump sum payments on termination, by multiplying the payment by the current superannuation guarantee levy.

The church is to review the **ATO checklist for salary or wages and ordinary times earnings below** to determine if any superannuation is to be paid on termination payments.

CLICK HERE: [Checklist for Salary or Wages and Ordinary Times Earnings](#)

The church may set off any amounts the Minister owes the church against any amounts the church owes the Minister at the date of termination except for amounts the church is not entitled by law to set off.

The Minister must, by the date of termination, return to the church all the church's documents and confidential information and the church's other property (including mobile telephone, computer, credit cards, keys and vehicle) in good order and condition.

7 EARLY RETIREMENT FROM MINISTRY

This situation is likely to create emotional stress, along with possible financial and practical issues, and must be handled with a great deal of sensitivity and compassion. The following points are provided for general guidance:

- a. The relevant person in the Mission and Ministry Team should be advised immediately of the circumstances. Confidential counselling for the minister concerned can be provided, if deemed to be necessary.
- b. LSL entitlements are accumulated to the date of retirement and paid to the church as the employer by the CPF, who will then make payment to the minister.
- c. Superannuation entitlements may be paid by the minister's superannuation fund directly to the minister in accordance with the rules of that fund.
- d. Annual Leave entitlements are calculated on a pro rata basis for service in the current year to the date of retirement, plus any unused entitlements from previous years. Any accumulated benefits and allowances granted under the Ministry Employment Agreement should be paid as a lump sum in accordance with instructions issued by the Australian Tax Office.

7.1 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 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. Generally, such situations can be resolved amicably and to mutual satisfaction. Occasionally, the church, as employer, and the minister, as employee, will be in conflict over the need for, or terms of, termination.

There are some circumstances where termination of the ministry is going to be in the best interests of the church and/or minister. For example:

Where the emphasis or the direction in which the minister is attempting to lead the church is no longer in accord with that which was agreed to when the minister was engaged, or, for other reasons, the minister is in conflict with the expectation of the church, or where the minister no longer has the confidence, and therefore the support, of the church's leadership.

In all situations, the following should be noted, and implemented as the circumstances warrant:

- a. Any Ministry 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 review with the minister 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 compassion 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 over-emphasised.** Community standards require that employees have the right to feedback regarding unsatisfactory performance, and that they be 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. The Mission and Ministry team is in the position to provide resources for use in conducting a performance appraisal.

- b. Where a minister appears incapable or unwilling to address the 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 also act as an independent chairperson for 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 move to terminate the ministry may be appropriate.

Where a minister is employed on an Employment Agreement, **the termination notice period to be given by the minister on resignation or the church on dismissal is to be 3 months** where the minister has been employed for **3 consecutive years or more.**

Where the minister is employed on an Employment Agreement for **less than 3 consecutive years**, the **termination notice period is to be pro rata for the time of service (not including the termination notice period) up to 2 months, with a minimum termination notice period of 1 month.**

The church can negotiate with the minister to continue an **employment arrangement** beyond the termination notice period.

If circumstances prevent the minister from continuing in effective ministry from the termination notice date, **payment in lieu of the notice period** is to be negotiated up to a **maximum of 3 months.**

Where the minister is employed without an Employment Agreement the above termination guidelines will apply.

- c. Pay in lieu of notice would include salary, use of the manse (or house allowance), and other allowances and benefits as defined in the Ministry Appointment Agreement.
- d. While some circumstances may justify the summary dismissal of a minister by the church **without notice or pay in lieu of notice**, such instances are few. An example would be a serious breach of the ***Code of Ethics Applicable to the Ministers of the Churches of Christ*** by the minister, disqualifying them from effective ministry immediately.

If there are concerns that a minister may have committed a serious misconduct, that may raise significant questions about their ongoing employment, **the church is to immediately contact the Mission and Ministry Team and seek their advice and direction on the appropriate way to proceed.**

- e. Due to the complexity and sensitivity of these matters and the desire for good outcomes the Mission and Ministry team will supply necessary advice and support to both the church and the minister during this process.

