

6 November 2006

Circular to Ministers and Churchwardens

Guidelines for the Remuneration of Parish Ministry Staff for 2007

At its meeting on 25 September 2006 the Standing Committee approved the following **Guidelines for the Remuneration of Parish Ministry Staff for 2007** incorporating the minimum stipends, allowances and benefits for 2007.

Summary of major changes for 2007...

- Minimum stipend increased by 3.1% to \$47,362 for ministers
- Travel allowance variable component increased to \$233 per 1,000km
- Locum, part time pastoral workers daily rates and travel allowance increases
- Superannuation Choice for ordained ministry staff explained
- Additional stipend sacrifice amount for superannuation contributions

MICHAEL NEWMAN
Manager, Clergy & Church Support Services

Guidelines for the Remuneration of Parish Ministry Staff for 2007

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Remuneration of Parish Ministry Staff for 2007

		<u>2007</u>	<u>2006</u>
Minimum Stipends			
Ministers	100%	\$47,362	\$45,926
Assistant ministers and lay ministers -			
1 st and 2 nd year	85%	\$40,258	\$39,037
3 rd and 4 th year	90%	\$42,626	\$41,333
5 th and subsequent years	95%	\$44,994	\$43,630
Student ministers -			
one full day per week	12.5%	\$5,920	\$5,741
 Superannuation contributions			
Ministers		\$8,052	\$7,805
Assistant ministers and lay ministers with 7 or more years service		\$8,052	\$7,805
Other assistant ministers and lay ministers		\$7,247	\$7,025
 Travel remuneration			
Fixed component		\$7,457	\$7,457
Variable component (per 1,000 km)		\$233	\$158
 Remuneration for part time pastoral workers, occasional services and locums			
For a whole day		\$150	\$145
For a half day (two or more services)		\$100	\$95
For one service		\$75	\$75
Travel allowance (per kilometre)		75c	65c

This summary page must be read in conjunction with the detail in the Remuneration Guidelines which follow.

2. Introduction

- 2.1 These guidelines contain details of the minimum stipends, allowances and benefits which the Standing Committee has approved with effect from **1 January 2007**. Individual parishes may choose to be more generous than paying the minimum. It is the responsibility of the parish council to determine stipends, allowances and benefits for their ministry staff. Thus it is important that the ministry staff and parish council have a thorough understanding of these guidelines and their application.
- 2.2 The following steps may be used to facilitate the process of determining the remuneration of ministry staff -
- (a) Determine the entitlements for each ministry staff member in light of these guidelines (refer section 5).
 - (b) Determine what ministry related expenses, as per the list in section 10.2, are to be borne by the parish.
 - (c) Document the result of your discussions for each ministry staff member and communicate to the treasurer and or office administrator responsible.
- 2.3 These guidelines are only applicable to ministry staff in parishes in the Diocese of Sydney. Different tax rules may apply to other staff. Accordingly, these guidelines do not apply to administrative or support staff employed by parishes, nor to clergy employed by organisations other than parishes.
- 2.4 This circular is available on the Diocesan web site www.sds.asn.au. Questions for clarification or other enquiries should be directed to the Clergy Services Officer, Colin Murphy on 9265 1560 or e-mail cjm@sydney.anglican.asn.au.

3. Terminology

For the purposes of these guidelines -

ABN means Australian Business Number.

Allowance means a cash benefit received in addition to a stipend. Depending on how an allowance is paid will determine if it is subject to PAYG tax and included on the annual payment summary of the recipient. Refer to paragraph 4 for an example of a taxable allowance and a non-taxable reimbursement.

Assistant minister means a deacon or presbyter licensed to a parish as an assistant minister on a full-time basis.

ATO means the Australian Tax Office.

Benefit means a reimbursement to, or payment on behalf of, an individual. A benefit provided by a parish to a member of its ministry staff predominantly in respect of pastoral or related duties is exempt from FBT (refer Taxation Ruling TR92/17 – www.ato.gov.au). Exempt fringe benefits are not reported on annual payment summaries. Benefits paid to non-ministry staff (eg office administrators) may be subject to FBT when the benefit paid is private in nature (eg the provision of a motor vehicle).

FBT means Fringe Benefits Tax

GST means Goods and Services Tax

Lay minister means a person who holds an authority under the Deaconesses, Readers and Other Lay Persons Ordinance 1981 (deaconesses, parish sisters, pastoral workers,

youth workers, stipendiary lay workers, etc) and who is employed on a full-time basis for pastoral ministry within the parish.

Locum means a person appointed as locum tenens or interim rector under clause 59 of the Church Administration Ordinance 1990.

Minister means a presbyter licensed to a parish as rector or curate-in-charge.

Ministry staff includes ministers, assistant ministers and lay ministers.

MEA means Ministry Expense Account.

Parish means a parochial unit (regardless of whether it is a parish or provisional parish) in the Diocese of Sydney constituted under the Parishes Ordinance 1979 or a church in the Diocese of Sydney recognised under the Recognised Churches Ordinance 2000.

