



Guide to Employment of Ministers

Approved by the CCVT Inc Board 04.04.2019, edited to reflect new government standards September 2020

This guide replaces the Recommended Terms and Conditions document dated 15 August 2023



Please Note:

This Guide is one of the suite of governance documents CCVT has developed. There are three documents particularly relevant to this Guide, the Recommended Employment Agreement, the Code of Ethics for Ministers and the Accreditation and Endorsement policy.

CCVT is committed to being a safe place for all people who engage with us including children, young people and adults, especially those most vulnerable; and expects affiliates to do the same.

Ministers are expected to adhere to the Code of Ethics for Ministers of Churches of Christ in Victoria and Tasmania Inc. The behaviours and ethical practices described in the Code are essential for healthy and safe ministry, having significant implications for the recipients of ministry, those in ministry roles, and the church. The purpose of the Code of Ethics document is to define the personal and professional behaviours and ethical standards required of Ministers within Churches of Christ in Victoria and Tasmania Inc. The Code is designed to help those to whom it is applicable to understand the responsibilities and obligations of working ethically in ministry.

Any person employed under this document is expected to be a member of a CCVT affiliate, to be a regular attendee and to contribute to God's work through the local church or agency. Remunerated roles must comply with statutory requirements including Australian Taxation Office's provisions.

Any person employed or recognised as a Minister in the local church is expected to be accredited, and maintain accreditation, with CCVT and to either be formally endorsed with CCVT as an Endorsed Minister or open to pursuing such endorsement, in accordance with the Accreditation and Endorsement Policy.

The Guide to Employing People In Ministry relies on the current Australian Government's taxation ruling for Religious Practitioners. The Guide reflects, adheres, and complies with the Australian Taxation Office's TR2019/3 – Fringe Benefits provided to registered institutions to their religious practitioners. In the event of any changes to the Tax Ruling TR2019/3, the guide would be updated to ensure the compliance expected by the Australian Taxation Office.

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DEFINITIONS

Accreditation is a process whereby Ministers in CCVT meet an appropriate level of personal, spiritual, and leadership formation and are supported by participation in regular external supervision and professional development.

Accredited is a term used to indicate the status of a person in ministry who has been recognised as fulfilling the criteria of the Accreditation process contained in the CCVT Accreditation and Endorsement of People in Ministry Policy.

Act means the *Fair Work Act 2009* (Cth).

ATO: The Australian Taxation Office.

CCVT: Churches of Christ in Victoria and Tasmania.

CCVT Accreditation and Endorsement of People in Ministry Policy. The document that sets out CCVT's policy in relation to the initial Accreditation and eventual Endorsement of Ministers.

Endorsement is the process that further equips and forms people for professional and vocational ministry in CCVT once they have been Accredited.

Endorsed is a term used to indicate the status of a person in ministry who has been recognised as fulfilling the Endorsement process contained in the CCVT Accreditation and Endorsement of People in Ministry Policy.

Exempt Benefit: Part of the remuneration that is paid to a Minister's Expense Account (MEA) and does not appear on a Minister's income statement. These payments are not subject to FBT.

FBTAA: Fringe Benefits Tax Assessment Act 1986.

Fringe Benefit: Any benefit provided to the Minister, or an associate of a Minister (such as a family member), in respect of the employment of the Minister principally in respect of ministry duties or duties directly related to the ministry of the church. The Minister can be a current, future or a former Minister of a church. Strictly speaking, a fringe benefit is a benefit that is subject to FBT (see below) and an exempt benefit is a benefit that is not subject to FBT. However, this guide for simplicity will use these terms interchangeably in accordance with the approach adopted by most churches.

Fringe Benefits Tax (FBT) Fringe benefits tax is a tax paid on certain benefits that are provided in respect of employment of an employee. FBT is separate from income tax and is based on the taxable value of the various fringe benefits provided.

GST: Goods and Services Tax.

Minister is a CCVT-Accredited person appointed or recognised by an Affiliate for a formal ministry role, paid or unpaid, for example: Senior Pastor, Minister, Associate Pastor, Families/Children’s Pastor, Youth Minister, Specialised Minister such as a Chaplain, Church Planter, or Student Minister. Ministers will be listed in the “People in Ministry” section in the CCVT directory. The Minister must comply with CCVT’s Accreditation and Endorsement Policy. No Affiliate should regard as a Minister, publicly or otherwise, any person who is not accredited with CCVT.