7.2 Unfair Dismissal

Disputes regarding unfair dismissal and unlawful termination for ministers will be mediated according to Conference guidelines. If mediation is unsuccessful, then the matter can be referred to Work Fair Australia.

CLICK HERE for more about unfair dismissal: [Fair Work Australia](#)

8 MINISTER'S ROLE AND PERFORMANCE APPRAISAL

8.1 Job Description

A job description should be agreed with the minister and endorsed by the church leadership to identify specific areas of responsibility for the minister and relevant priorities. This document should be considered part of the Ministry Employment Agreement.

8.2 Performance Appraisal

The value of ongoing review and evaluation of the function of ministry should be obvious. Church and minister both benefit from such a process, and effective performance appraisal can prevent misunderstanding in roles and responsibilities, and identify any dissatisfaction before problems arise. Accordingly a process for the evaluation of ministry should be established with the aims of assessing the minister's performance in agreed priority areas, identifying factors that have limited the attainment of goals, and inviting reflection on areas for further development. There should be a statement of agreed outcomes so that future reviews can take into account progress on matters considered in earlier reviews. Mission and Ministry can provide resources to suit particular needs in this area.

8.3 Professional Development Program

All ministers are encouraged to have an ongoing and planned personal professional development program that fulfils the requirements of Conference's ongoing ministry formation policy. This program may reflect personal learning priorities or local church ministry needs. The program needs to be agreed to by the employing church. Churches are encouraged to release ministers for ongoing professional development and it is suggested that a minimum amount for an agreed program of professional development would be a total of 40 contact hours per year.

8.4 Mentoring and Spiritual Direction

All ministers are encouraged to have either a spiritual director or mentor with whom they meet regularly. Church leadership bodies are encouraged to hold ministers accountable for their participation in either spiritual direction or mentoring.

8.5 Professional Risk And Liability

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

9 CONFLICT OF INTEREST

The Minister will arrange, and continuously monitor, his/her 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 or organisation other than the church.

10 THE MINISTER'S HOME

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. The most common situations that exist in terms of housing for the minister are:

- The residence is church property, or
- The residence is the minister's own home (rental, purchasing or owned).

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

10.1 Where the Minister's Residence is the Property of the Church

Before the employment negotiations are concluded, opportunity should be provided for the minister and spouse to inspect the manse. This will provide an opportunity to agree on arrangements for necessary repairs, decor, drapes, etc., and to identify those items to be completed before occupancy. Churches are encouraged to be sensitive to the accommodation needs of the minister and his/her family.

The church is responsible for the insurance of the manse, property fixtures and fittings; according to an estimate of the replacement value of the building, and any contents that are church property. This can be arranged with Church of Christ Insurance.

The minister is responsible for the insurance of the contents of the manse that are privately owned.

10.1.1 Maintenance Responsibilities

It is considered that a reasonable division of responsibilities for maintaining the manse are as follows:

CHURCH to be responsible for provision of:

- Floor coverings, drapes, blinds and light fittings
- Garage or carport
- Garden shed or similar when there is only a carport
- Heating and cooling that is effective, satisfactory and economical
- Security screen doors to all external doors of the manse

- Study facility in either the manse or the church, preferably both
- Maintenance - inspection of the manse property in consultation with the minister, at regular intervals, with approved repairs carried out promptly
- Pre-occupancy "spring clean".

MINISTER to be responsible for:

- Garden maintenance; and
- General cleaning and household maintenance
- Costs 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.

Note: The expectation in regard to maintenance of the house and garden of a 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.

10.2 Where the Residence is the Minister's Own Home

10.2.1 Housing Allowance

The recommended Housing Allowance is to be paid by the church to ministers living in their own residence. If the minister does not require the allowance for housing related expenses, it **can be utilised for other ministry related activity**.

10.2.2 Heat, Light and Power

Where the minister's study is located at the minister's home the matter of reimbursement of 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.

11 MINISTRIES REQUIRING SPECIAL CONSIDERATION

11.1 Husband and Wife Joint Ministries

In situations where both husband and wife are being considered for a team ministry, remuneration levels are to be negotiated prior to appointment, with payment to be based on the anticipated time to be worked by each minister.