PAYG means Pay As You Go tax.

TFN means Tax File Number.

4. Taxation treatment of ministry staff – overview

4.1 Payments to all members of the ministry staff are subject to PAYG withholding.

4.2 Under current GST legislation all activities performed by a member of the ministry staff in their role as a member of the parish will be taken to be the activities of the parish. As a result the member of the ministry staff will not be eligible to register for GST or an ABN for these activities (refer to paragraph 10.11 for the treatment of GST on payments made through an MEA). Members of the ministry staff may be entitled to an ABN for other activities if they satisfy the criteria for recognition as an enterprise.

4.3 Fringe benefits provided by a parish to its ministry staff predominantly in respect of pastoral or related duties are exempt from FBT. Exempt fringe benefits are not reported on annual payment summaries. Benefits may be provided through the appropriate use of an MEA (refer section 10 below).

Allowances and reimbursements paid to ministry staff

4.4 Any cash benefits paid directly to ministry staff that is not a reimbursement for ministry related expenses incurred by the ministry staff is taxable in their hands. For example, if a parish pays into a ministry staff's bank account a pre-determined travel benefit before it is actually incurred, it may be deemed a taxable allowance. Conversely, if the ministry staff member provides documentary evidence (e.g. a car service receipt) and is subsequently reimbursed, then the benefit paid is not a taxable allowance. (For further information refer to Taxation Ruling 92/15 – www.ato.gov.au)

4.5 Any allowances paid directly to ministry staff are subject to PAYG withholding and must be included on the annual payment summary.

5. Elements of remuneration

The remuneration paid or provided by a parish to a member of the ministry staff for their pastoral or related duties normally includes the following elements -

- (a) payment of a stipend,
- (b) contribution to a superannuation fund,
- (c) provision of housing or a housing benefit, or the payment of a housing allowance,

- (d) provision of a fully maintained motor vehicle or a travel benefit, or the payment of a travelling allowance,
- (e) payment of utilities such as telephone (including mobiles), internet charges, electricity and gas, as determined by the parish council,
- (f) the making of additional contributions to a superannuation fund, and
- (g) the provision of sick leave, annual leave, long service leave and parental leave for ministry staff who are lay workers.
- (h) those expenses paid pursuant to paragraph 9.1

6. Stipend

Payment of a stipend

- 6.1 The minimum stipend for ministry staff in 2007 has been increased by 3.1%. This means that the minimum stipends for 2007 are -

	% of Minister's Minimum Stipend	Minimum Stipend \$ pa
Minister	100%	\$47,362
Assistant ministers and lay ministers		
1 st and 2 nd year	85%	\$40,258
3 rd and 4 th year	90%	\$42,626
5 th and subsequent years	95%	\$44,994

- 6.2 The actual stipend paid should be increased above the minimum stipend where ever practicable and especially if –
- (a) the member of the ministry staff has more than 2 children; or
 - (b) there are abnormal demands upon the time of the staff member arising through carrying out weddings and funerals.

The amount by which the stipend should be increased is a matter for negotiation and determination between ministry staff and the parish council.

- 6.3 If an assistant minister was previously a lay minister, the number of years of service as a lay minister should be added to the number of years of service as an assistant minister for the purpose of calculating the minimum stipend for that assistant minister.
- 6.4 Where stipends are paid monthly they should not be paid later than the 15th of the month.

Tax treatment of stipend

- 6.5 Stipend paid to a member of the ministry staff is assessable income. 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 parish's Business Activity Statement (BAS). A PAYG payment summary must be issued at the end of the tax year (i.e. 30 June).

What are stipend sacrifice arrangements?

- 6.6 A stipend sacrifice arrangement is one where a member of the ministry staff and their parish agree that the staff member will forego the payment of a portion of their cash stipend. In return, the parish will make payments to third parties on behalf of the staff member, or will provide other non-cash benefits. If it is agreed that the value of the payments to be made, or the value of the benefits to be provided, equals the amount of

the cash stipend foregone (or “sacrificed”), the salary sacrifice arrangements do not add to the overall cost to the parish of remunerating the member of the ministry staff.

- 6.7 Stipend sacrifice arrangements benefit the member of the ministry staff because they are tax effective. This occurs because of the different tax rules which apply to the payment of a stipend and the provision of non-cash benefits. Payments of stipend are liable to tax, and the parish paying the stipend must deduct and remit the appropriate tax to the ATO. However, under current tax legislation, the value of non-cash benefits provided to a member of the ministry staff is exempt from tax. Thus, if non cash benefits are provided in lieu of a portion of the stipend, they are tax effective to the member of the ministry staff and do not increase the cost to the parish. (It is important to note that while non-cash benefits made to members of the ministry staff are exempt from tax and payment summary reporting, social security legislation takes the value of many exempt benefits into account when assessing eligibility for various social security payments.)