Ministry Expense Account (MEA): The bank account (or equivalent) that is used to receive the exempt benefit component of the Minister’s remuneration, and makes payments to third parties and reimburses the Minister for ministry related expenses.

National Employment Standards (NES): The minimum employment entitlements that have to be provided to all employees which are set out in the Fair Work Act 2009.

Ordinary Time Earnings (OTE): Ordinary time earnings represent the salary paid to the Minister for their ordinary hours of work. This is relevant for calculating the minimum level of superannuation to be paid in respect of an employee.

Ordination is the recognition of CCVT-approved ministry via the two stages of Accreditation and Endorsement, the latter allowing public recognition by CCCA that a Minister has met the requirements set out in the CCVT Policy on the Endorsement and Ordination of Ministers

PAYGWT: Pay As You Go Withholding Tax that is levied on the Minister’s salary.

Rateable Remuneration: The total of the Minister’s remuneration that is to be included in the calculation of the church’s annual WorkCover premium, being the amount that appears on the Minister’s annual income statement and superannuation.

Salary Packaging: Where both the church and Minister agree that the Minister’s remuneration will be received by way of a combination of cash salary and non-cash benefits.

Salary: Part of the Minister’s remuneration paid to them personally.

Superannuation Guarantee: The minimum superannuation contribution required by law to be paid to a complying superannuation fund in relation to an employee.

TFN: Tax File Number.

Valuable Consideration: Receipts not in money form, but capable of being valued in monetary terms. This occurs when a person receives goods, services or some other benefit in exchange for some item, action or promise.

LIST OF KEY CONTACTS

Churches of Christ Vic/Tas

Address: Level 5, 111 Cecil Street, South Melbourne VIC 3205

Phone: (03) 9488 8800

Fax: (03) 9481 8543

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

Churches of Christ Insurance

Phone: (03) 9488 8800

Fax: (03) 9481 8543

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

WorkSafe Victoria

Phone: (03) 9641 1444

Phone: 1800 136 089 (toll free)

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

WorkSafe Tasmania

Phone: (03) 6233 76576166 4600 (Outside Tasmania)

Phone: 1300 366 322 (Inside Tasmania)

Fax: (03) 6233 8338

Web: <http://worksafe.tas.gov.au/>

Fair Work Commission

Phone: 1300 799 675

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

Fair Work Ombudsman

Phone: 13 13 94

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

1. Introduction

- 1.1 The information contained in this document is intended to be a practical guide to employing Ministers. The content is of a general nature and will not address every situation that may arise in the engagement of a Minister. Churches must accept responsibility to act in accordance with any employment agreement which applies to engagement of a Minister.
- 1.2 This guide does not establish any terms or conditions of employment, it is intended as a reference document for the Recommended Employment Agreement for Ministers in Victoria and Tasmania.

2. Relationships

- 2.1 The overriding principle in the relationship between church and Minister is that it is spiritually formed and nurtured; and that it exists for the purpose of furthering the work of the kingdom of God at a particular place and in a particular time. While the concept of a shared responsibility between church and Minister is our spiritual model there are, within that relationship, State and Federal Government legal implications and standards which require us to conform to certain employer/employee obligations, such as minimum entitlements, taxation, superannuation, long-service leave, and workplace health and safety.
- 2.2 It is not intended to reduce the relationship between church and Minister to one simply of employer and employee. The relationship of Minister and congregation is much more than that. It is formed and shaped in God's call to all to serve, witness and worship. However, we must recognise and acknowledge that there are legal provisions that govern the employment relationship.
- 2.3 As people of God, we want to ensure that we meet these standards without compromising our scriptural and theological principles. Thus, the framework of the legal responsibilities of our society, and the sharing of ministry together, will unite us in ministry beyond any legal connection.
- 2.4 It is important for a church and Minister to be clear about their expectations in ministry together, by clarifying in writing the role of the Minister, the terms and conditions of the call, and the processes by which ministry will be conducted in partnership.
- 2.5 This is to be achieved by entering into an employment agreement with a Minister which will form the basis for the partnership between Minister and church. We recommend that such an agreement be kept under review to ensure that it is contributing to that end, and it should be amended to meet the changing needs of the ministry of the church as necessary.