During negotiations with the church, prior to commencement of the ministry, the ministers should resolve the respective proportion of salary which each is to be paid so that the respective PAYG deductions might be calculated. In order to satisfy taxation requirements, this decision should be minuted in the records of the church and advised to the ministers in writing.

The housing allowance 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. For example:

- If both husband and wife work 3 days a week then both are to be paid a separate housing allowance pro rata for 3 days into their individual minister's expense account.

- If the husband works 3 days and the wife works 2 days a week then both are to be paid a separate housing allowance with the husband pro rata for 3 days and the wife pro rata for 2 days into their minister's expense account.

The church is not to pay only one housing allowance to only one minister and not the other minister just because they jointly live in the same house.

11.2 Specification of Responsibilities

As is the case in any team ministry, the specific roles of each minister should be discussed with the church elders and/or church board, and resolved to the satisfaction of all parties so that there can be no misunderstanding later.

11.3 Superannuation and Long Service Leave

The church would reasonably expect to be responsible for the equivalent of only one full superannuation and long service leave contribution when one fulltime position is shared. That contribution should be divided to the credit of the ministers, and in accordance with their wishes, PROVIDED THAT the lesser proportion of the contribution satisfies the Federal Government's legislation for minimum contribution to the Provident Fund. If more than the equivalent of one fulltime ministry is negotiated with the church, then the superannuation and LSL contributions should be augmented accordingly.

11.4 Pregnancy During The Term Of The Ministry

Female ministers are entitled to up to 52 weeks of unpaid maternity leave and can request an additional 12 months leave under the *Fair Work Act 2009*, if the minister's husband is not taking 12 months parental leave. Expectations in 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. 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.

Also under the *Fair Work Act 2009*, ministers can request other forms of maternity, paternity and adoption related leave.

Churches are encouraged to consider positively requests **for paid paternity leave of one week** after the birth of a baby. Such leave is in addition to other leave. This is particularly important where there are other children who need to be cared for.

11.4.1 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 ministers 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.

11.5 A 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.).

11.5.1 Request for Flexible Working Arrangements

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

12 MINISTERS' SALARY PACKAGING & FRINGE BENEFITS

There are two elements that Conference has considered in regard to salary packaging the minister's salary. The first is the formal advice and rulings from the ATO regarding fringe benefit tax, and 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.

12.1 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-salary fringe benefits**, to their employees. The liability for payment of FBT falls on the employer under the Fringe Benefits Tax Assessment Act 1986 (FBTAA.)

However, under the FBTAA, there are exemptions for churches (employers) not to pay FBT for the provision of fringe benefits **when those fringe benefits are exempt benefits**.

12.1.1 What makes ministers' 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 FBTAA outlined below.

Benefits provided to **certain employees** of a 'religious institution' are **exempt benefits** under section 57 of the *Fringe Benefits Tax Assessment Act 1986 (FBTAA)* if:

- a. the employer of an employee is a 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.

Therefore, benefits paid to ministers who are considered “Religious Practitioners” are exempt under *Section 57 of the FBTA*, and neither the church nor the minister pays FBT.

A ‘**religious practitioner**’ is further defined in subsection 136(l) of the FBTA 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 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 teaching nature, e.g. administrators, secretaries or caretakers. (This includes ministers of religion who perform an administrative function).

12.2 Benefits of Fringe Benefit Tax Exemption

The practical implication of the Fringe Benefits exemption is that the church can, without any additional salary 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 salary package. This effectively and legitimately decreases the PAYG tax assessment of the minister thereby reducing the level of PAYG deductions.

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

1. Choosing to have a MEA
2. Living in their own home or a manse
3. Owning, leasing, or provided with a car
4. Having significant expenses which are usually claimed on their annual tax return

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

IF YOU ARE IN DOUBT WE RECOMMEND THAT YOU CONSULT AN ACCOUNTANT OR FINANCIAL ADVISOR.

12.3 Payment of Stipend

12.3.1 Limits on stipend fringe benefit arrangements

Currently, the tax legislation does not limit the amount of the stipend, which can be sacrificed under stipend sacrifice arrangements. However, Conference has recommended **that 50% of the total stipend is to be salary sacrificed**. See the following *Ethical Reflection*.