Limits on stipend sacrifice arrangements

- 6.8 Currently, the tax legislation does not limit the amount of the stipend which can be sacrificed under stipend sacrifice arrangements. However, it is important that the Church observes reasonable limits on the use of those arrangements. A failure to observe reasonable limits may lead a government to limit the relevant tax exemption which currently applies to those arrangements.
- 6.9 Further, the Standing Committee recommends the portion of the stipend sacrificed should not exceed 30% of the minimum stipend. The actual amount to be sacrificed (up to the recommended maximum 30%) is to be determined by the member of the ministry staff involved.
- 6.10 This arrangement only applies to ministers, assistant ministers, and lay ministers as defined in section 3 of these guidelines. The definition of “religious practitioner” in the Fringe Benefits Tax Assessment Act may make it difficult for part-time ministers to qualify and it is recommended that in cases of doubt, the churchwardens seek professional advice. Refer to Income Tax Ruling TR 92/17 at www.ato.gov.au. Administrative staff employed in parishes do not qualify for these arrangements.

Additional Superannuation Contributions through Stipend sacrifice

- 6.11 In May 2006 the Federal Government released ‘*A Plan to Simplify and Streamline Superannuation*’. From 1 July 2007, the proposed plan includes, amongst other things, the removal of tax on superannuation benefits paid at age 60 and over, greater flexibility in how superannuation savings can be drawn down at retirement and improved incentives to increase superannuation savings during working life. In light of this, Standing Committee acknowledges that ministry staff can sacrifice an additional amount of stipend (over and above the 30% referred to in this section) to increase superannuation savings.
- 6.12 Standing Committee recommends that ministry staff seek professional financial advice before proceeding to make additional superannuation contributions.

More information on the Government’s changes to superannuation can be found at www.simplersuper.treasury.gov.au or by calling the government’s Treasury Department on 1800 012 238.

7. Motor vehicles and travelling

7.1 A member of the ministry staff may be provided with the use of a motor vehicle owned and maintained by the parish to perform their duties, or be provided with a travel benefit or paid a travelling allowance in accordance with the following guidelines.

Use of a motor vehicle owned and maintained by the parish

7.2 The provision of a motor vehicle owned and maintained by the parish is an exempt benefit and therefore is not subject to tax under current tax legislation.

7.3 If the parish provides a fully maintained motor vehicle it would be wise for them to document the terms under which it is made available for use by the member of the ministry staff (e.g. unlimited kilometres, use during annual or long service leave, etc).

Motor vehicle owned by the member of the ministry staff

7.4 If a member of the ministry staff is not provided with a motor vehicle they should be provided with a travel benefit or paid a travelling allowance calculated according to the diocesan scale.

Recommended Diocesan Scale

7.5 The recommended diocesan scale is calculated by reference to the average overall costs of private ownership of four popular makes of vehicle, as last published by the NRMA. For 2007 that scale is a fixed component of \$7,457 per annum to cover depreciation, interest, registration, insurance, etc. plus a reimbursement at the rate of \$233 for every 1,000 kilometres travelled by the member of the ministry staff in the year. Further information on the calculation of the diocesan scale can be obtained from Michael Newman on 9265 1680 or mwn@sydney.anglican.asn.au.

7.6 Examples of the value of the travel remuneration from 1 January 2007 are –

Distance (kms)	Fixed Component \$	Running Costs \$	Travel Benefit or Allowance \$
5,000	7,457	1,165	8,622
15,000	7,457	3,495	10,952
21,000	7,457	4,893	12,350

7.7 In addition to the travel benefit or allowance the parish should reimburse the member of the ministry staff for the cost of tolls and parking fees incurred in ministry related travel.

Guidelines for implementing travel benefits or allowances

7.8 The parish may provide travel benefits (which may be paid through an MEA) either by paying direct to a third party or reimbursing the member of the ministry staff for agreed travel expenses.

7.9 Any other amounts paid in cash to the member of the ministry staff are allowances and therefore subject to PAYG tax.

Taxation implications

7.10 Travel benefits provided (e.g. by payments from an MEA) are exempt benefits and not subject to tax under current tax legislation.

7.11 A travel allowance is taxable, although the member of the ministry staff may be able to claim deductions for travelling expenses they incur, in accordance with the tax legislation. Refer to paragraph 4.4 for tax implications of paying an allowance.

- 7.12 A member of the ministry staff is not normally entitled to claim a personal tax deduction for an expense that is paid or reimbursed by a parish. However personal tax deductions may be claimed for depreciation in relation to assets used in the performance of ministry related duties (e.g. a motor vehicle).

8. Housing and accommodation

- 8.1 The parish (other than a recognised church) must own and maintain a residence for the minister (rectory) as approved by the Archbishop. Nonetheless, the Archbishop may approve an arrangement for a minister to live in another residence.
- 8.2 If any member of the ministry staff is not provided with a residence the parish should provide an accommodation benefit or pay a housing allowance of an agreed reasonable value.
- 8.3 Where a parish agrees to provide an accommodation benefit to a member of the ministry staff it may do so by -
- (a) directly making payments to a landlord in respect of rent payable for a property in which the member of the ministry staff resides; or
 - (b) directly making payments to a lending authority in respect of a loan to the member of the ministry staff concerned, such loan having been taken out for the purposes of acquiring the property; or
 - (c) reimbursing the member of the ministry staff concerned through an MEA for a payment made by them to a lending authority in respect of a loan taken out for the purpose of acquiring the property.
- 8.4 Any questions concerning the application of these guidelines, or proposed special accommodation arrangements, should be referred to the Regional Archdeacon.

