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Guidelines for the Remuneration of Parish Ministry Staff for 2004 - 18 November 2003

As foreshadowed in the circular dated 30 September 2003, at its meeting on Monday 17 November 2003 the Standing Committee approved the following **Guidelines for the Remuneration of Parish Ministry Staff for 2004** incorporating the minimum stipends, allowances and benefits for 2004.

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1. Recommended Minimum Stipends, Allowances and Benefits for 2004

	<u>2004</u>	<u>2003</u>
Minimum Stipends		
Ministers	\$41,128	\$39,622
Assistant ministers and lay ministers -		
first and second year	\$34,959	\$33,679
third and fourth year	\$37,015	\$35,660
fifth and subsequent years	\$39,072	\$37,641
Travelling allowance and benefits		
Fixed component	\$7,457	\$7,457
Variable component (per 1000 km)	\$145	\$145
Superannuation contributions		
Ministers	\$7,000	\$6,744
Assistant ministers and lay ministers with more than 7 years experience	\$7,000	\$6,744
Other assistant ministers and lay ministers	\$6,300	\$6,070
Remuneration for part time pastoral workers, occasional services and locums		
For one service	\$70	\$70
For two or more services in a half day	\$90	\$90
For a whole day	\$135	\$135
Travel allowance (per kilometre)	65c	65c
Student Ministers		
Working 1 full day per week	\$5,141	\$4,953

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 and allowances and benefits which the Standing Committee has approved with effect from 1 January 2004. It is the responsibility of your parish council to determine stipends, allowances and benefits for your ministry staff.

2.2 Recent changes to tax legislation in particular have made remuneration issues more complex and these guidelines are intended to assist ministers, churchwardens and parish councils understand their responsibilities and determine the most appropriate remuneration for their ministry staff.

2.3 These guidelines are generally consistent with the guidelines published in 2002 by the National Anglican Resources Unit.

2.4 These guidelines are only applicable to ministry staff in parochial units in the Diocese of Sydney. Different tax rules will, or may, apply to other staff. Accordingly these guidelines do not apply to administrative or support staff employed by those parochial units, nor to ordained people employed by organisations other than those parochial units.

2.5 Additional copies of this circular are available by telephone (9265 1646) and from the Diocesan web site www.sydney.anglican.asn.au. Questions for clarification or other inquiries should be directed to MARTIN THEARLE by phoning 9265 1682 or e-mail mrt@sydney.anglican.asn.au.

3. Terminology

3.1 For the purposes of these guidelines –

Ministry staff is a term encompassing ministers, assistant ministers, lay ministers and locums.

Minister means a priest licensed to a parochial unit as rector or curate-in-charge.

Assistant minister means a deacon or priest licensed to a parochial unit as an assistant minister or curate and employed on a full-time basis to assist a minister.

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 is employed on a full-time basis to assist a minister.

Locum means a person appointed as locum tenens under clause 59 of the [Church Administration Ordinance 1990](#).

Parochial unit means a parish or provisional parish in the Anglican Diocese of Sydney constituted or recognised under the [Parishes Ordinance 1979](#) or a church in the Anglican Diocese of Sydney recognised under the [Recognised Churches Ordinance 2000](#).

3.2 The definitions in paragraph 3.1 reflect the fact that these guidelines apply to the remuneration of parish ministry staff only. Nothing in these guidelines is intended to limit the meaning of terms used in tax legislation, particularly in other contexts. The Anglican Church also regards its bishops, assistant bishops and archdeacons (among others) as being 'religious practitioners' for the purposes of the tax legislation. These guidelines however, are limited to the remuneration of parish ministry staff.

3.3 In these guidelines –

ABN means Australian Business Number

ATO means the Australian Tax Office

FBT means Fringe Benefits Tax

GST means Goods and Services Tax

PAYG means Pay As You Go Tax

TFN means Tax File Number

4. Taxation treatment of ministry staff - overview

4.1 New legislation dealing with the taxation treatment of ministry staff was introduced in August 2001. The amendments were intended to ensure that members of the ministry staff who are not employees at common law will be treated in the same way as employees for income tax purposes. Remuneration received by a member of the ministry staff from a parochial unit will be treated as follows.

4.2 Payments to a member of the ministry staff for activities done in the pursuit of a vocation as a religious practitioner and as a member of a parochial unit will be subject to PAYG withholding.