Conference guidelines stipulate that up to a maximum of 50% of the annual stipend is to be paid into a Minister's Expense Account.

12.3.2 Payment of the non-exempt component of the stipend

That part of the stipend that is **not paid** to the minister's expense account but paid fortnightly to the minister's personal bank account is considered *assessable income* for tax purposes.

The PAYG deductions are 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. A PAYG payment summary must be issued to the minister at the end of the tax year.

12.3.3 Payment of the exempt component of the stipend

That part of the stipend that is not paid to the minister as fortnightly wages 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*.

12.4 Payment of Allowances

The car, housing and education allowances are paid by the church to the MEA. The church is to make payments to third parties on behalf of the minister from these funds. These allowances are **exempt benefits** and are *exempt from FBT under Section 57 of the FBTA*

12.5 Ethical Reflection

It is legally permissible under Australian taxation legislation to treat 100% of a minister's stipend component as an exempt benefit. However, as the minister's allowances are also exempt benefits, doing so would result in the minister paying no income tax on the total remuneration package.

Such an extreme arrangement, or anything approaching it, may be considered to be a tax avoidance 'scheme' in terms of the general anti-avoidance provisions of the *Income Tax Assessment Acts* and/or the *Fringe Benefits Tax Assessment Act*.

The recommendation that follows come from reflection on the biblical injunction regarding Christians economic and tax responsibilities to governments to "**Render to Caesar what is Caesar's and to God what is God's**" (Matthew 22:21).

Second, of paramount importance to those who are called to ministry in the Christian Church, is the advice given by the Apostle Paul in a number of places to be "above reproach" and "blameless" in all our relationships with the world in which we live.

Third, **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 including roads, public transport, social security payments, (including aged pension) and public health facilities.

Therefore, with regard to the stipend or cash component of the minister's package, Conference recommends to churches that the **at least 50% of the stipend component** is to be assessable salary in the hands of the minister and is to be recorded on the ministers annual payment summary.

Conference Guidelines self regulate how Church of Christ ministers are paid, and there is always the possibility that the Federal Government will impose strict regulations on ministers' tax arrangements if churches across all denominations fail to exercise discipline in self regulating this area.

It is the recommendation of Churches of Christ that at least 50% of the stipend component is to be paid as assessable salary and that up to 50% of the stipend can be paid to the MEA as an Exempt Benefit.

12.6 Practical Issues

The following is a guide to establishing and maintaining a fringe benefits package for a minister:

12.6.1 Establishment and administration of Ministry Expense Account (MEA)

As the church is responsible for the payment of the minister's salary, and accountable to state and federal government agencies, including the ATO, for the proper administration of the MEA, it is the church and NOT the minister personally that is accountable.

- a. For practical purposes, it is recommended that the church open a separate bank account (Ministry Expense Account -MEA) and deposits, for each pay period, for the housing, car and education allowance, *and* the nominated amount of the stipend to be paid as a fringe benefit. (Where the church employs more than one minister, there are to be separate bank accounts for each minister).
- b. The MEA is considered to be an employer account and so it is the church that provides the Exempt Benefits for the minister.
- c. 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. It is advised that cheques are not to be pre-signed.
- d. 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.
- e. 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.

- f. At the conclusion of the term of ministry, any remaining balance may be transferred to the minister's next employer (assuming it is another church or religious institution) and credited to the account established by that employer (church). If the balance is paid in cash directly to the minister, e.g. as part of a lump sum on termination, it becomes subject to income tax and is to be included in the minister's annual ATO payment summary.
- g. The Account should be closed as soon as possible after the conclusion of ministry.
- h. If the minister accesses cash or the equivalent to cash (purchase of travellers cheques) from the funds held in the MEA, these payments will be required to be recorded on the ministers Annual Payment Summary lodged with the ATO and will attract tax and the Medicare levy
- i. 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.
- j. The Exempt Benefit component of a salary package should continue to be paid during all periods of leave, as the calculations for same are based on a 52 week year

12.7 Expenditure from the Ministry Expense Account

THE GUIDING PRINCIPLE from the ATO

As previously mentioned, the Fringe Benefit Assessment Act (1996) provides that fringe benefits paid to eligible ministers can be exempt fringe benefits, and therefore not attract FBT where:

- a. The employer of an employee is a 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.