- 2.6 The church should ensure that all decisions regarding ministry appointments and salaries are properly recorded in official minutes. Details can be conveniently entered in a 'Record of Ministry Appointment'.

3. Reputational Risk

- 3.1 The Churches of Christ movement in Australia has forged a reputation of integrity, participation, generosity and strength within the faith community and society at large. Ministers are the front-line representatives whose values and actions are to reflect those of the Churches of Christ. Ministers have a responsibility not to cause any harm to the reputation of the Churches of Christ movement by engaging in activities perceived by the community as unacceptable or improper.

4. Terms and Conditions of Employment of Ministers

- 4.1 The terms and conditions of employment must be contained in an employment agreement entered between a church and a Minister prior to an appointment being made and before the start of each engagement.
- 4.2 The national workplace relations system is governed by the Act and NES, which sets minimum employment entitlements for all employees.
- 4.3 On appointment of a new Minister, a Fair Work Information Statement (FWIS) is to be provided to them, ideally attached to the employment agreement. A copy of the current FWIS can be found on the Fair Work Ombudsman website. This is updated from time to time and churches must ensure that the current version is provided at the start of employment.
- 4.4 The church must ensure that all decisions regarding ministry appointments and salaries are properly recorded in official minutes, and that a signed Employment Agreement between the church and the Minister is kept on file.

The *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022 (Cth) (Act)* requires employers (churches and affiliates) to provide Ministers with a Fixed Term Contract Information Statement after the fixed term contract is entered into **after** 6 December 2023. Beyond 6 December 2023, fixed term contracts will be void to the extent that they extend beyond 2 years, or provide the right to extend the contract more than once. A contract will also be void if it comes into effect after another contract between the employer and employee, and the previous contract's length was greater than 2 years. If these provisions are contravened, the contract will be construed as a permanent contract (i.e. the fixed period of the contract will no longer apply).

The following clauses (5-28) include the main issues to be considered when employing a Minister.

5. Remuneration

- 5.1 Annually, CCVT establishes the **minimum remuneration** package for Ministers, being the salary and fringe benefit components that are applicable to the normal circumstances of a pastoral ministry.
- 5.2 Where a church makes special demands on the Minister, the value of these are to be separately determined by the church and added to the Minister's package. The decision made in regard to the **remuneration package must be documented** as part of a meeting of the church's appropriate leadership body.
- 5.3 CCVT is aware of the impact on Ministers if remuneration is not consistently reviewed. Therefore, CCVT annually reviews the ministry remuneration recommendations and also compares this against amounts received by Ministers from other denominations in Victoria. CCVT also considers other relevant economic data such as annual inflation rates and the impact any increases have on both congregational viability and Ministers. There is no obligation on CCVT to increase any part of the remuneration package and all decisions are entirely within the discretion of CCVT, notwithstanding the right of an individual church to exceed minimum salary and condition requirements.

6. Part-Time Ministers

- 6.1 Churches employing a Minister part time should be aware that the full-time package is based on a 5-day week, so that the package for part-time ministry should be calculated pro-rata on that basis.

7. Employment Entitlements

Maximum Weekly Hours of Work

- 7.1 The NES sets the maximum weekly hours of work which are thirty-eight (38) hours per week, plus reasonable additional hours when required. Both the church and the Minister are to be flexible in the hours to be worked.

Annual Leave

- 7.2 The NES sets the minimum entitlement to annual leave. Employees accumulate four weeks of paid annual leave for each year of service with the church. An employee's entitlement to annual leave accumulates continuously based on the number of ordinary hours they work.
- 7.3 This means that a Minister will have a pro-rata entitlement for the period of completed service where a full year has not been served.

- 7.4 Annual leave can be taken to include Sundays. Churches need to be sensitive to the circumstances and workload for the Minister in their particular church.
- 7.5 A church may agree with a Minister to vary when leave is taken to take into account times of demand on the Minister to recognise the church's pastoral care for the Minister.
- 7.6 Churches are required to keep accurate records of annual leave accrued and taken by the Minister including using an annual leave request process.
- 7.7 It is recommended that annual leave be taken regularly during the period of employment and that no more than 4 weeks annual leave be accumulated.
- 7.8 Remuneration is based on a full year of 52 weeks and should therefore be paid during periods of leave.