4.3 A parochial unit making a payment to a member of the ministry staff for the performance of such activities is required to make PAYG withholding deductions and will be required to issue a PAYG payment summary to the member of the ministry staff at the end of the tax year. (See section 21 for special PAYG withholding rules that apply to certain payments.)

4.4 Under the ABN and GST laws all activities performed by a member of the ministry staff as a member of a parochial unit will be taken to be the activities of parochial unit. As a result the member of the ministry staff will not be eligible to register for GST or an ABN for these activities. Members of the ministry staff may be entitled to an ABN for other activities if they satisfy the criteria for recognition as an enterprise.

4.5 Fringe benefits provided by a parochial unit 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.

5. Elements of remuneration

5.1 The remuneration paid or provided by a parochial unit to a member of the ministry staff for their pastoral or related duties usually consists of one or more of the following elements –

- (a) the payment of a stipend,
- (b) the provision of housing, the provision of a housing benefit or the payment of a housing allowance,
- (c) the use of a fully maintained motor vehicle, the provision of a travelling benefit or the payment of a travelling allowance,
- (d) the payment of utilities such as telephone, electricity and gas, and
- (e) other benefits such as the making of contributions to a superannuation fund, and the provision of sick leave, annual leave, long service leave and parental leave.

5.2 The remainder of these guidelines discuss the elements of the remuneration package and other ministry related payments that a parochial unit may provide or pay for members of the ministry staff.

6. Stipend or salary

Payment of a stipend

6.1 The minimum stipend for ministry staff in 2004 has been increased by 3.8%. This means that the minimum stipends for 2004 are –

	% of Minister's Minimum Stipend	Minimum Stipend \$ pa
Minister	100	41,128
Assistant ministers and lay ministers		
..... first and second year.	85	34,959
..... third and fourth year.	90	37,015
..... fifth and subsequent years.	95	39,072

6.2 The actual stipend paid should be increased above the relevant 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 by the parish council; there is no diocesan recommendation.

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 be paid no later than the 15th of the month.

Tax treatment of stipend or salary

6.5 Stipend or salary 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 parochial unit's Business Activity Statement. A PAYG payment summary must be issued at the end of the tax year.

What are stipend or salary sacrifice arrangements?

6.6 A stipend or salary sacrifice arrangement is one where a member of the ministry staff and their parochial unit agree that the staff member will forego the payment of a portion of their cash stipend. In return, the parochial unit 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 parochial unit 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 parochial unit paying the stipend must deduct and remit tax to the ATO, at the appropriate marginal rate of tax. 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 parochial unit. (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. There is a precedent for the government acting in this way. Until recently, a tax exemption allowed public benevolent institutions to provide generous salary sacrifice arrangements and other non-cash benefits to their employees. The government became concerned about the extent to which those arrangements resulted in a loss of tax revenue and, as a consequence, amending legislation was passed to limit the scope of the exemption. While the new limits on the tax exemption for public benevolent institutions do not apply to stipend sacrifice arrangements for members of the ministry staff, the example is instructive.

6.9 The Stipends and Allowances Committee recommends the portion of the stipend sacrificed should not exceed 30% of the recommended 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 minister and lay ministers as defined in 3.1 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. Administrative staff employed in parochial units do not qualify for these arrangements.

6.11 Currently, the tax legislation does not limit the types of expenses which can be paid to third parties on behalf of religious practitioners in the form of salary sacrifice benefits. However, it is important that the Church observes reasonable limits on the nature of those expenses. Refer section 10. below for a detailed discussion of the use of MEA.

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 parochial unit 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 parochial unit

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

7.3 If the parochial unit 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 (eg. is it unlimited kilometres? What about 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 owned and maintained by the parochial unit, 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 2004 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 \$145 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 MARTIN THEARLE on 9265 1682 or mrt@sydney.anglican.asn.au.

7.6 Examples of the value of the travel benefit or the amount of the travelling allowance from 1 January 2004 for various distances travelled are –

Distance (kms)	Fixed Component \$	Running Costs \$	Travel Benefit or Allowance \$
5,000	7,457	725	8,182
10,000	7,457	1,450	8,907
12,000	7,457	1,740	9,197

7.7 In addition to the travel benefit or allowance it is recommended that the parochial unit should also reimburse the member of the ministry staff for the cost of tolls incurred in ministry related travel.

Guidelines for implementing travel benefits

7.8 The parish should make payments (which may be made through an MEA) either direct to a third party or to reimburse the member of the ministry staff for permitted expenses.