Taxation implications

- 8.5 The provision of a residence or an accommodation benefit to a member of the ministry staff is an exempt benefit and not subject to tax under current tax legislation nor is it subject to FBT.
- 8.6 The direct payment of a housing allowance is taxable income in the hands of the member of the ministry staff, and PAYG deductions are required to be made from those payments. Generally, it would be unlikely that a member of the ministry staff could claim deductions for many of the expenses for which a housing allowance is used. Refer to paragraph 4.4 for tax implications of paying an allowance.
- 8.7 The criteria used by Centrelink to assess the income of a member of the ministry staff in order to determine eligibility for various income support payments and low income health cards are different to those in the current tax legislation. Please refer to Centrelink guidelines which can be found at www.centrelink.gov.au

9. Utilities, Hospitality, Computers, Books & Conference Costs

- 9.1 A parish and the member of the ministry staff should agree in advance the extent to which the parish will pay for these expenses. In determining the extent to which a parish will pay for these expenses the following guidelines apply -
- (a) A parish should pay for a portion of electricity and gas expenses if the rectory or residence is used for parish business.
 - (b) A parish should pay telephone expenses (including mobile phones) relating to rental and parish calls.

- (c) A parish should pay hospitality expenses where a clear ministry of hospitality is exercised.
- (d) A parish should pay book and conference costs (including professional development costs) to the extent that these costs clearly relate to ministry and fall within an agreed level of expenditure.
- (e) A parish should provide the computer hardware, software, internet access and office furnishings and equipment that are required by the ministry staff to exercise their duties.
- (f) Other expenses may be paid by agreement between the minister and the parish.

Guidelines for implementing these payments

- 9.2 A parish should make a direct payment of the agreed expenses, with the member of the ministry staff reimbursing the parish for any private expenditure component, or alternatively, reimburse the member of the ministry staff for agreed expenses through an MEA.
- 9.3 Rather than paying the expense direct or reimbursing the member of the ministry staff, a parish may instead determine to pay an agreed benefit or allowance to the member of the ministry staff through their MEA. Refer to paragraph 4.4 for tax implications of paying an allowance.

Taxation implications

- 9.4 The direct payment or reimbursement of expenses (as in 9.2) are treated as exempt benefits and are therefore not subject to tax under current tax legislation and do not appear on the annual payment summary.
- 9.5 An allowance paid to a member of the ministry staff for these expenses (as in 9.3) is taxable income in the hands of the staff member, and PAYG deductions from those payments are required to be made and must be included on the annual payment summary as an allowance. However, the member of the ministry staff may be able to claim deductions for expenses they incur, in accordance with tax legislation, in their own tax return.

10. Ministry Expense Accounts (MEA)

- 10.1 Ministry expense accounts are a way of keeping account of ministry related expenses.
- 10.2 The Standing Committee recommends that only the following expenses are to be paid by a parish on behalf of a member of the ministry staff from an MEA -
 - (a) Expenses in relation to the purchase, financing and operating costs of a motor vehicle used for ministry purposes; expenses for local, domestic or international travel related to the pursuit of the member of the ministry staff's pastoral duties and professional development; expenses of the member of the ministry staff's spouse and/or children in directly accompanying the staff member or spouse on ministry related matters; and expenses of the member of the ministry staff's spouse in representing the staff member on ministry related matters;
 - (b) Costs associated with the provision and upkeep of the residence in which the member of the ministry staff lives, eg. rent, loan repayments, electricity, water, gas, insurances, security monitoring and building maintenance;
 - (c) Education, professional development, supervision, mentoring and professional debriefing costs for the member of the ministry staff, including but not limited to books, tapes, conference fees, camps and professional supervision;
 - (d) Ministry related expenses including but not limited to telephone, mobile, fax, internet connection etc, subscriptions, periodicals, newspapers, computer software

and hardware, provision of home office furniture, equipment and supplies, clerical shirts and liturgical attire, hospitality and cleaning costs, gifts made in relation to ministry and other expenses incurred in respect of a member of the ministry staff's duties;

(e) Education expenses of the staff member's dependent children

10.3 In many of the above categories, expenses may be paid by the parish from the churchwardens' general account independently of any stipend, allowances or benefits provided to the member of the ministry staff.

Administrative arrangements

10.4 All amounts transferred to an MEA, for whatever reason, form one single pool of funds and may be used for the direct payment of, or the reimbursement for, any expenses of the member of the ministry staff which are directly related to ministry and which fall within these guidelines.

10.5 The MEA need not be a separate bank account - it can be a separate ledger account in the churchwardens' accounts. If a separate bank account is used, the member of the ministry staff, must not be able to operate the account solely on the basis of his or her own signature. The member of the ministry staff may be a co-signatory (with, for example, one or more of the churchwardens) but not the sole signatory.

