



Queensland Baptists

Ministerial Remuneration GUIDELINES For Registered Ministers

FOR ASSISTANCE PLEASE CONTACT

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Effective 1 July 2017

WHAT HAS CHANGED SINCE LAST RELEASE OF THIS DOCUMENT (on 1/7/16)

1. Remuneration benchmark increases to \$1,487.38 (page 2)
2. Accommodation Reduction increases to \$265 per week (page 2)
3. Changes in explaining how the Accommodation Reduction ought to be applied (pages 2&3)

PREPARING A REMUNERATION PACKAGE

The following Guidelines and Procedures are provided for the assistance for Churches and Ministers to set an acceptable basis for **negotiation** between Registered Ministers and Churches as part of the Pastoral Call process.

All matters relating to a Minister's Call are based on mutual agreement and trust with both parties seeking to know both God's will in the situation and that the other is satisfied with the arrangements.

THE REMUNERATION BENCHMARK

The Remuneration Benchmark is derived by increasing the previous year's benchmark by a factor calculated by taking the average of the Australian Average Weekly Earnings - Private Sector Ordinary Time Earnings and the All Groups Consumer Price Index - weighted average of all eight capital cities. Both indices are released by the Australian Bureau of Statistics from time to time and are published on its web site.

The guideline rate is recommended for a Registered Minister who has completed all of the study and experience requirements for Ordination or equivalent and is serving full time in a constituent church of Queensland Baptists. It should be applied irrespective of whether ordination has actually taken place.

Remuneration Benchmark @ 1st July 2017: \$1,487.38 (per week)

ADJUSTMENTS TO THE REMUNERATION BENCHMARK

- 1. Senior Minister – Registered & Ordained** **Add 10%**
Registered Ministers who have been ordained (or equivalent) for 10 years or more, or who have a responsibility for the other pastoral team members (such as Associate Pastors or other pastoral staff). This figure recognises the increased responsibility involved in supervising pastoral staff and/or additional experience gained from years of service.
- 2. Registered Minister Unordained** **Reduction 15%**
Registered Ministers (as registered by QB's Ministerial Services Committee) in the early part of their ministry and prior to them completing a level of study that would enable them to be considered for ordination.
- 3. Accommodation Reduction** **\$265 per week**
The provision for housing is a matter of careful and mutually respectful negotiation between the Pastor and the Church. The intent of these guidelines for Senior/Solo Pastors is that the Church is responsible for providing suitable accommodation for the Pastor's family and the total remuneration paid is reduced by the above amount.

This may be achieved in a numbers of ways:

(a) If the Church owns suitable accommodation (a manse): The Pastor uses the manse and the Accommodation Reduction is deducted from the Remuneration Benchmark.

(b) If the Church does not own suitable accommodation but agrees to rent something suitable: The church should rent the premises and pay for it directly, but may deduct ONLY the accommodation reduction from the Remuneration Benchmark. Alternately it can be agreed that the Pastor rents a suitable property in his/her name, and the church pays additional exempt benefit equivalent to the total rental less the Accommodation Reduction.

(c) If the Church does not have suitable accommodation, and the Pastor owns or is willing to purchase a house: Generally, the Accommodation Reduction is simply not applied. However, if the Church is saving considerable money by not needing to provide accommodation, an agreed additional contribution may be made to the Pastor to assist with mortgage repayments. A suggested contribution would be around half of the mortgage repayments less the accommodation reduction.

(d) If the Church owns suitable accommodation but the pastor elects to reside elsewhere: This can be a complex scenario, and needs to be negotiated in good faith between the church and pastor as a part of the calling process. Guidelines for the negotiation process ought to include that the church is not significantly worse off compared to option (a), but that the Pastor's reasons for not wishing to use the Church's accommodation are declared and respected.

UPDATES TO THE REMUNERATION BENCHMARK

The Remuneration Benchmark figure is updated by the Administrative Services Group in May of each year to take effect from 1st July. Prior to 2012, the benchmark was updated twice per annum, but this now occurs on an annual basis only (ASG: June 2011).