7.9 Any amounts paid in cash to the member of the ministry staff, other than to reimburse for the expenses which they have actually incurred, are treated in the same way as stipend and subject to PAYG tax.

Taxation implications

7.10 Payments of a travelling allowance are taxable income in the hands of the member of the ministry staff, and PAYG deductions from those payments are required to be made. However, the member of the ministry staff may be able to claim deductions for travelling expenses they incur, in accordance with the tax legislation.

7.11 If travel benefits are provided in lieu of an allowance, these are exempt benefits and not subject to tax under current tax legislation.

7.12 A member of the ministry staff is not normally entitled to claim a personal tax deduction for an expense that is paid by a parochial unit. However personal tax deductions may be claimed for depreciation in relation to assets used in the performance of ministry related duties.

8. Housing and accommodation

8.1 For a minister, the parochial unit must provide a residence (rectory) as approved by the Archbishop. However, the Archbishop has indicated that he will carefully consider an application for a minister to live other than in the rectory, provided that the parochial unit maintains ownership and availability of a rectory standard residence.

8.2 If any other member of the ministry staff is not provided with a residence the parochial unit should provide an accommodation benefit or pay a housing allowance up to an agreed value. All payments made or benefits provided by the parochial unit must be fully and properly documented.

8.3 A parochial unit may agree to provide an accommodation benefit to an assistant minister or lay minister by –

- (a) directly making payments to a landlord from an MEA in respect of rent payable for a property in which the assistant minister or lay minister resides; or

- (b) directly making payments to a lending authority from an MEA in respect of a loan to the assistant minister or lay minister concerned, such loan having been taken out for the purposes of acquiring the property; or
- (c) reimbursing the assistant minister or lay minister concerned from an MEA for a payment made by the person to a lending authority in respect of a loan taken out for the purpose of acquiring the property.

8.4 A parochial unit may agree to pay a housing allowance to an assistant minister or lay minister.

Taxation implications

8.5 The provision of a residence to a member of the ministry staff is an exempt benefit and not subject to tax under current tax legislation.

8.6 The provision of accommodation benefits to a member of the ministry staff up to an agreed value are exempt benefits and will not be subject to tax under current tax legislation.

8.7 Payments of a housing allowance are 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.

9. Electricity, Water, Gas, Telephone, Hospitality, Books & Conference Costs

9.1 A parochial unit and the member of the ministry staff should agree in advance the extent to which the parochial unit will pay for these expenses. In determining the extent to which a parochial unit will pay for these expenses the following guidelines apply –

- 9.1.1 A parochial unit should pay for a portion of electricity, water and gas expenses if the rectory or residence is used extensively for parish business.
- 9.1.2 A parochial unit should pay telephone expenses relating to rental and parish calls.
- 9.1.3 A parochial unit should pay hospitality expenses if it is clear a ministry of hospitality is exercised.
- 9.1.4 A parochial unit should pay book and conference costs to the extent that these costs clearly relate to ministry.

Guidelines for implementing these payments

9.2 A parochial unit may make a direct payment of the agreed expenses, with the member of the ministry staff reimbursing the parochial unit for any private expenditure component, or alternatively, a parochial unit may 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 parochial unit may instead determine to pay an agreed allowance to the member of the ministry staff.

Taxation implications

9.4 The direct payment or reimbursement of expenses (as in 9.2) should be treated as exempt benefits and are therefore not subject to tax under the current tax legislation.

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 member of the ministry staff, and PAYG deductions from those payments are required to be made. However, the member of the ministry staff may be able to claim deductions for expenses they incur, in accordance with the tax legislation.

10. Ministerial Expense Accounts (MEA)

10.1 Ministerial expense accounts are a way of keeping account of ministry related expenses.

10.2 The Stipends and Allowances Committee recommends that only the following expenses are to be paid by a parochial unit on behalf of a member of the ministry staff from an MEA –

- 10.2.1 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 (excluding holiday travel); 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;
- 10.2.2 Costs associated with the upkeep of the residence in which the member of the ministry staff lives, eg. electricity, water, gas, insurance, rates and maintenance;
- 10.2.3 Education, professional development, supervision, mentoring and professional de-briefing costs for the member of the ministry staff, including but not limited to books, tapes, conference fees, and camps;
- 10.2.4 Ministry related expenses including but not limited to telephone, fax etc, subscriptions, periodicals, newspapers, computer software and hardware, provision of office furniture, office equipment and office supplies, clerical clothing, vestments, cleaning and maintenance, hospitality, gifts made in relation to ministry and other expenses incurred in respect of a member of the ministry staff's duties;
- 10.2.5 Additional payments to the members of the ministry staff's superannuation fund;
- 10.2.6 Education expenses (excluding tertiary education) of the member of the ministry staff's children.