10.6 Any balance in the MEA is the property of the parish. Similarly, any interest earned on the MEA (if a separate bank account) is church property and must be accounted for by the churchwardens, although in practice such interest should be added to the balance of the MEA for the benefit of the member of the ministry staff. Where a separate bank account is maintained, amounts should be transferred to the MEA on a periodic basis.

10.7 The parish must record a liability "owing to the member of the ministry staff" for the balance remaining in the MEA, or if a separate bank account is not used, the churchwardens must record the same liability and ensure that the balance in the parish's bank account is sufficient to cover the liability.

10.8 Receipts for expenses must be kept for parish audit purposes for at least five years so that if the member of the ministry staff or parish is the subject of a tax audit, proof exists that payments to the member of the ministry staff were as reimbursement for ministry related expenses incurred.

10.9 The accumulated balance in an MEA may be carried forward from year to year. Over a number of years this may build to a sizeable sum, and may be used to pay for major ministry related expenses, e.g. a new motor vehicle.

Taxation implications

10.10 If ministry related expenses are paid direct or reimbursed to a member of the ministry staff through an MEA in the manner set out in this section, any benefit will be regarded by the ATO as an exempt benefit. As the payment is an exempt benefit no FBT will be payable and the member of the ministry staff is not liable to income tax on the value of the benefit. Exempt fringe benefits are not reported on annual payment summaries.

10.11 It is recommended that churchwardens and parish treasurers also refer to the *GST – A Guide for Parish Treasurers* in relation to the availability of input tax credits of ministry expenses paid through an MEA. Where input tax credits are claimed in for expenses paid through an MEA the benefit of those credits should be added to the balance of the MEA.

Dedicated credit cards

- 10.12 Many parishes make use of a dedicated credit card for those expenses which may be paid from the MEA and have found that this simplifies the administration of the MEA. Some corporate credit cards provide detailed information about the GST component in every item charged to the card. In such cases the ATO may accept the credit card monthly statement as sufficient documentation to support the parish's claim for input tax credits (refer GST Ruling GSTR 2000/26 and GSTR 2000/26A – www.ato.gov.au). If any other credit card is used the member of the ministry staff holding the card should supply the original tax invoices supporting charges on the card to the parish to support the latter's claim for input tax credits.

Termination

- 10.13 If the member of the ministry staff moves to another parish, any balance of the MEA not paid into an MEA operated by the new parish must be paid direct to the member of the ministry staff and will attract income tax.
- 10.14 If the member of the ministry staff resigns or moves into retirement any balance of the MEA not used to meet expenses is to be paid direct to the member of the ministry staff. This payment will attract income tax although concessional tax treatment for retirees may be available in some circumstances (professional advice should be obtained).
- 10.15 If the member of the ministry staff dies, any balance of the MEA not used to meet expenses of the member of the ministry staff or their estate is to be paid to the estate. This payment will attract income tax although concessional tax treatment may be available in some circumstances (professional advice should be obtained).

11. Superannuation

- 11.1 The superannuation contributions for 2007 are –

	Superannuation Contribution \$ pa
Minister	8,052
Assistant ministers and lay ministers with 7 or more years	8,052
Other assistant ministers and lay ministers	7,247

Superannuation Choice

- 11.2 From 1 July 2006, superannuation choice was made available to ministers and assistant ministers under the terms of the Sydney Diocesan Superannuation Fund Amendment Ordinance 2005 (Ordinance). Under the Ordinance ministers and assistance ministers can -
- (a) Give a Choice Notice, nominating one complying Alternate Fund to the existing fund to which contributions are presently made to through the Parish Cost Recoveries System;
 - (b) Exercise one Choice Notice per 12 months.

For further information please contact Colin Murphy, Clergy Services Officer on 9265-1560 or cjm@sydney.anglican.asn.au

- 11.3 Superannuation contributions for ministers and assistant ministers are funded through the Parish Cost Recoveries system. Superannuation for lay ministers must be paid directly by the parish to the relevant complying superannuation fund of the lay ministers choice.

- 11.4 The superannuation contributions are in addition to the payment of a stipend. The contributions include the contributions required for the superannuation guarantee charge (SGC).
- 11.5 Parishes are reminded that generally they must pay employer superannuation contributions (minimum 9% of pre-tax stipend/salary) in respect of all employees including lay ministers, student ministers, administrative and other staff. The current exceptions are if the employee is –
- paid less than \$450 in a calendar month,
 - aged 70 or over,
 - aged under 18 and working less than 30 hours per week,
 - performing work of a domestic or private nature for less than 30 hours per week (eg part time nanny or housekeeper).
- 11.6 Refer to section 6.11 to 6.12 for guidance on additional superannuation contributions being made by stipend sacrifice.