Long Service Leave

- 7.9 The church has an obligation to provide for the Minister's Long Service Leave (LSL) entitlements, in accordance with Victoria's Long Service Leave Act 2018 and Tasmania's Long Service Leave Act 1976.
- 7.10 The Long Service Leave Act 2018 provides that LSL in Victoria accrues at a rate of one week for every 60 weeks of continuous employment (i.e. approximately 0.8666 weeks per year). After 7 years of continuous employment with one employer an employee is entitled to take LSL or have it paid if their employment ends. For more information on Victorian LSL, please refer to the Business Victoria website at: <http://www.business.vic.gov.au/hiring-and-managing-staff/long-service-leave-victoria/long-service-leave-an-overview>.
- 7.11 The Long Service Leave Act 1976 states that in Tasmania a LSL entitlement is 8 2/3rds weeks of paid leave after completing 10 years of continuous employment. After each additional 5 years of continuous employment an employee's entitlement is 4 1/3rd weeks. An employee may have an entitlement to payment for pro-rata LSL on termination of employment after completing 7 but less than 10 years of continuous service. For more information on Tasmanian LSL please refer to the WorkSafe Tasmania website at: https://www.worksafe.tas.gov.au/laws/long_service_leave.
- 7.12 To provide a standard national procedure for the calculation of LSL contributions, and to be consistent with the definition of 'ordinary pay' under both the Long Service Leave Act 2018 and the Long Service Leave Act 1976, the calculations are to be based on the Minister's total remuneration of salary and fringe benefit components.
- 7.13 Churches are reminded that they are now responsible for accumulating the funds required to pay for a Minister's LSL as a result of the cessation of the Ministers and Employees Benefits Scheme (MEBS).

Personal/Carer's leave, Compassionate Leave and Family and Domestic Violence leave

7.14 Personal/carer's leave, compassionate leave and family and domestic violence leave forms part of the NES which include the following minimum entitlements for permanent employees:

- (a) paid personal/carer's leave – 10 days per year for full time employees;
- (b) unpaid carer's leave – two days per occasion;
- (c) paid or unpaid compassionate leave – two days; and
- (d) unpaid family and domestic violence leave – 5 days.

7.15 It is essential that both the accumulation and the use of these types leave be adequately documented in a confidential manner.

Additional Leave

7.16 The church is able to offer its Minister leave, in addition to the annual leave entitlement within its discretion.

Community Service Leave

7.17 Ministers are entitled to unpaid leave for voluntary emergency management activity and up to ten days (10) of paid leave for jury service including attendance for jury selection.

Parental Leave and Related Entitlements

7.18 Parental leave and related entitlements form part of the NES. Details of the entitlement to and taking of the unpaid leave can be found on the Fair Work Ombudsman's website.

Public Holidays

7.19 The NES provide an entitlement for employees to be absent from work on a day or part-day that is a public holiday. A Minister may reasonably refuse to work on a public holiday, however where a Minister is reasonably required to work on a public holiday, the Minister is entitled to take a day off in lieu of the public holiday at a later date by negotiation with the employer.

8. Workers Compensation

8.1 It is a legal requirement under the Workplace Injury Rehabilitation and Compensation Act 2013 (for Victorian churches) and the Workers Rehabilitation and Compensation Act 1988 (for Tasmanian churches), that churches be registered with, and take out a WorkCover insurance policy with, the respective state WorkCover

Authority. The policy provides insurance cover for the costs of a Minister's remuneration in the event of an eligible work-related injury.

- 8.2 Although in Victoria only a Minister's salary and superannuation are relevant to WorkCover when calculating 'rateable remuneration', a Minister's total remuneration (including exempt benefits) will generally be covered by WorkCover in the event of a claim. This is because a Minister's "pre-injury average weekly earnings" will be used as the basis for what will be paid rather rateable remuneration.
- 8.3 Similarly, in Tasmania only a Minister's salary and superannuation are relevant when assessing remuneration that is used to calculate a WorkCover premium. It also appears that exempt benefits paid to a Minister will be taken into account when calculating the normal weekly earnings to be paid as compensation in the event of a claim, even though these amounts have not been subject to a WorkCover premium. Information on the WorkSafe Tasmania website is not as extensive as it is on the Victorian WorkCover authority in relation to this issue, but this seems to be correct. We recommend that Tasmanian churches contact WorkSafe Tasmania should they wish to clarify this further.

