



# Recommended Terms and Conditions of Employment of Ministers

*As approved by the Council of Churches of Christ  
in Victoria and Tasmania Inc. on 29 August 2012*

Approved by Mission and Ministry  
and prepared in consultation with Prop Corp

*To replace the previous document dated 27 October 2010*

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## DEFINITIONS

**Allowance:** Payment of costs associated with ministry in addition to a salary. 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 minister predominantly in respect of pastoral duties or directly related religious activities is exempt from FBT. Exempt benefits are not reported on annual PAYG 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.

**Exempt Salary:** Part of the salary 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.

**FBTAA:** Fringe Benefit Tax Assessment Act 1986.

**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.

**Fringe Benefit Tax (FBT)** Fringe benefits tax is a tax paid on certain benefits that are provided. FBT is separate from income tax and is based on the taxable value of the various fringe benefits provided

**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 salary and fringe benefits, and makes payments to third parties and reimburses the minister for ministry related expenses.

**Mission and Ministry (M&M):** The partner department of Conference Council responsible for creating, building and sustaining healthy local churches.

**Ministers and Employers Benefit Scheme (MEBS):** The organisation that administers long service leave entitlements for ministers and church employees.

**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 salary component of the salary.

**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 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.

**Salary:** Part of the minister's package received as salary or fringe benefits.

**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 by the church directly to the Superannuation Fund.

**Superannuation Non-Concessional Contributions:** Payments made other than concessional contributions.

**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

**Churches of Christ Vic/Tas**                      Web: <http://www.churchesofchrist.org.au/>

**Mission and Ministry**                              Web: <http://www.missionandministry.com.au/>

**Prop Corp**    Web: <http://www.propcorp.org.au/>

Address:            1<sup>st</sup> Floor 582 Heidelberg Rd, Fairfield Vic 3078

Phone:             (03) 9488 8800

Fax:                (03) 9481 8543

### **Minsters and Employees Benefit Scheme (MEBS):**

Phone:             (07) 3327 1628

Fax:                (07) 3378 1334

Address:           PO Box 469, Kenmore QLD 4069

Web:                <http://cofcaustralia.org/mebs/>

### **Churches of Christ Insurance**

Phone:             (03) 9880 6165

Fax:                (03) 9880 6123

Web:                <http://www.cofcinsurance.org.au/>

### **Christian Super**

Phone:             1300 360 907

Fax:                1300 367 828

Address:           Locked Bag 5073 Parramatta NSW 2124

Web:                <http://www.christiansuper.com.au>

### **WorkSafe Victoria**

Phone:             (03) 9641 1444

Phone:             1800 136 089 (toll free)

Web:                <http://www.worksafe.vic.gov.au>

### **WorkCover Tasmania**

Phone:             (03) 6233 7657 (Outside Tasmania)

Phone:             1300 366 322 (Inside Tasmania)

Fax:                (03) 6233 8338

Web:                <http://www.workcover.tas.gov.au/>

### **Fair Work Australia**

Phone:             1300 799 675

Web:                <http://www.fwa.gov.au/>

# 1. Introduction

## 1.1 PREAMBLE

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.

## 1.2 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 being 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'.

## 1.3 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.**

## 1.4 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.

## 1.5 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.

## 2. REMUNERATION

### 2.1 REMUNERATION LEVEL

Annually Conference establishes the **minimum** salary package for ministers, being the salary and fringe benefit components 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.

### 2.2 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.

## 2.3 EMPLOYMENT ENTITLEMENTS

### 2.3.1 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.

### 2.3.2 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.

Churches are to ensure that annual leave forms are to be completed as a record of annual leave taken by the minister.

### 2.3.3 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 *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 in Victoria.

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 **are to be based on the ministers total salary package of salary and fringe benefit components.**

#### 2.3.3.1 The Ministers and Employees benefits' Scheme (MEBS)

The Council of Churches of Christ in Australia Limited ("CCCA") operates the Scheme to provide portable long service leave, relief benefits and funeral benefits in respect of certain Members of its Affiliated Bodies.

Affiliated Bodies whose ministers and/or employees have been accepted as Members under the MEBS are encouraged to pay the Contribution Amount in respect of each Member each year.

The Contribution Amount is due and payable on 1 March each year.

MEBS is portable (follows from one employer to another) to cater for a minister who has not been in the one position long enough to qualify for LSL, as is often the case in ministry. This portability also allows for the LSL account to remain open once the member leaves Churches of Christ employment or has retired. Even those members who have moved to a position outside of Churches of Christ may maintain their account and even continue having contributions made on their behalf.