Government Superannuation Co-contribution

- 11.7 Eligible ministry staff can make additional after-tax superannuation contributions that may entitle them to a further contribution from the government. Refer to the ATO website (www.ato.gov.au/super) for further information.
- 11.8 Standing Committee recommends that ministry staff seek professional financial advice before proceeding to make additional superannuation contributions in this manner.
- 11.9 Information about superannuation contributions and superannuation generally can be obtained from the Clergy Services Officer, Colin Murphy, on 9265 1560 or cjm@sydney.anglican.asn.au.

12. Annual Leave

Entitlement for ministers and assistant ministers

- 12.1 Ministers and assistant ministers are entitled to 4 weeks annual leave for each period of 52 weeks during which the minister or assistant minister is licensed to a parish.
- 12.2 Generally, annual leave should be taken before the expiry of two years after the date on which the leave entitlement accrued.
- 12.3 As far as possible leave should only be taken after consultation with the churchwardens and only after suitable arrangements have been made for a person or persons to perform the minister's or assistant minister's duties in that person's absence.
- 12.4 During any period of annual leave, a minister or assistant minister must be paid his or her ordinary stipend and be provided with any allowances or benefits to which he or she may be entitled.
- 12.5 Where a minister who has leave entitlement retires, resigns or dies, they or their legal personal representative (as the case may be) shall be paid a sum calculated by reference to the value of the stipend of such minister for the period of such leave entitlement. All allowances and MEA entitlements should be paid up to the date of retirement, resignation or death. PAYG tax should be deducted as applicable.
- 12.6 Further details may be found in the Annual Leave Ordinance 1983.

Entitlement for lay ministers

- 12.7 Under the Annual Holiday Act 1944, a lay minister is entitled to 4 weeks leave at the end of each year of the lay minister's employment with the parish. The lay minister must be paid his or her stipend during the period of annual leave and receive allowances or benefits to which he or she may be entitled.
- 12.8 The NSW Department of Industrial Relations can provide guidance on the provisions of the Act. The Department can be contacted on 131 628 or www.industrialrelations.nsw.gov.au

Leave Loading

- 12.9 Having regard to common community practice, a loading on annual leave is not considered appropriate for ministry staff. However, persons employed under an award (e.g. an office administrator) will be entitled to the payment of an annual leave loading if the award so prescribes.

13. Long Service Leave

Ministers and assistant ministers

- 13.1 Ministers and assistant ministers are entitled to long service leave under the Long Service Leave Canon 1992 ('the Canon'). In general terms, the leave entitlement is 10 weeks for 10 years of service. Entitlements may be carried from one parish or organisation to another if the required contributions are paid to the General Synod Long Service Leave Fund.
- 13.2 The annual contributions to the General Synod Long Service Leave Fund are presently paid by the Synod and are recovered from parishes by way of the recoveries of parish ministry/property expenses through the Parish Cost Recoveries System. When a minister or an assistant minister takes long service leave, the parish must continue to pay the stipend, appropriate allowances or benefits at the current diocesan rate. A claim is made on the General Synod Long Service Leave Fund through the diocesan office. The proceeds of the claim are paid to the parish to enable it to engage temporary assistance while the person is on leave. A supplementary allowance is presently paid by the Fund to ministers and assistant ministers on leave.
- 13.3 Allowances and benefits may be adjusted to reflect the "non-expended" portion while the minister or assistant minister is on leave. For example, the fixed component of the travel allowance or benefit would continue to be paid but the running cost component need not be paid.
- 13.4 Further details on the operation of the General Synod Long Service Leave Fund can be obtained from the Clergy Services Officer, Colin Murphy on 9265 1560 or cjm@sydney.anglican.asn.au

Lay Ministers

- 13.5 Lay ministers are entitled to long service leave under the Long Service Leave Act 1955 ('the Act') and the Long Service Leave Ordinance 1973. Generally, the leave entitlement is 13 weeks for 15 years of service but leave can be taken pro-rata after 10 years. When a lay minister takes long service leave, the parish must pay the stipend, allowances and benefits at the current rate (see 13.2 above).

Ordinance requirements

- 13.6 The requirements laid down by the Standing Committee under the Long Service Leave Ordinance 1973 stipulate that the churchwardens of the principal church in each parish

must certify in their annual return that adequate provision has been made to cover any liability the parish may have for long service leave.

- 13.7 The Ordinance also specifies that if a lay minister transfers to another parish or organisation constituted by ordinance or resolution of Synod, the parish concerned must pay to the parish or organisation to which the lay minister is transferring, 2% of the product of the stipend or salary (per annum) of the lay minister at the time of the transfer and the period of his or her continuous service in parishes and/or organisations in the Diocese, expressed in years and fractions thereof.
- 13.8 The Standing Committee recommends that upon ordination the accumulated benefits held by a parish or organisation representing the long service leave entitlement of a lay minister be used to 'buy back' the appropriate number of years of service in the General Synod Long Service Leave Fund.