9. Superannuation

Contribution categories

- 9.1 The Superannuation Industry (Supervision) Regulations (SIS) categorise contributions as either employer contributions or member contributions, and provide eligibility rules for superannuation funds to accept these contributions based on the age of the member at the time of the contribution.
- 9.2 In contrast, tax legislation categorises contributions as concessional, non-concessional, and other special purpose contributions.
- 9.3 Superannuation contributions made by employers are amounts made by, or on behalf of, an 'employer sponsor' of the superannuation fund. An employer-sponsor is an employer who contributes to the superannuation fund for the benefit of a member of the superannuation fund who is an employee of the employer. Employer contributions can either be mandated or voluntary, as follows
- (a) **Mandated employer contributions** - these are contributions made by an employer on behalf of an employee of any age, that either (1) satisfy an employer's superannuation guarantee obligations, or (2) satisfy an obligation imposed by an award made or an agreement certified by an industrial authority.
 - (b) **Voluntary employer contributions** - these are all employer contributions that are not mandated employer contributions. Examples include salary sacrificed and voluntary employer contributions in excess of an employer's superannuation

guarantee obligations. They can be a fixed dollar or percentage amount, or a contribution to cover expenses such as insurance premiums or fees

Employer (Church) Contributions

- 9.4 The Superannuation Guarantee legislation introduced in 1992 requires churches to make compulsory superannuation contributions on behalf of the Minister to a complying superannuation fund.

Calculation of a Minister's Superannuation Liability to be paid by the Church

- 9.5 The Government superannuation guarantee contribution rate from 1 July 2023 is 11% of the Minister's 'ordinary time earnings', being the Minister's salary component of their remuneration.

The rate is increasing from 1 July 2024 by 0.5% each year until it reaches 12% from 1 July 2025.

Payment of the Church's Superannuation Liability

- 9.6 Currently, all churches must pay superannuation contributions for each quarter by the 28th day of the month following the respective quarter. Contributions are therefore due to be paid by the church into a complying superannuation fund by 28 January, 28 April, 28 July and 28 October of each year. It is proposed from 1 July 2026 that superannuation contributions will need to be paid at the same time of payment of the employee's salary or wage.
- 9.7 Although superannuation contributions can be a 'lump sum' payment by the respective quarterly due date, CCVT recommends that regular monthly payments are made throughout the quarter.
- 9.8 Previously, superannuation was not required to be paid when a Minister's ordinary time earnings were less than \$450 per month. This threshold was abolished from 1 July 2022, so superannuation is now required to be paid if a Minister's ordinary times earnings are less than this amount.
- 9.9 When a Minister (or any other employee) turns 75, superannuation funds can only accept non-member superannuation contributions if they are mandated (compulsory) employer contributions (for example, superannuation guarantee contributions).
- 9.10 When a Minister (or any other employee) turns 75, superannuation funds can no longer accept personal superannuation contributions.

Employee (Minister) Co-Contributions

- 9.11 Ministers can also make additional personal contributions from their after-tax salary (but not from the exempt benefit component of their remuneration) towards their

superannuation, and can access the Federal Government’s ‘Super Co-Contributions’ whereby the government will match employee superannuation contributions up to a certain limit and as per certain guidelines/ conditions.

Concessional (before tax) contributions caps

- 9.12 The maximum amount of concessional superannuation contributions that can be made in respect of a Minister is usually \$27,500. This amount includes all employer contributions and deductible personal contributions.
- 9.13 If the concessional contributions cap of \$27,500 is breached then the excess is included in a Minister’s taxable income and taxed at their marginal tax rate. It is possible for a Minister to withdraw some of the excess contributions from their superannuation to pay for the additional tax that arises.

Superannuation Summary Table

- 9.14 This list is a summary of the superannuation contributions that a church can make on behalf of the Minister.

Type of Contributions	Description	Maximum Age
Superannuation Guarantee (SG) contributions	Mandatory contributions calculated as a % of the Minister's Ordinary Times Earning (OTE), which is generally their salary	No age limit
Additional Super Contributions (i.e. amounts in excess of the SG rate applicable to OTE)	Voluntary contributions in addition to the SG that the church may make in accordance with guidelines recommended annually by CCVT	Age > 75: no contributions
Salary sacrificed superannuation contributions	Voluntary contributions in addition to the SG as agreed to by the Church and the Minister, and are paid by the church from the salary component of the Minister’s remuneration.	Age > 75: no contributions

Superannuation is a complex area. We recommend that churches and Ministers obtain professional advice from an appropriately qualified person if they require assistance with further understanding any of the above.