Although there is no legal requirement to have the minister joins the Scheme, **if a church does not contribute towards the Scheme, the minister is effectively penalised through lack of contributions and loss of interest.** It should be noted that the Scheme can only pay LSL to members up to the amounts held in their LSL accounts.

MEBS maintains separate accounts for each member and a statement is forwarded each year in August for the preceding Financial Year. This statement will detail contributions received, withdrawals, interest earned and fees

Click Here: [Member and Employee Benefit Scheme Web Site](#)

Churches employing ministers from another Church of Christ are to check with MEBS that the minister's previous employer has paid any outstanding LSL entitlements at time of appointment. Churches should request details of any intended use of LSL entitlement during the initial period of any appointment.

#### **2.3.4 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

#### **2.3.5 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.

### 2.3.6 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

### 2.3.7 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.

### 2.3.8 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.

### 2.3.9 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 'rateable' amounts such as salary and superannuation, 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 PAYG payment summary, which is the non-exempt component of the salary, 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 fringe benefits and the exempt component of the salary, as exempt benefits under the Fringe Benefit Tax Assessment Act 1986 are considered **exempt remuneration** under the Victorian Accident Compensation Act 1985.

Accordingly, in Victoria, there **is no** WorkCover premium to be paid by the church on the exempt fringe benefits and the exempt component of the salary, 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 fringe benefits and exempt component of the minister's salary 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

## 3. 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.

### **3.1 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.

### **3.2 CALCULATION OF MINISTERS SUPERANNUATION LIABILITY TO BE PAID BY THE CHURCH**

The prevailing Government superannuation guarantee contribution rate is 9% of the minister's 'ordinary time earnings' being the ministers salary component.

### **3.3 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 a salary of \$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 40 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.

#### **3.3.1 Types of superannuation contributions**

**3.3.1.1 Employee (minister) Co-Contributions:** Ministers can also make additional personal contributions from the non-exempt component of the salary, 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](#)**

#### **3.3.1.2 Concessional (before tax) contributions caps**

**For the financial year, 2012/13, Ministers can make up to \$25,000 of concessional contributions into their super account/s from their non-exempt component of their**

stipend – that is taxed at a concessional rate of 15%, provided they have given their tax file number to their fund.

If Ministers exceed the concessional contributions cap, any excess contributions will be taxed at 46.5%. This means an additional 31.5% is levied on top of the 15% contributions tax already imposed.

### 3.3.2 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, and are paid by the church from the PAYG portion of the ministers salary	Age 75

### 3.3.3 Reportable Employer Superannuation Contributions

Reportable employer superannuation contributions are those contributions the church makes for a minister in respect of an income year, and where **all** of the following apply:

- contributions additional to the compulsory contributions the church must make under the superannuation levy currently at 9%; and
- Any additional superannuation contribution made on the minister's behalf that would have otherwise been income to the minister.

The minister's payments summary must include all reportable employer superannuation contributions the church makes for a minister.

Compulsory employer super contributions, such as superannuation guarantee, are not recorded on the payment summary.

## 4. Pay Period and Pay Slips Information

### 4.1 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

### 4.2 PAY SLIPS

With each payment of salary and/or fringe benefits 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 (hourly or annual),
- 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.

Visit the Website below for a more detailed explanation on payslips:

Click here: [Payslip Details](#)

### 4.3 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.

## 5. CONCLUSION OF A MINISTRY

The majority of ministries will conclude their appointment due to:

- 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 including redundancy.

### 5.1 CONCLUSION OUTSIDE THE TERMS OF THE MINISTRY EMPLOYMENT AGREEMENT - REDUNDANCY

Where the minister is to be made redundant, the employer is to provide the following notice period *and* redundancy payment at the day of exit.

#### 5.1.1 NOTICE PERIOD

Where possible, the redundancy notice period to be given by the minister is to be **4 weeks**. **However there will be instances where it is not possible to provide a suitable notice period.**

#### 5.1.2 REDUNDANCY PAYMENT

The redundancy payment is to be **12 weeks where the minister has been employed for 3 consecutive years or more**.

Where the minister is employed for less than 3 consecutive years, the redundancy payment is to be pro rata for the time of service of to a maximum of 8 weeks, with a **minimum termination redundancy payment of 4 weeks**.

## 5.2 CONCLUSION OUTSIDE THE TERMS OF THE MINISTRY EMPLOYMENT AGREEMENT - NON REDUNDANCY

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.