14. Stipend Continuance Plan and Workers compensation

Ministers and Assistant Ministers

- 14.1 Ministers and assistant ministers are not "workers" for the purposes of the Workers Compensation Act and, accordingly, are not entitled to benefits under that Act. Therefore, they should not be included in the annual form completed for your chosen workers compensation insurer.
- 14.2 If a minister or assistant minister is unable to perform his or her duties due to sickness or accident, the parish must continue to pay the agreed stipend until the minister or assistant minister recovers or a course of action can be mutually agreed upon (eg. early retirement, superannuation etc). In the case of prolonged illness financial assistance may be available to the parish through the Sickness and Accident Fund (see section 15 below).
- 14.3 Where a minister or assistant minister, under the age of 65, suffers a permanent disability, the Stipend Continuance Plan (SCP) provides the minister or assistant minister with an amount equal to 75% of a standard stipend package applicable at the date of the disability. Payments under the SCP commence 3 months after the permanent disability occurs and continue until age 65 or earlier death. Payments are indexed in line with the annual movements in CPI or at the rate of 5% per annum, whichever is the lesser. The cost of the SCP is included in the Parish Cost Recovery charge.
- 14.4 The SCP does not cover expenses (such as medical or hospital) which are incurred by a minister or assistant minister and so each minister and assistant minister should ensure that they have adequate medical and hospital cover. A basic cover is provided by Medicare.
- 14.5 Requests for further information may be directed to the Clergy Services Officer, Colin Murphy on 9265 1560 or cjm@sydney.anglican.asn.au.

Lay Ministers

- 14.6 As lay ministers are employees and hence "workers" for the purposes of the Workers Compensation Act, the churchwardens must purchase workers compensation insurance cover for all lay ministers. This is a legal obligation which is not negotiable.
- 14.7 With the agreement of the parish, lay ministers can participate in the Stipend Continuance Plan. The premium costs for lay ministers will be invoiced separately to the parish by the Parish Services division of the Secretariat.

15. Sickness and Accident Fund

- 15.1 The Diocese operates a Sickness and Accident Fund (SAF) under which a parish may be reimbursed for some of the additional costs incurred while a minister or assistant minister is unable to carry out his or her normal duties. No claim can be made on the SAF for the first 4 weeks (15 days for total incapacity) of an absence. Thereafter benefits are payable for absences up to a maximum of 6 months for partial incapacity and 12 months for total incapacity.
- 15.2 Further details may be found in the Sydney Diocesan Sickness and Accident Fund Ordinance 1969 and enquiries about the SAF should be made to the Clergy Services Officer, Colin Murphy on 9265 1560 or cjm@sydney.anglican.asn.au

16. Parental Leave

- 16.1 All lay ministers with at least 12 months of continuous service are entitled to maternity leave, paternity leave or adoption leave (as appropriate) under the Industrial Relations Act 1996.
- 16.2 The NSW Department of Industrial Relations can provide guidance on the provisions of the Act. The Department can be contacted on 131 628 or www.industrialrelations.nsw.gov.au
- 16.3 Ministers and assistant ministers should discuss with their parish council the amount of leave to be taken in these instances.

17. Presentation and Exchange Ordinance 1988

- 17.1 Parishes are reminded that under clause 8(1)(b) of the Presentation and Exchange Ordinance 1988 a parish may elect parish representatives to the Presentation Board only if during the 12 months immediately before the election, the minister was paid at least the minimum stipend, and was paid a travelling allowance or provided with a travel benefit in accordance with the diocesan scale and was provided with a residence approved by the Archbishop. If a minister is to move to another residence, the approval of the Archbishop must be obtained before the move if the right of presentation is to be retained. Under clause 15(1)(b), a parish only has rights of presentation if during the period from the election of the parish representatives until the occurrence of the vacancy, the rector was paid the amounts previously mentioned in this item.

18. Part Time Pastoral Workers

- 18.1 Part time pastoral workers, whether clergy or lay, who are remunerated for their services should be paid at the rate of \$150 per day, subject to any relevant award.
- 18.2 The worker should also be paid a travelling allowance at the rate of 75 cents per kilometre for kilometres travelled in performing their duties.
- 18.3 Other allowances, such as housing and related costs, education and professional development costs, work related expenses, superannuation and an allowance for sick, annual and long service leave should be provided where appropriate and agreed upon by all parties.
- 18.4 Workers compensation insurance cover must be arranged by the parish.

19. Student Ministers

19.1 The recommended remuneration for student ministers for 2007 is -

	\$ pa
Working one full day per week	\$5,920

If a student minister works more than one full day then the rate payable is pro-rata the full day rate.

19.2 Transport costs (whether private vehicle or public) should be paid by the parish. Where extensive travel time is involved, consideration should be given to paying for the travel time.

19.3 Where a student minister serves for a half day in addition to a full day, account should be taken of the additional time and cost in travelling and care taken to ensure that the student minister is not disadvantaged by the additional expense.

19.4 Arrangements should be made to ensure student ministers are provided with appropriate hospitality. For example, appropriate breaks should be provided especially in long working days.

19.5 Preparation time adds to the total time incurred in service for the parish and should be allowed for when the amount of payment is considered.