The use of the MEA allows those in ministry to so order their finances that costs incurred in relation to **their duties as a Religious Practitioner** may **either** be claimed through **their MEA account** or through **their taxation return**.

EXPENSES CAN ONLY BE CLAIMED THROUGH ONE OF THESE AVENUES NOT BOTH

The following list contains examples of the more common expenses incurred by a minister.

The list is not intended to be exhaustive.

12.7.1 The minister's place of residence

- Mortgage payment
- Repairs & maintenance
- Rates and taxes
- Furnishings
- Insurances
- Telephone
- Electricity and gas

12.7.2 The minister's motor vehicle expenses

- Registration
- Insurance
- Driver's licence and RACV membership
- Repairs & running expenses (petrol, oil, tyres)
- Loan repayments and lease payments
- Purchase of vehicle
- Parking fees
- Motor vehicle leasing

Only expenses for the vehicle used by the minister can be paid from the MEA.

12.7.3 The minister's personal life insurance

The minister can make payments for life insurance and other insurance cover premiums such as income protection insurance.

12.7.4 Medical, dental and hospital expenses

- Payments made in respect of not only the minister but also the minister's spouse and children. Therefore payments are permissible for the minister's private health insurance and private health insurance for the minister's family.
- Gym membership is also claimable as it can assist in maintaining good health.

12.7.5 All work related stationery, postal costs and computer hardware and software expenses

Ministers will require keeping receipts and or/tax invoices at all times for reimbursement or payment.

12.7.6 Professional development

These will include, but not limited to:

- Conference and seminar attendance
- Study leave
- Professional subscriptions
- Reference books
- Education related expenses, travel, and accommodation.

12.7.7 Education expenses for the minister, the minister's spouse and the minister's children.

Educational expenses for the minister, the minister's spouse, and the minister's children, including school and university fees, books and stationary, uniform expenses travel and school

12.8 ITEMS NOT TO BE PAID FROM THE MINISTRY EXPENSE ACCOUNT

12.8.1 In light of the 3 points below payments of a personal nature are NOT to be made from the MEA.

- a. The GUIDING PRINCIPLE above established by the ATO as to what type of payments are exempt benefits for ministers,
- b. The history regarding the taxation treatment of expenses incurred by ministers for ministry related activities, and
- c. To assist those ministers receiving income support payments from Centrelink to be consistent with the definition of income under the *Social Security Act 1991*.

12.8.2 Items NOT to be paid from the MEA include:

- Cash withdrawals or advances, purchases of travellers cheques
- Expenses for holidays including travel and accommodation
- Offerings and donations to Deductible Gift Recipients
- Tax deductible costs (ie payments from these accounts cannot be used as tax deductions).
- Expenses in relation to holiday homes or time sharing
- Expenses relating to a second motor vehicle
- Expenses for personal entertainment.
- Repayment of personal loans (other than those related to motor vehicles or housing costs)
- Purchases of food supplies for the minister and family.
- Travel fares for the ministers family
- Payment of fines, i.e. parking or speeding fines
- Payment of Centrelink or ATO debts
- Purchases of personal items of clothing, jewellery, gifts.

12.9 MEA – OTHER OPERATIONAL MATTERS

12.9.1 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.

12.9.2 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 monthly or fortnightly 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.

12.9.3 Reimbursement of payments from the ministers 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.

12.9.4 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 and are assessable and will be recorded on the minister's payment summary for taxation and Medicare purposes

12.9.5 MEA and GST

For the purposes of the GST Act an activity of a religious practitioner performed in the pursuit of his or her vocation as a member of a religious institution will be treated as though it were an activity of the religious institution (section 50-5 of the GST Act).

Therefore, as the minister is acting as an agent on behalf of the church conducting church related activities, any GST input tax credits from taxable supplies for church related expenditure if claimed, are to be claimed by the church under the churches Australian Business Number (ABN).

12.9.6 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.