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.**

Employees have the right to feedback regarding unsatisfactory performance, and are given the opportunity to correct any deficiency before being subject to any disciplinary action. In the caring environment of a church community this is most certainly also true. The M&M team is in the position to provide resources for use in conducting a performance appraisal.

## 5.3 CONCLUSION OF MINISTRY BY THE MINISTER

The minister is to provide the church with a written letter of resignation with the intended notice period. See *Notice Period and Payments section*.

## 5.4 CONCLUSION OF MINISTRY BY THE CHURCH

Ministers not fulfilling their role generally fall into one of the following categories:

1. Underperformance – where the minister is falling below the standard expected by the church and related to a shortfall in performance rather than conduct.
2. Misconduct – where the ministers behaviour results in expectations not being met. It concerns the poor conduct or attitude of the minister rather than the skills or knowledge.
3. Serious Misconduct – where matters are in clear breach of the Ministers Code of Conduct that the minister is unable to continue in his/her role.

## 6. Underperformance and Misconduct.

Where the minister performance or conduct falls short of the levels required, the church is to begin a process that is fair and transparent to both the minister and the church. Both procedural and actual fairness is vital in the process.

The warning process is aimed to resolve issues respectfully and thoughtfully. Matters relating to underperformance should be supported by clarification of expectations. Training and support is to be provided to the minister and the minister is to be given the opportunity to improve their skills, prior to the church using formal warnings or disciplinary action. Misconduct can also be supported by clarification of expectations training and guidance. In addition to the minister

receiving a reasonable amount of time to improve, the minister is to be made aware of the consequences if there is no improvement within time frame.

Where the minister does not make the necessary improvements to either performance or conduct and the church has decided that dismissal is warranted, the church is to contact the Department of M&M who will assist both the minister and the church, ensuring that the grounds for dismissal is communicated and the minister has the opportunity to consider the claims and respond accordingly.

M&M will also request that the dismissal process includes both:

- Substantive Fairness -is the dismissal the appropriate remedy for the circumstances, is the action valid and defensible.
- Procedural Fairness- has the church followed a disciplinary procedure and given the minister warning/s about performance or behaviour and the opportunity to improve.

In summary the process for the possible conclusion of ministry will need to involve the following stages:

First Stage – The church is to issue a clear warning to the minister that he/she not performing his/her duties to the level expected by the church and must improve to avoid conclusion of the ministry;

Second Stage – the church is to allow the minister reasonable time to improve and where necessary provide training and other support to develop or improve their skills to the level required by the church;

Third Stage – The church, after consultation with M&M, is to meet with the minister and explain the grounds for dismissal, and give the minister an opportunity to respond.

## 7. Serious Misconduct (summary dismissal).

Serious misconduct is a serious breach of the *Code of Ethics Applicable to the Ministers of the Churches of Christ* and includes theft, fraud and violence. Serious misconduct is also constituted by serious breaches of occupational health and safety procedures and duty of care obligations that can cause serious and imminent risk to the health and safety of persons, or breaches of policies and guidelines that can cause damage to the reputation of the Churches of Christ.

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 M&M Team and seek their advice and direction on the appropriate way to proceed.**

## 8. Constructive Dismissal

Where ministers resigns from ministry and the principal contributing factor for the resignation is the unreasonable act of the church that has made the ministers employment very difficult, Fair Work Australia may consider that the minister has been constructively dismissed, and the dismissal may be harsh, unjust or unreasonable.

This can occur where the church engages in conduct that is a **significant or fundamental breach** of the employment agreement, which demonstrates that the church no longer intends to be bound by the agreement.

A church or church leadership is seen to be acting unlawfully towards the minister and have fundamentally breached the Employment Agreement if the following occurs:

- An attempt by the church to substantially change the minister's title, duties or work location without the minister's consent.
- A reduction in wages or other benefits without the ministers consent.
- Falsely accusing an employee of misconduct such as theft.
- Offering the minister the opportunity to resign, with the underlying threat of termination of employment.
- By giving excessive disciplinary warnings, where the intent is to force the conclusion of the ministry by the minister.

## 9. Payment on Termination

### 9.1 NOTICE PERIOD AND PAYMENTS

The termination notice period to be given by the minister on resignation or the church on dismissal is to be **12 weeks where the minister has been employed for 3 consecutive years or more**.

Where the minister is employed for less than 3 consecutive years, the termination notice period is to be pro rata for the time of service of to a maximum of 8 weeks, with a **minimum termination notice period of 4 weeks**.

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 or pro rata up to a maximum of 12 weeks.

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

Pay in lieu of notice is to be calculated according to the minister's gross salary package as defined in the Ministry Appointment Agreement.