10.3 In many of the above categories, expenses are paid by the parochial unit from the churchwardens' general account independently of any stipend, allowances or benefits provided to the member of the ministry staff. These arrangements should be continued.

Administrative arrangements

10.4 All amounts transferred to a 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.

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 (which is preferable), the member of the ministry staff, must not be able to operate the account 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 parochial unit. Any interest earned on the MEA (if a separate bank account) is church trust property and must be accounted for by the churchwardens.

10.7 Where a separate bank account is maintained, amounts should be transferred to the MEA on a periodic basis to enable the permitted expenses to be met. If a separate bank account is not opened, the churchwardens must ensure that the balance in the parochial unit's bank account is sufficient to enable permitted expenses to be met.

10.8 Receipts for expenses must be kept for parochial unit audit purposes and for 7 years after so that if the member of the ministry staff or parochial unit 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 part or all of the purchase price of a new motor vehicle at the appropriate time or to pay or reimburse repayments of a loan taken out by the member of the ministry staff to finance the purchase of the 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 *Parish Treasurer's Manual - GST* in relation to the availability of input tax credits in relation to ministry expenses paid through an MEA.

Corporate credit cards

10.12 Many parochial units make use of a 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. 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 parochial unit to support the latter's claim for input tax credits.

Termination

10.13 If the member of the ministry staff moves to another parochial unit, any balance of the MEA not paid into a MEA operated by the new parochial unit is to be paid to the member of the ministry staff etc and will attract income tax.

10.14 If the member of the ministry staff moves into retirement or to a secular position, any balance of the MEA not used to meet expenses is to be paid to the member of the ministry staff. This payment will attract income tax although concessional tax treatment 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 determined for members of the ministry staff for 2004 are –

	Superannuation Contribution \$ pa
Minister	7,000
Assistant ministers and lay ministers with 7 or more years experience	7,000
Other assistant ministers and lay ministers	6,300

11.2 Superannuation contributions for ministers and assistant ministers are funded through the recoveries of parish ministry/property expenses through the Parochial Cost Recoveries Ordinance 2003. Superannuation for lay ministers must be paid directly by the parochial unit, in most cases to Anglican Super Fund - Sydney (ASF).

11.3 The superannuation contributions are in addition to the payment of a stipend not less than the minimum stipend. The contributions include the contributions required for the superannuation guarantee charge (SGC).

11.4 Parochial units 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 unless 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).

11.5 Information about superannuation contributions and superannuation generally can be obtained from Juliet Wenden or one of the other members of the superannuation team on 9265 1683 or superannuation@sydney.anglican.asn.au

12. Annual Leave

Entitlement for ministers and assistant ministers

12.1 Under the Annual Leave Ordinance 1983, 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 parochial unit.

12.2 Generally, annual leave must be taken before the expiry of 2 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 resigns or dies, he or his legal personal representative (as the case may require) shall be paid a sum equal to the ordinary stipend and any allowances of such minister for the period of such leave entitlement.

Entitlement for lay ministers

12.6 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 parochial unit. 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.

12.7 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.dir.nsw.gov.au

Leave Loading

12.8 Having regard to common community practice, a loading on annual leave may not be considered appropriate for ministry staff. However, persons employed under an award will be entitled to the payment of an annual leave loading if the award so prescribes.

13. Long Service Leave

Ministers, assistant ministers and deaconesses

13.1 Ministers, assistant ministers and deaconesses are entitled to long service leave under the Long Service Leave Canon 1992. In general terms, the leave entitlement is 10 weeks for 10 years of service. Entitlements may be carried from one parochial unit 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 parochial units by way of the recoveries of parish ministry/property expenses through the Parochial Cost Recoveries Ordinance 2003. When a minister or an assistant minister takes long service leave, the parochial unit 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 parochial unit to enable it to engage temporary assistance while the person is on leave. A supplementary allowance is paid to ministers, assistant ministers and deaconesses on leave.

13.3 Allowances and benefits can 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 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 Juliet Wenden on 9265 1562 or jwenden@sydney.anglican.asn.au or 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 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 parochial unit 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 parochial unit must certify in their annual return that adequate provision has been made to cover any liability the parochial unit may have for long service leave.

