

2011 RECOMMENDED MINIMUM SALARY PACKAGE FOR MINISTERS REVIEW

PURPOSE

To review the minimum salary package for minister's and recommend an annual increase for the 1 July 2011 – 30 June 2012 period for Conference Council, Mission and Ministry and affiliated churches

METHODOLOGY

The methodology employed is to start with the current 2010 stipend and allowance amounts, apply formulae that are considered reasonable for the annual increase, and compare the new amounts to The Baptist Union of Victoria ministers as a measure.

INDICES USED FOR INCREASE

The indices applied to calculate the increase in the stipend and allowances are the Victorian Consumer Price Index (CPI) for the 12 months ended December 2010, provided by the Australian Bureau of Statistics.

Individual indices are applied to the stipend and each category of allowance as follows:

Stipend	3.10%	the overall increase in the standard of living in Victoria
Car allowance	1.80%	the increase in transportation costs (includes petrol and MV repairs)
Book & Seminar	8.30%	the increase in education
Housing allowance	6.20%	the increase in housing

CHANGES TO THE STIPEND TAXABLE/NON-TABLE RATIO

It is recommended there is no change to the current ratio of 50% non-taxable and 50% taxable.

CHANGES TO THE HOUSING ALLOWANCE

Similar to the Baptist Union of Victoria, it is recommended that Churches of Christ Vic/Tas introduce a phasing in approach over 5 years to align ministers housing allowance to the median house rental in Victoria. This will assist the rental affordability for ministers not living in church manses, and also assist in increasing the value of the provision of a manse to the state median rental, as the discrepancy can and has resulted in ministers being required to pay additional rent for a manse over and above their housing allowance as to equal the market rent, which is against the spirit of the provision of a manse which is to assist ministers to live near the church.

The 6.20% ABS based increase (above) in the housing allowance will result in a weekly housing allowance of \$275.00 compared to the current state median weekly rental of \$350.00. (*Office of Housing Vic. Rental Report Dec Qtr 2010*)

Based on a phasing in approach to the manse allowance, it is recommended that an additional amount over and above the ABS increase of \$15.00 per week (\$780.00 p.a) be approved. This additional increase will increase the weekly housing allowance to \$290.00.

If the church is located in an area with rental below the median rental the additional funds can be utilised to offset the additional travel usually required in these areas.

It is also acknowledged that there will be movement in the median weekly rental in Victoria during the phasing period that will need to be monitored annually.

CHANGES TO THE EMPLOYER SUPERANNUATION PAYMENT

It is recommended that there is no change to the current employer superannuation contribution of 10.00%

SUMMARY OF RESULTS

The total annual increase of the stipend and allowances is \$2,981.00 (\$114.65 per f/night) or 4.99%.

A break down of the increases is as follows:

	2011/2012 CPI Adjusted	2009/2010	\$ Change	% Change	2010 Vic CPI
ANNUAL STIPEND	\$ 38,018	\$ 36,875	\$ 1,143	3.10%	3.10%
Annual Allowances					
Car Allowance	\$ 8,663	\$ 8,510	\$ 153	1.80%	1.80%
Book & Seminar Allowance	\$ 927	\$ 856	\$ 71	8.30%	8.30%
Housing Allowance	\$ 15,052	\$ 13,439	\$ 1,613	12.00%	6.20%
TOTAL ALLOWANCE	\$ 24,642	\$ 22,804	\$ 1,837		
Total Payable Annual Salary	\$ 62,660	\$ 59,679	\$ 2,981	4.99%	
Total Payable Fortnight in Arrears	\$ 2,410	\$ 2,295	\$ 115		
*Superannuation 10%	\$ 6,266	\$ 5,968	\$ 298		
Long Service Leave	\$ 1,566	\$ 1,492	\$ 75		

COMPARISON

A comparison with Victorian Baptist ministers for 2010 and 2011 (manse not provided) is below (calculations are pre-tax.).

The after tax comparisons will also differ as The Baptist and the Church of Christ structure their salary differently to the Church of Christ i.e. the Baptists do not provide allowances and have a different assessable/exempt stipend ratio, and will vary their salary where a manse is provided.

APRIL 2011	Baptist	COC
Annual Remuneration	65,260.00	62,660.00
Superannuation	5,920.00	6,266.00
TOTAL	71,180.00	68,926.00

APRIL 2010	Baptist	COC
Annual Remuneration	62,140.00	59,679.00
Superannuation	5,592.00	5,968.00
TOTAL	67,732.00	65,647.00

RECOMMENDATION

1. That the current split of the stipend of 50% taxable and 50% non-taxable remain unchanged
2. That a 5 year phasing in approach to align the housing allowance to the Victorian median weekly rental is adopted and that an additional weekly allowance of \$15.00 housing allowance over and above ABS CPI to assist in rental affordability be approved.
3. That the minimum employer (church) superannuation contribution of 10.00% remain unchanged
4. That a 4.99% increase in the total recommended minimum salary package for ministers commencing on 1 July 2011 be accepted.
5. That the 2011 recommended *minimum* salary package for ministers based on the above increase is as follows:

	2011/2012 CPI Adjusted
ANNUAL STIPEND	\$ 38,018
Annual Allowances	
Car Allowance	\$ 8,663
Book & Seminar Allowance	\$ 927
Housing Allowance	\$ 15,052
TOTAL ALLOWANCE	\$ 24,642
Total Payable Annual Salary	\$ 62,660
Total Payable Fortnight in Arrears	\$ 2,410
*Superannuation 10%	\$ 6,266
Long Service Leave	\$ 1,566



Full Time rates applicable from 01/07/2011	Level - See Below	A	B	C	D
ANNUAL STIPEND		\$ 38,018	\$ 38,018	\$ 38,018	\$ 38,018
Allowances					
Car Allowance		nil allow	35% allow	66% allow	\$ 8,663
Book & Seminar Allowance					\$ 927
Housing Allowance					\$ 15,052
TOTAL ALLOWANCE		\$ -	\$ 8,625	\$ 16,264	\$ 24,642
Total Annual Salary		\$ 38,018	\$ 46,643	\$ 54,282	\$ 62,660
Fortnightly amount paid in arrears		\$ 1,462	\$ 1,794	\$ 2,088	\$ 2,410
*Superannuation		\$ 3,802	\$ 4,664	\$ 5,428	\$ 6,266
**Long Service		\$ 950	\$ 1,166	\$ 1,357	\$ 1,566

*Employer Superannuation 10.00% on Total Annual Salary

** 1.3 times weekly salary paid including allowances

Definitions of levels A, B, C, D (these are recommended guidelines intended to assist in negotiations)

- A** Untrained people in ministry support roles, and interns, generally appointed from within congregations - little training and experience (generally no Exempt Fringe Benefits.)
- B** Those in ministry settings who are studying, and have completed more than 25% of the training program and/or have limited experience (incl some interns). If part-time -pro rata (No Exempt Fringe Benefit 50%/Exempt Fringe Benefits 50% stipend split applicable)
- C** Those in ministry settings who are studying and have completed more than 75% of the training program and/or have some ministry experience - if part time - pro rata (No Exempt Fringe Benefit 50%/Exempt Fringe Benefits 50% stipend split applicable.
- D** Recommended minimum salary for all ministers with appropriate training and experience (No Exempt Fringe Benefit 50%/Exempt Benefits 50% stipend split applicable)

Superannuation

A Employer Super Contribution rate of 10% applies.

B, C, D The amount of Long Service Leave and Superannuation entitlements are not affected by the provision of a manse.