Reportable Employer Superannuation Contributions

- 9.15 Reportable employer superannuation contributions are those a church makes for a Minister in respect of an income year, and where both of the following conditions apply:

- (a) The contributions are in addition to the compulsory contributions the church must make under the superannuation guarantee legislation (currently at 11%, and increasing from 1 July 2023 by 0.5% each year until it reaches 12% from 1 July 2025); and
 - (b) The Minister has the capacity to influence the amount or rate of the contribution (i.e. any additional superannuation contribution made on the Minister's behalf would have otherwise been income to the Minister).
- 9.16 Additionally, the ATO states that amounts are reportable unless an employer can demonstrate that:
- (a) The extra superannuation contributions are made for administrative simplicity; and
 - (b) There is a documented policy in place that does not allow an employee to influence the superannuation contributions made on their behalf.
- Each church will therefore need to decide whether or not it allows a minister to influence the superannuation paid for a minister. If a church decides that it will pay the CCVT recommended amount (and a minister cannot influence this) then this should be documented.
- 9.17 If the above conditions cannot be satisfied then the Minister's income statement (previously referred to as a PAYG payment summary) must include all reportable employer superannuation contributions the church makes for a Minister.
- 9.18 Compulsory employer super contributions, such as superannuation guarantee, are not recorded on an income statement. The following formula should be used to calculate a reportable employer superannuation contribution:
- (a) $\text{Total superannuation} - [(\text{gross salary} + \text{total superannuation}) / (1 + \text{SG}\%) \times \text{SG}\%]$
- 9.19 This is explained in the following example where a Minister's remuneration includes the CCVT recommended amounts from 1 July 2023 of a salary of \$26,218 and superannuation contributions of \$10,487:
- (a) $\text{Reportable amount} = \$10,487 - [(\$26,218 + \$10,487) / (1 + 11\%) \times 11\%] = \$6,849.37$
 - (b) The non reportable amount is $\$10,487 - \$6,849.37 = \$3,637.43$ (this represents the compulsory SG within the minister's remuneration of \$36,705)
- 9.20 Churches should note that additional superannuation contributions must not be paid from an MEA as part of the exempt benefit component of a minister's remuneration. Also amounts generally cannot exceed the concessional contributions caps discussed earlier (and accountant or tax agent can provide further advice in relation to this).

10. Pay Period and Pay Slips Information

- 10.1 The recommended option is fortnightly payment with one week in advance i.e. at the end of the paid first week of the fortnight
- 10.2 With each payment of salary and/or fringe benefits the Minister should receive a pay slip within 24 hours of a payment being made detailing:
 - (a) The church's full legal name and ABN;
 - (b) The Minister's full name;
 - (c) Date of payment;
 - (d) Period of payment, the number of hours worked by the Minister for the period concerned, the Minister's wage rate (hourly or annual);
 - (e) The gross (before tax) and net (after tax) wages paid to the Minister;
 - (f) Details of any deductions made;
 - (g) Details of any additional payments made to the Minister;
 - (h) Details of any additional payments made to other parties (e.g. compulsory super payments made to a super fund on behalf of the Minister); and
 - (i) Year to date cumulative totals should also be shown.
- 10.3 Please refer to the Fair Work Ombudsman website for more information on payslips and a template.

11. Personnel File

- 11.1 Personnel files for employees are highly sensitive and confidential and must be maintained to include all documents, notes and records and correspondence in relation to the Minister's employment.

12. Conclusions of a Ministry

- 12.1 A ministry may come to an end for a variety of reasons including the following:
 - (a) When the end of the Term of the Employment Agreement entered into between the church and Minister has been reached;
 - (b) Where an agreement has been reached between church and Minister to conclude the ministry (whether at the end of the current term or at an earlier time);

- (c) The Minister has responded to a call to another ministry position or other employment, and has resigned the position by giving notice of termination under the terms of the Employment Agreement with the church;
- (d) It is appropriate, due to ill health or other personal circumstances of the Minister for their employment with the ministry to end; or
- (e) The church finds it necessary to initiate the termination of the ministry under the terms of the Employment Agreement including by reason of redundancy.