In response to a review of the rate of increase in the remuneration benchmark, ASG has resolved at its May 2014 meeting to adjust the method of calculating the benchmark increase be the average of CPI and AWE:

Benchmark Increase = (AWE + CPI) / 2 where:

AWE: The Average Weekly Earnings Index published by the Australian Bureau of Statistics. The series utilised is known as the "national trend private sector full time adult average weekly ordinary time earnings" and is reviewed six-monthly.

CPI: The Consumer Price Index published by the Australian Bureau of Statistics. The series utilised is known as the "weighted average of eight capital cities – All Groups". This is the figure that generally headlines media coverage of inflation rates and therefore is widely recognisable.

Basis of this update's rate calculation: This update is based on the AWE update of February 2017 based on data effective Nov 2016, and the CPI update of March Quarter 2017 data published in April 2017. The AWE is 1.9% and CPI is 2.1%, giving a benchmark increase of 2.0%.

EXEMPT FRINGE BENEFITS

Pastors working at Queensland Baptist churches are deemed to be a "Religious Practitioner" as defined in subsection 136(1) of the Fringe Benefit Taxation Act Australia. Queensland Baptists recommends that eligible pastors are paid as:

50% cash (taxable) component and 50% exempt fringe benefits.

Exempt Fringe Benefits may be used for any incurred personal expenses of the pastor, but not taken in cash. Historically lists of “eligible” uses have been published, but there is no legal restriction on the use of exempt benefits. However, in stressing that the benefit cannot be taken in cash, this includes payments to accounts where the pastor has the ability to draw down that benefit as cash – such as a line of credit on a home, or cash advances on a credit card. This is difficult to enforce in a failsafe manner, but an understanding of the legal requirement and a commitment to comply ought to be sought.

In instances where a pastor is remunerated on a part-time basis, it does not contravene these guidelines to receive more than 50% of that remuneration as exempt fringe benefits, providing the total fringe benefits is not more than 50% of a fulltime stipend.

REPORTING INCOME (IMPLICATIONS OF EXEMPT FRINGE BENEFITS)

It is important to recognise that different organisations and Government departments will view Exempt Fringe Benefits differently when considering what a pastor’s “income” is. This issue is of significance in that often clerical staff members at these organisations do not understand exempt fringe benefits and consider them the same as employee fringe benefits. A summary of the position for various organisations is as follows.

Banks and other lenders: When indicating total income to a bank for consideration of the financial position of the pastor, the question is intended to ascertain the amount of personal money that the pastor has control over and therefore the entire stipend (including exempt fringe benefits) ought to be shown. It may be appropriate to itemise this as independent income so it can be verified by the bank, but in doing so the term “exempt fringe benefits for religious practitioners” ought to be used in full to avoid confusion with other types of fringe benefits.

ATO: In preparing group certificates and tax returns, the Tax Office is only interested in taxable income, and therefore exempt fringe benefits amounts ought not appear. Additionally – benefits administered and paid by the ATO for which a pastor may be eligible do not require the pastor to declare their exempt fringe benefit amount either. This includes Family Tax A and B payments.

Centrelink: Exempt Benefits amounts do not need to be reported to Centrelink as part of a family’s “adjusted taxable income” when determining their eligibility for Family Tax Benefit A and B. There is an extensive dealing with this in Network Edition 133, and it is recommended that Pastors familiarise themselves with this article prior to discussing the matter with Centrelink.