19.6 Superannuation contributions are payable if the remuneration exceeds \$450 per month.

19.7 By arrangement with the student minister the parish may agree to pay college fees (tuition, boarding, etc) on behalf of the student minister in lieu of part of the normal remuneration. If such fees are paid they should be considered an exempt fringe benefit (refer section 4.3) provided -

(a) the student is a ministry candidate and/or holds the Archbishop's licence, or is an independent candidate undertaking the same course of study as required for a ministry candidate, and

(b) the benefit is only applied to paying fees and the provision of accommodation/board.

20. Remuneration for occasional services

20.1 The recommended rates for ministers or assistant ministers who take occasional services are -

	\$
For one service	75
For two or more services in a half day	100
For a whole day	150

20.2 This recommendation applies to assist in determining the remuneration to be paid by a parish to a minister or assistant minister, not licensed to that parish, who takes a service in a church in that parish. This recommendation does not condone fees commonly known as surplice fees.

20.3 Where a minister or assistant minister is invited to take, or assist in, services in a church outside their parish any payment for the services of that minister or assistant minister should be made to the parish to which the minister or assistant minister is licensed or employed rather than to the minister or assistant minister himself or herself.

- 20.4 If the total return journey of the minister or assistant minister taking the occasional service is not more than 75 kilometres, a travelling allowance of 75 cents per kilometre should be paid. If further kilometres are travelled, the amount of the travelling allowance should be determined at a rate mutually agreed upon between the parish and the minister or assistant minister concerned.
- 20.5 Consideration should be given to reimbursing tolls incurred and providing meals where necessary.
- 20.6 As pension benefits may be reduced according to other income received, the recommended rates are open to negotiation between the minister or assistant minister and the parish.

Interim Rectors and Locum Tenens Appointed under Clause 59 of the Church Administration Ordinance 1990

- 20.7 The daily rate is \$150 but is subject to negotiation by the parties concerned. An adequate amount for reimbursement of travelling costs must be negotiated. In appropriate circumstances consideration may be given to providing a travel benefit in lieu of paying a travel allowance (refer sections 7.8 to 7.12).

21. Special PAYG withholding rules

Payments for locums/relieving services

- 21.1 The parish is required to withhold tax and prepare an individual PAYG payment summary for all locums and clergy who take occasional services and include these in its annual reporting, which will mean that they should obtain an employment declaration from the individuals or at least collect and retain name and TFN details. The only exception is if the individual provides services for not more than 2 days in the quarter there is no requirement to withhold tax from the payments, but the parish will still need to prepare an annual payment summary for this individual.

Travel Allowances

- 21.2 A parish is not required to withhold tax on the first 5,000 kilometres of travel allowance it pays annually to each payee provided –
 - (a) the payee is expected to incur expenses that may be able to claimed as a tax deduction at least equal to the amount of the allowance, and the payee is able to substantiate the deduction claimed;
 - (b) the amount and nature of the allowances is shown separately in the accounting records of the parish; and
 - (c) the rate paid is no more than the rates prescribed by the ATO. The ATO rates for 2006 (based on engine capacity) are: -

Engine Capacity	Cents per kilometre
1.6 litre or less	55 cents
1.601 litre – 2.6 litre	66 cents
2.601 litre and over	67 cents

Note however, the Standing Committee has recommended a travelling allowance of 75c per kilometre (which is greater than the rate prescribed by the ATO) and therefore if the recommended rate is used the parish is required to withhold tax on the whole of any travel allowance paid.

- 21.3 The parish is required to include the allowance on the individual’s PAYG payment summary and in its annual reporting.

- 21.4 The comments in 21.3 and 21.4 above relate only to travelling allowances; a travel benefit provided to a member of the ministry staff in accordance with the recommendations for MEA's in section 10.2(a) is not subject to PAYG.

Other Allowances

- 21.5 A parish will not be required to withhold tax on other allowances paid provided the payee is able to match with tax deductions that are at least equal to the value of the allowance. The payee must be able to substantiate the tax deductions claimed and the amount and nature of the allowance must be shown separately in the accounting records of the parish.
- 21.6 The parish will be required to include the allowance on the individual's payment summary and in its annual reporting.

Senior Australians Tax Offset

- 21.7 Members of the ministry staff over the pension age (65 for men and 63 for women) may be eligible for the Senior Australians Tax Offset. Provided the tax offset is not claimed elsewhere, they would claim the tax offset from one payer (e.g. parish) when they fill in a new withholding declaration and the parish should then use the special tax table for senior Australians.
- 21.8 An individual can only claim the tax offset through one payer (e.g. parish), however the individual can make an application to the ATO enabling them to claim the tax offset through a number of payers. If they choose to do this option, the individual must lodge an application for variation of amounts to be withheld under PAYG Withholding with the ATO. It is up to the individual member of the ministry staff to advise their payers to claim the approved variation.

More information can be found in the ATO publication called '*Senior Australians Tax Offset*' which can be found on the ATO's web site – www.ato.gov.au

MICHAEL NEWMAN
Manager, Clergy & Church Support Services
Phone: 02 9265 1680
Email: mwn@sydney.anglican.asn.au