General Considerations for Termination of a Ministry

12.2 Difficulties may arise when there is a need for the church, or the Minister, to terminate the ministry. Generally, such situations can be resolved amicably and with mutual satisfaction. Occasionally, the church, as employer, and the Minister, as employee, will be in conflict over the need for, or terms of, termination.

Such conflict can be resolved by referring to church leaders, who are sensitive to the mind of the congregation, for guidance.

12.3 If the parties concerned approach this process with compassion and prayerful preparation, it will provide a forum for the recognition of potential difficulties before they become major issues, thus allowing early and positive corrective action to be taken. The importance of this point cannot be over-emphasised.

12.4 Any Ministry Employment Agreement should include a process for routine appraisal of the Minister's performance. One way in which this might be undertaken is for two or three of the church leaders to review with the Minister all aspects of the Minister's performance at agreed intervals (at least annually, but perhaps half-yearly).

12.5 Feedback will be given regarding unsatisfactory performance, and Ministers will be given the opportunity to correct any deficiency.

Conclusion of a Ministry by the Minister

12.6 In circumstances of termination of the Employment Agreement by the Minister, the Minister is to provide the church with a written letter of resignation with confirmation of the notice period (See 15.1 - 'Notice Period and Payments' section for further details on the applicable notice period).

Conclusion of Ministry by the Church

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

- (a) Underperformance – where the Minister is falling below the performance standards expected by the church (as distinct from conduct issues).

- (b) Misconduct – where the Minister’s behaviour results in the reasonable expectations of the church not being met. Such behaviour concerns the poor conduct or attitude of the Minister rather than issues with the Minister’s the skills or knowledge.

- (c) Serious Misconduct – where matters are of a serious nature and/or in clear breach of the Minister’s Code of Conduct (or similar) where such a document is supplied by the church, and/or of the Code of Ethics for Ministers of the Churches of Christ in Victoria and Tasmania, such that the Minister is unable to continue in his/her role.

Redundancy

- 12.8 Where the Minister's role is to be made redundant, the church as employer should consult with the Minister to explain the circumstances and advise of the impact on their ministry. In addition, the church is to ensure that the notice period and redundancy payment set out below are observed:

Period of continuous service	Redundancy pay
At least 1 year but less than 2 years	4 weeks
At least 2 years but less than 3 years	6 weeks
At least 3 years but less than 4 years	7 weeks
At least 4 years but less than 5 years	8 weeks
At least 5 years but less than 6 years	10 weeks
At least 6 years but less than 7 years	11 weeks
At least 7 years but less than 8 years	13 weeks
At least 8 years but less than 9 years	14 weeks
At least 9 years but less than 10 years	16 weeks
At least 10 years	12 weeks*

* There is a reduction in redundancy pay from 16 weeks to 12 weeks for employees with at least 10 years continuous service..

The weekly payment is based on the Remuneration Package set out in the Employment Agreement.

Redundancy Notice Period

- 12.9 The notice period to be given to the Minister is to be in accordance with the NES guidelines below.

Period of continuous service	Minimum notice period
1 year or less	1 week
More than 1 year – 3 years	2 weeks
More than 3 years – 5 years	3 weeks
More than 5 years	4 weeks

Employees over 45 years old who have completed at least two years of service when they receive notice are given an additional week of notice.

- 12.10 However, there will be instances where it is not possible to provide a suitable notice period and in such cases the Minister will be paid in lieu of the notice period which is due to them. The Minister may be required to work all or part of their notice period, or they may be informed that their ministry will come to an end immediately and they will receive payment for their outstanding entitlements including pay in lieu of notice and redundancy payment.