SUPERANNUATION

Superannuation contributions are to be calculated on total remuneration in compliance with the Superannuation Guarantee Rate and paid into the Pastor’s nominated fund. The proposed increases in the Superannuation Guarantee Rate have been adjusted by the 2014/15 federal budget. The table below sets out the currently approved rates:

Year Commencing:	Super Guarantee Rate:
1 st July 2017	9.5%
1 st July 2018	9.5%
1 st July 2019	9.5%
1 st July 2020	9.5%
1 st July 2021	10.0%
1 st July 2022	10.5%
1 st July 2023	11.0%
1 st July 2024	11.5%

1 st July 2025	12.0%
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Due to the Exempt Fringe Benefit issue, calculation of this amount for pastors is subject to interpretation. QB recommends that the contribution of the equivalent of 9.5% of the full Remuneration Guideline amount as follows:

Benchmark less 15% \$1264.27 * 9.5% = \$120.11 per week
 Benchmark \$1487.38 * 9.5% = \$141.30 per week
 Benchmark plus 10% \$1636.12 * 9.5% = \$155.43 per week

The application of Exempt Benefits to Pastors means their “take home” remuneration is higher than other people on the same gross pay. Consequently, Pastors receive less superannuation than another employee who “takes home” the same amount of cash. Churches may wish to fund additional superannuation contributions to ensure equivalence with other professionals that are similarly paid.

Benchmark less 15% is equivalent to \$1,587.28 * 9.5% = \$150.79 per week
 Benchmark is equivalent to \$1,907.38 * 9.5% = \$181.20 per week
 Benchmark plus 10% is equivalent to \$2,108.12 * 9.5% = \$200.27 per week

(These figures are calculated on the assumption that the 2014/15 tax scales remain in force. Adjustments from the tax scale changes in the 2017 Budget have not been taken into account.)

QB encourages churches to consider this level of payment if they are in a financial position to do so.

Additional Employee Contributions

A pastor may wish to make additional contributions to their superannuation fund and churches are encouraged to support them by facilitating this process as required. Professional advice ought to be sought by the pastor as to how to handle this issue.

Superannuation Reporting

From 1st July 2010, any superannuation contributions made over and above the contributions required to meet your Superannuation Guarantee Contribution responsibilities for an employee, need to be reported on the Payment Summary provided to your employees at the end of the financial year. This includes contributions made in accordance with the “Equivalence” option on page 5 above or any salary sacrifice contributions made by your employees.

OTHER ISSUES REGARDING REMUNERATION / BENEFITS:

- 1. Annual Leave** - Four weeks per year (No Leave Loading applies under these guidelines).
- 2. Telephone** - The telephone is an integral part of the minister’s effective functioning therefore the church should provide a telephone service to the minister’s home and/or a mobile phone at the church’s expense.

The minister should be responsible for the cost of any private calls made on these services, and an agreed method of determining these costs needs to be established.

- 3. Internet/Email facilities** - Internet/email is firmly established as the communication method

for society in general and in ministry. It is recommended that churches provide these facilities for the minister's use.

- 4. In-Service Training** - It is recognised that In-Service Training is an important part of the minister's ongoing effective ministry and it is therefore recommended that the church provide the following:
- a. 10 days per year for in-service training and the like plus travel time.
 - b. The actual in-service training event should be approved by the church prior to the minister undertaking such training and any reasonable expenses incurred by the minister be reimbursed by the church.

Examples of in-service training events are Pastors & Spouses Annual Conference, Training Courses provided through the Baptist Union and its Services Groups or other groups satisfactory to the Church Leadership.