13.7 The Ordinance also specifies that if a lay minister transfers to another parochial unit or organisation constituted by ordinance or resolution of Synod, the parochial unit concerned must pay to the parochial unit 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 parochial units and/or organisations in the Diocese, expressed in years and fractions thereof.

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.

14.2 If a minister or assistant minister is unable to perform his or her duties due to sickness or accident, the parochial unit 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).

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 6 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 either Juliet Wenden on 9265 1562 jwenden@sydney.anglican.asn.au or Colin Murphy cjm@sydney.anglican.asn.au (ph. 9265 1560).

Lay Ministers

14.6 As lay ministers are employees and hence "workers" for the purposes of the Workers Compensation Act, the churchwardens must take out workers compensation insurance cover for all lay ministers. This is a legal obligation which is not negotiable.

14.7 With the agreement of the parochial unit, lay ministers can participate in the Stipend Continuance Plan. The premium costs for lay ministers will be invoiced separately to the parochial unit by the Plan.

15. Sickness and Accident Fund

15.1 The Diocese operates a Sickness and Accident Fund (SAF) under which a parochial unit 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 Enquiries about the SAF should be made 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.dir.nsw.gov.au

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, 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 \$135 per day, subject to any relevant award.

18.2 The worker should also be paid a travelling allowance at the rate of 65cents 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 in appropriate circumstances.

18.4 Workers compensation insurance cover should be arranged by the parochial unit.

19. Student Ministers

19.1 The recommended remuneration for student ministers for 2004 is –

	\$ pa
Working one full day per week	5,141
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 parochial unit. 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 parochial unit 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.

20. Remuneration for occasional services and Locums

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

	\$
For one service	70
For two or more services in a half day	90
For a whole day	135

20.2 This recommendation applies to assist in determining the remuneration to be paid by a parochial unit to a minister or assistant minister, not licensed to that parochial unit, who takes a service in a church in that parochial unit. 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 parochial unit any payment for the services of that minister or assistant minister should be made to the parochial unit 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 65 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 parochial unit and the minister or assistant minister concerned.

20.5 Meals should be provided 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 parochial unit.

Acting Ministers and Locum Tenens Appointed under Clause 59 of the Church Administration Ordinance 1990

20.7 The daily rate is \$135 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 7.7 to 7.10).

21. Special PAYG withholding rules

Payments for locums / relieving services

21.1 A parochial unit will not be required to withhold tax on payments made to –

- a minister,
- assistant minister,
- lay minister, or
- a retired member of the clergy who holds a general licence or authority to officiate

for locum or relieving services performed for a period of not greater than (2) days in a quarter.

21.2 The parochial unit will, however, still be required to prepare an individual PAYG payment summary for the individual and include this in its annual reporting, which will mean that they should obtain an employment declaration from the individual or at least collect and retain name and TFN details.

21.3 While there is provision for the ATO to grant a parochial unit an exemption from the normal reporting requirements if the parochial unit is able to show a very strong case why it is unable to meet its obligation under the PAYG withholding legislation, it is expected such exemptions would be very rare.

Travel Allowances

21.4 A parochial unit 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 parochial unit; and
- (c) the rate paid is no more than the rates prescribed by the ATO. The ATO rates for 2002/2003 (based on engine capacity) are –

Engine Capacity	Cents per kilometre
1.6 litre or less	50 cents
1.601 litre - 2.6 litre	60 cents
2.601 litre and over	61 cents

Note however, the Stipends and Allowances Committee has recommended a travelling allowance of 65c per kilometre (which is greater than the rate prescribed by the ATO) and therefore if the recommended rate is used the parochial unit is required to withhold tax on the whole of any travel allowance paid.

21.5 The parochial unit is required to include the allowance on the individual's PAYG payment summary and in its annual reporting.

21.6 The comments in 21.4 and 21.5 above relate only to travelling allowances; a travel benefit provided to a member of the ministry staff in accordance with the recommendations for MEAs in section 10. is not subject to PAYG.

Other Allowances

21.7 A parochial unit 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 parochial unit. The parochial unit will be required to include the allowance on the individual's payment summary and in its annual reporting.

Senior Australians Tax Offset

21.8 Members of the ministry staff over the pension age (65 for men and 62 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 (eg. parochial unit) when they fill in a new withholding declaration and the parochial unit should then use the special tax table for senior Australians.

21.9 An individual can only claim the tax offset through one payer (e.g. parochial unit), 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.

MARTIN THEARLE
Deputy General Manager, Secretarial

18 November 2003