12.9.7 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

12.9.8 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.

The ATO requires churches to keep records of receipts and payments from the MEA for 5 years. If the ATO conducts an audit of the MEA, the church will need to provide supporting documentation that the expenditure from the ATO is in accordance with the terms and conditions of employment.

12.9.9 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 not to the minister directly**. These additional income activities that can be charged by the church include funerals, weddings, speaking appointments and seminars.

When received, the additional income can either be transferred to the accounts of the church or be **paid to the minister as salary, or paid directly to the MEA**.

If the church considers that the payment of the additional income constitutes ordinary income (within the ATO meaning) for the minister, that is the payment is regular and is from his/her religious activities, then the payment can be considered as salary earned by the minister, and is to be split according to Conferences guidelines regarding 50/50 taxable and exempt proportion (which will result in 50% of the payment being subject to tax and also appearing on the ministers annual payment summary).

The minister may also not act, as agent for the church where services provided are **not provided as a religious practitioner, and are not of a religious nature**. In this situation the payment is **not to be made to the church** nor is the church permitted to deposit any of the funds earned by the activity into the minister's expense account.

The minister can retain any small personal gifts received by the minister for these additional services.

12.9.10 MEA Check List

A Checklist for the Ministers Working Account can be found in Appendix F. The church is responsible for the administration and correct operation of the MEA. The MEA check list is provided to assist churches.

13 MOTOR VEHICLE

13.1.1 If the Minister uses his/her 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.

13.1.2 The Church will not be responsible for any traffic or parking fines incurred by the Minister

14 MINISTERS' SALARY AND CENTRELINK BENEFITS ENTITLEMENTS

In determining reportable income and assessing eligibility for social security benefits, including Parenting Payment and Youth Allowance, and low-income health care cards. Centrelink treats income differently than the ATO. This is because Centrelink refers to the *Social Security Act 1991* in determining income.

The main difference with Centrelink determination of income is in the payment of exempt benefits, allowances or payments under salary sacrifice arrangements. In determining the total reportable income for religious practitioners, the ATO only assesses income that is included on the individual payment summary. Centrelink however, determines income on the basis of income disclosed on the payment summary ***plus any personal benefits received by the religious practitioner.***

Although ministers receive the majority of the salary package as exempt fringe benefits, resulting in a reduced assessable income reported to the ATO, does not mean that ministers are low-income earners according to Centrelink.

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*.

Under Section 1.1.M.150 of Centrelink's internal staff guide to Parenting Payment details: ***'A Minister of Religion under a contract for service is neither an employee nor self-employed, but is a 'holder of a religious office'. A number of allowances and reimbursements of ministry related expenses may be deducted from the minister's gross income, but fringe benefits which are for the minister's own private benefit are "valuable consideration" and MUST be included'.***

The Social Security Act defines income as "an income amount, earned, derived or received by the person for the persons own use or benefits." Including:

- a. Valuable consideration,
- b. Personal earnings,
- c. Money, or
- d. Profits.

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."***

For more information click on the link below

CLICK HERE: [CENTRELINK INCOME DEFINITION](#)

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

- Allowances or benefits paid to ministers for activities *directly* related to ministry *are not* to be included as income. For example: home office expenses, reimbursement of petrol expenses.
- Allowances or 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, telephone and Internet allowance, utility expenses for the minister's residence.

In this situation the minister and the church 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 salary package.

Centrelink Payment Type	Disclose cash component of the stipend	Disclose exempt component of stipend and exempt allowances
Age pension	Yes	Yes
Austudy	Yes	Yes
Carer Payments	Yes	Yes
Child Care Benefits	Yes	No
Disability Support Pension	Yes	Yes
Family Tax benefit Part A	Yes	No
Family Tax benefit Part B	Yes	No
Maternity Allowance	Yes	No
Maternity Immunisation	Yes	No
Mature Age Allowance	Yes	Yes
Newstart Allowance	Yes	Yes
Parenting Allowance	Yes	Yes
Partner Allowance	Yes	Yes
Widow Allowance	Yes	Yes
Wife Pension	Yes	Yes
Youth Allowance	Yes	No