- 5. Week-end Breaks** - Ministers may deem it appropriate to take short breaks away from the church other than the normal day off per week arrangement. This can be accommodated by the church granting four clear weekends per year in consultation with the church. Another option would be for an additional week of Annual Leave to be offered to the pastor.
- 6. Remote Areas Churches** may need to make consideration of their geographic location when agreeing a pastoral remuneration package. Particular terms and conditions would need to reflect the specific needs of the pastor being called, but could include church-funded return airfares to Brisbane on an annual basis, or an additional week of annual leave.
- 7. Part-time ministry arrangements** often cause difficulty in determining a suitable remuneration package. The following process provides a basis for determining a suitable remuneration package.
- a. Calculate a fulltime Remuneration Package as per the guidelines.
 - b. Determine the number of days to be worked in the week including Sunday if Worship Services are to be part of the ministry responsibilities.
 - c. Divide the total package amount by five (5) days and multiply by the number of days to be worked. The result will be the Remuneration Package Amount.
 - d. If an Exempt Fringe Benefit Remuneration Package is to be provided, apply the 50% rule (but see note in Exempt Benefit section).
- 8. Administering Exempt Benefits.** It must also be stressed that the onus is on the paying authority (the church) to correctly administer all Exempt Fringe Benefit payments. Documents supporting each transaction must be kept and be available including all individual receipts and invoices etc. attached to any credit card statement. All Exempt Fringe Benefit transactions should be kept entirely separate from any wages / stipends / cash payments.
- 9. Exempt Benefit Accounts.** Funds set aside for Exempt Fringe Benefits remain the property of the church until such times as the funds are expended on an item.

DOCUMENTING REMUNERATION, TERMS AND CONDITIONS

It is recommended that the remuneration package, terms and conditions be agreed between the church and the minister as part of the pastoral call arrangements and documented prior to the

commencement of a call.

PROCESSING MINISTERIAL EXEMPT FRINGE BENEFITS:

There are many ways in which exempt fringe benefits can be handled between the Church Treasurer and Pastor, and which one works better in each instance will vary. Three options have been outlined below, but are not exhaustive.

Option 1:

The pastor self-manages the use of their benefits and must keep records in case of an audit. This enables the pastor to use their benefit in their own way without the need for disclosure to any other party, but does place an administrative burden on the pastor.

1. The amount determined for Exempt Fringe Benefits is paid into a bank account that the Pastor is a signatory to. The account ideally ought to include the name of the church as well, as the balance is “officially” church money until spent.
2. The Pastor (or a nominated person – such as a spouse) may spend from this account as they choose to.
3. As the Church Treasurer has limited control of the account, the Pastor is responsible for ensuring all records are maintained to provide them if there was an audit announced.
4. As the Church Treasurer has no tax invoices, the GST cannot be claimed on expenditure

Note that Baplink can arrange for a suitable bank account and credit card access for a pastor if required.

Option 2:

The pastor submits tax invoices to the Church Treasurer for all expenditure, and is only charged the net amount for the purchases. This puts responsibility for administrative issues in the hands of the church, but the pastor must disclose all of their expenditure. It does theoretically increase the amount of benefit due to the reimbursement of the GST.

1. The amount determined for Ministerial Exempt Fringe Benefits is credited to a fund in the Church Accounts.
2. The minister submits tax invoices for goods or services they have purchased and the full amount is reimbursed to them.
3. The net amount (before GST) of the invoice is debited to the pastor’s exempt fringe benefit fund in the church accounts.
4. The GST component of the invoice is claimed on the next BAS submission by the church.
5. All paperwork is retained by the Church Treasurer in case of an audit.

Option 3:

The Pastor uses a credit card for purchases and submits the statement for reimbursement.

1. The amount determined for Ministerial Exempt Fringe Benefits is credited to a fund in the Church Accounts.
2. The Pastor has a separate credit card for purchases to be funded from Exempt Fringe

Benefits. This can be a personal card in the Pastor's name, or a Church card with the Pastor as signatory.

3. When the monthly statement is received by the Pastor or Church, it is paid by the Church Treasurer and the entire amount is debited to the exempt fringe benefit fund.
4. The statement is reviewed to ensure there is no inappropriate expenditure such as cash advances. The statement is then retained by the church in the event of an audit.
5. As the Church Treasurer does not have the tax invoices, no claim for the GST can be made under this option.

UNREGISTERED EMPLOYEES

Churches may employ people who are not Registered Ministers (with Queensland Baptists) to perform a variety of pastoral and non-pastoral responsibilities. While this guideline cannot deal with all of the complexities of such employment arrangements, some comments have been added to give churches a starting point in such considerations.