No employee entitlements can be accrued where the minister has been paid time in lieu of notice and has not worked during the termination notice period to the day of exit.

### 9.2 PAYMENT OF EMPLOYEE ENTITLEMENTS

Churches are advised payments of unused annual leave, rostered days off, time in lieu and LSL entitlements made on termination **CANNOT be provided as exempt fringe benefits** and are to appear on the ministers final payment summary issued by the church.

On termination churches are to consider the following when determining the minister's final payment:

- The minister is to contact the **The Ministers and Employees benefits' Scheme** to ascertain entitlements and payment options.
- Superannuation entitlements are to be paid to the minister's nominated superannuation fund
- Unused annual Leave and other entitlements are to be paid in accordance with the Fair Work Act 2009 and Australian tax law.

- Any unused rostered days off or time in lieu entitlements are to be paid in accordance with the Fair Work Act 2009 and Australian tax law.

### **9.3 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.

Final payment of any balance of the MEA and subsequent closure of the account is to be by agreement between the minister and the church. It is advised that the date for the final payment and closure of the MEA is to be no more than 30 days from the date of exit.

### **9.4 OTHER MATTERS ON TERMINATION**

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 exit, 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.

## **10. MINISTER'S ROLE AND PERFORMANCE APPRAISAL**

### **10.1 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.

### **10.2 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. M&M can provide resources to suit particular needs in this area.

### **10.3 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.

## 10.4 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.

## 10.5 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.

## 11. 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.

## 12. THE MINISTER'S HOUSING ARRANGEMENTS

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 residence (rental, purchasing or owned).

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

### 12.1 WHERE THE MINISTER'S RESIDENCE IS THE PROPERTY OF THE CHURCH

Where the church owns a rental property and makes this available for the Minister and the church does not use a registered real estate agent as the managing agent for the property, a **Residential Tenancy Agreement** between the church and the Minister is to be completed.

Where the minister wishes to occupy a rental property owned by the church, and the annual market rent exceeds the ministers housing fringe benefit component at the time, the rental amount can be negotiated between the church and the minister and will be recorded in the Residential Tenancy Agreement and minuted in the church records.

**The church is responsible for the insurance of the rental property**, 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 rental property that are privately owned.

### 12.2 WHERE THE RESIDENCE IS THE MINISTER'S OWN HOME

#### 12.2.1 Housing Fringe Benefit Component

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

## **13. MINISTRIES REQUIRING SPECIAL CONSIDERATION**

### **13.1 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 fringe benefit is a component of an individual minister's salary and is to be calculated and paid separately for both the husband and wife in a joint ministry. For example:

- If both husband and wife work 3 days a week then both are to be paid a separate housing fringe benefit 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 fringe benefit 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 fringe benefit to only one minister and not the other minister just because they jointly live in the same house.**

### **13.2 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.

### **13.3 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.

### **13.4 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 are 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.

## 13.5 PAID PARENTAL SCHEME

### Australian Government Paid Parental Leave scheme

The Paid Parental Leave scheme is an entitlement for working parents of children born or adopted from 1 January 2011.

The Australian Government's scheme does not provide eligible employees with a new entitlement to leave. **The scheme provides Government-funded Parental Leave Pay at the National Minimum Wage for a maximum period of 18 weeks.**

Parental Leave Pay can commence from the date of birth or adoption, or at a later date. It must be taken in one continuous period and must all be used before 12 months from the date of birth or adoption.

Parental Leave Pay is taxable and can be received before, after, or at the same time as existing entitlements such as annual leave, and employer-funded paid parental leave.

Parental leave payments won't cost the church anything – they are paid from the Federal Government (via Centrelink) direct to your church and then you pay your minister. As an employer you will be responsible for administering the paid parental leave.

Australian Government's Paid Parental Leave scheme visit:

Click Here: [FAMILY ASSISTANCE CENTRELINK](#)

## 13.6 PREGNANCY WITHIN JOINT MINISTRIES

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

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

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

## 13.7 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.).

## 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.

## 14. 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.

### 14.1 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**.

### 14.2 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 FBTAA*, and neither the church nor the minister pays FBT.**

A '**religious practitioner**' is further defined in subsection 136(l) of the FBTAA 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).

### 14.3 ADVANTAGES 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 taxable income of the minister.

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

- a. Choosing to have a MEA
- b. Living in their own home or a rental property
- c. Owning, leasing, or provided with a car
- d. Having significant expenses which are usually claimed on their annual tax return

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

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

### 14.4 PAYMENT OF SALARY

#### 14.4.1 Limits on salary fringe benefit arrangements

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

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

#### 14.4.2 Payment of the non-exempt component of the salary

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

The PAYG withholding tax 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.