Where staff members are employed in non-pastoral roles – such as clerical or maintenance staff – it is recommended that equivalence with industry awards or standards, such as the clerical award. Historically, The Department of Justice and Attorney General provides a helpful web site in this regard at wageline.qld.gov.au for your reference.

This is now superseded by Fair Work Online website: www.fairwork.gov.au, although it is notable that some “modern awards” still use terminology only defined in the pre-modern awards. For example – clerical/administrative staff should be remunerated under the pay and conditions detailed in the Clerks – Private Sector Award 2010, but to determine the “Level” number for a particular employee, it is still necessary to refer back to the State Clerical Employee's Award 2002.

Once a reliable benchmark has been determined, it may be helpful to convert this into an equivalent proportion of the QB Remuneration Guideline figure, as this will mean all employees will receive remuneration adjustments at the same time.

Employees who are engaged in pastoral roles but are not registered with Queensland Baptists would need to have their remuneration packages negotiated individually depending on their training, experience and responsibilities. It is beyond the scope of this document to determine whether or not Exempt Fringe Benefits ought to apply to such employees.

RECOMMENDED REIMBURSEMENT FOR GUEST SPEAKERS

ASG at its meeting in May 2014 looked to adopt an appropriate benchmark for speaking fees. The “one service” figure is therefore based on approximately 75% of the fee a Funeral Director charges the family for the services of a minister. The “two services” fee is 50% above the “one service” and the “weekend” fee is around 2.5 times the “one service” fee. Motor vehicle charges are based on 75% of ATO recommended fees.

	Engagement	Details	Amount
A	One Service	Cover initial travel and preparation costs. Note Option D.	\$160.00
B	Two Services	Invitation for meals, and an “afternoon base” should be extended. Note Option D.	\$ 240.00
C	Church Camp, Weekend	Accommodation and meals are to be supplied.	\$ 400.00
D	Long Distance	Where long distances are travelled, use the per kilometre allowance.	See “F” below
E	QB Appointees, Staff (inc Services Groups, but not Malyon College lecturers)	No obligation on the Church as the appointee will be using a Qld Baptist owned vehicle. This work is part of the services provided by QBSG and is covered by the Church’s BapShare contribution. Meals and a “base” still applies.	
F	Motor Vehicle Rates (Incidental use of vehicle: up to 5,000 km pa.)	Motor vehicle rates are 75% of published Australia Taxation Office guidelines as at 1 st July 2015, irrespective of engine size:	¢ per km 49.5
G	Motor Vehicle Rates (above 5,000 km pa.)	The “Logbook Method” applies. Refer to ATO web site for extensive treatment of this issue.	

Church Treasurers should note Multi-Cultural, Youth Ministries and Malyon College Lecturers would appreciate a contribution in line with A, B, C & D above.

HISTORICAL REMUNERATION GUIDELINES

	Remuneration Benchmark	Accommodation Reduction
1/07/2017	\$1,487.38	\$265.00
1/07/2016	\$1,458.22	\$260.00
1/07/2015	\$1,436.67	\$250.00
1/07/2014	\$1,408.50	\$240.00
1/07/2013	\$1,366.80	\$230.00
1/07/2012	\$1,320.50	\$220.00
1/08/2011	\$1,261.60	\$210.00
1/02/2011	\$1,232.00	\$205.00
1/08/2010	\$1,219.90	\$200.00
1/02/2010	\$1,179.40	\$190.00
1/08/2009	\$1,163.30	\$185.00

1/02/2009	\$1,126.70	\$185.00
1/08/2008	\$1,098.00	\$185.00
1/02/2008	\$1,078.00	\$170.00
1/08/2007	\$1,041.00	\$170.00
1/02/2007	\$1,020.00	\$170.00
1/08/2006	\$1,006.00	\$160.00
1/02/2006	\$983.00	\$140.00
1/08/2005		
1/02/2005	\$929.00	\$140.00
1/08/2004	\$922.00	\$140.00
1/02/2004	\$904.00	\$140.00
1/08/2003	\$874.00	\$135.00