#### 14.4.3 Payment of the exempt component of the salary

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

## 14.5 PAYMENT OF FRINGE BENEFIT COMPONENTS

The car, housing and education fringe benefits 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 fringe benefits are **exempt benefits** and are *exempt from FBT under Section 57 of the FBTA*.

## 14.6 ETHICAL REFLECTION

It is legally permissible under Australian taxation legislation to treat a large portion of a minister's salary component as an exempt benefit. However, as the minister's benefits are also exempt benefits, doing so would result in the minister paying a significantly reduced amount of 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 salary or cash component of the minister's package, Conference recommends to churches that the **at least 50% of the salary 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 salary component is to be paid as assessable salary and that up to 50% of the salary can be paid to the MEA as an Exempt Benefit.**

## 14.7 PRACTICAL ISSUES

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

### 14.7.1 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 fringe benefit, *and* the nominated amount of the salary to be paid as an exempt 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 part of a lump sum on termination, it becomes subject to income tax and will need to be disclosed on the ministers PAYG payment summary.
- g. Churches are to allow the MEA to remain open for a period of time to allow the minister to expend any accumulated funds at the conclusion of a ministry. This will ensure that the minister is not disadvantaged if their new position does not satisfy all the conditions of exemptions under Section 57 of the FBTAA
- 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 and will need to be disclosed on the ministers PAYG payment summary.
- 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 (except unpaid leave), as the calculations for same are based on a 52 week year

### 14.8 EXPENDITURE FROM THE MINISTRY EXPENSE ACCOUNT

#### 14.8.1 Ministry related expenditure from MEA

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

- Their MEA account; or
- Paid from their non-exempt component of the salary and subsequently claimed as an allowable deduction through their taxation return.

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

### **14.8.2 Private expenditure from MEA**

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

These payments can include but are not limited to:

- health insurance for minister and his family, and any other medical & health related costs
- education costs for minister and his family, including school uniforms
- house contents insurance
- electricity, gas, private telephone and internet rental and usage
- subscriptions
- family holiday expenses
- second car expenses
- house rates, taxes, repairs and insurance costs
- mortgage/loan repayments
- house rental payments

The following private expenditure **is not** to be paid from the MEA

- Cash withdrawals or advances including such things as travellers cheques, currency gift cards.

## **14.9 MEA – OTHER OPERATIONAL MATTERS**

### **14.9.1 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.

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

### **14.9.2 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 periodically directly from the MEA. In this situation a statement is required each period to reconcile and support the periodic payments, and to account for any GST.

### **14.9.3 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.

### **14.9.4 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 PAYG payment summary for taxation and Medicare purposes

### **14.9.5 MEA and GST**

GST can be claimed by the church under the churches Australian Business Number (ABN) for those expenses incurred by a minister and paid from the MEA.

### **14.9.6 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.

### **14.9.7 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

### **14.9.8 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.

### **14.9.9 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 banked in the church's bank account and not the ministers MEA.

These additional income activities that can be charged by the church include funerals, weddings, speaking appointments and seminars.

The additional income can be paid to the minister as income and i.e. paid to the minister as salary, or paid directly to the MEA.

## 15. MOTOR VEHICLE

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.

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

## 16. MINISTERS' SALARY AND CENTRELINK BENEFITS ENTITLEMENTS

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

Family Tax Benefits and certain other **Family Assistance** support payments administered by the are also administered by Centrelink under the *A New Tax System (Family Assistance) Act 1999*

The main difference with Centrelink determination of income for eligibility for government payments and allowances administered by Centrelink under the *Social Security Act 1999* 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 for social security benefits 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:

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

**There can be payments to the minister that contain both private and ministry components. For example work –related components, telephone and Internet allowance, utility expenses for the minister’s residence.**

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

The table below indicates what types of Centrelink payments require disclosure of both the exempt and non-exempt component of the minister’s salary package.

Centrelink Payment Type	Disclose cash component of the salary	Disclose exempt component of salary and exempt allowances
Age pension	Yes	Yes
Austudy	Yes	Yes
Carer Payments	Yes	Yes
Child Care Benefits	Yes	<b>No</b>
Disability Support Pension	Yes	Yes
Family Tax benefit Part A	Yes	<b>No</b>
Family Tax benefit Part B	Yes	<b>No</b>
Maternity Allowance	Yes	<b>No</b>
Maternity Immunisation	Yes	<b>No</b>
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	<b>No</b>