13. Disciplinary matters

- 13.1 Where the Minister's performance or conduct falls short of the levels generally required of Ministers and in particular the expectations set out in the position description and Employment Agreement, the church is to begin a process that is fair to both the Minister and the church. Both procedural and actual fairness is vital in the process which is aimed at resolving issues respectfully and thoughtfully.
- 13.2 Matters relating to underperformance should be supported by clarification of expectations. It may be appropriate to provide training and support to the Minister and the Minister is to be given the opportunity to improve their performance, prior to the church entering into a process of formal warnings or disciplinary action.
- 13.3 Misconduct can be best managed by clarifying expectations, and providing training and guidance. In addition to the Minister receiving a reasonable amount of time to improve, the Minister is to be made aware of the consequences if there is no improvement within the stated time frame.
- 13.4 Where the Minister does not make the necessary improvements to either performance or conduct and the church has decided that dismissal is warranted, the church is to contact CCVT who will assist both the Minister and the church, ensuring that the grounds for dismissal are communicated and the Minister has the opportunity to consider the concerns and respond accordingly.

14. Serious Misconduct (summary dismissal)

- 14.1 Examples of serious misconduct are as follows (without limitation):
 - (a) a serious breach of the Code of Ethics for Ministers of the Churches of Christ in Victoria and Tasmania (see 12.7c) which includes, but is not limited to, theft, fraud, violence and specific moral expectations;
 - (b) a serious breach of occupational health and safety procedures and duty of care obligations that can cause serious and imminent risk to the health and safety of persons (Including bullying and harassment and sexual harassment); and
 - (c) a breach of policies and guidelines that can cause damage to the reputation of the Churches of Christ.
- 14.2 If there are concerns that a Minister may have committed an act of serious misconduct, which may raise significant questions about their ongoing employment, the church is to immediately contact the Safe Places Coordinator or the CCVT Executive Officer and seek their advice and direction on the appropriate way to proceed.

15. Payment on Termination

Notice Period and Payments

15.1 The notice period to be given by the Minister on resignation or by the church on termination of the employment agreement is to be as follows:

Period of employment	Notice period to be provided
From commencement of employment to less than 2 years	4 weeks
More than two years' service but less than 3 years	8 weeks
3 consecutive years' service or more	12 weeks

15.2 If circumstances prevent the Minister from continuing in effective ministry from the date notice of termination is given by or to the Minister, payment in lieu of the notice period is to be negotiated with the church. The maximum period of notice is 12 weeks in accordance with the table above.

15.3 The payment during the notice period or in lieu of working a notice period is based on the Remuneration Package set out in the Employment Agreement.

Payment of Employee Entitlements

15.4 Churches are advised that payments of unused annual leave, rostered days off, time in lieu and LSL entitlements and other amounts made in respect of termination of employment **CANNOT be provided as exempt benefits** and are to appear on the Minister's income statement issued by the church.

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

- (a) Superannuation entitlements are to be paid to the Minister's nominated superannuation fund;
- (b) Unused annual leave, long service leave and other entitlements are to be paid in accordance with the legislation (although a Church can always pay more than what it is legally required to pay) ; and
- (c) Any unused rostered days off or time in lieu entitlements are to be paid in accordance with the Fair Work Act 2009 and Australian tax law.

MEA Balances

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

Other Matters on Termination

- 15.7 Subject to the requirements of the Fair Work Act 2009, the church may set off amounts the Minister owes the church against any amounts the church owes the Minister at the date of termination.
- 15.8 The Minister must, by the date of exit, return to the church all of the church's documents and confidential information and the church's other property (including mobile telephone, computer, credit cards, keys and vehicle) in good order and condition.
- 15.9 The Minister remains bound by obligations relating to confidential information after termination of the ministry.
- 15.10 Any amounts paid to a Minister as a 'love offering' cannot be paid as an exempt benefit and must be paid as an employment termination payment.

16. Minister's Role and Performance Appraisal

Job Description

- 16.1 A job description should be agreed with the Minister and endorsed by the church leadership to identify specific areas of responsibility for the Minister and relevant priorities. This document should be attached to the Ministry Employment Agreement.

Performance Appraisal

- 16.2 There is a value of ongoing review and evaluation of the function of ministry. Church and Minister both benefit from such a process, and effective performance appraisal can prevent misunderstanding in roles and responsibilities, and identify any dissatisfaction before problems arise.
- 16.3 Accordingly, a process for the evaluation of ministry should be established with the aims of assessing the Minister's performance in agreed priority areas, identifying factors that have limited the attainment of goals, and inviting reflection on areas for further development.
- 16.4 There should be a record of matters discussed and outcomes so that future reviews can take into account progress on matters considered in earlier reviews.

Professional Development Program

- 16.5 All Ministers are encouraged to have an ongoing and planned personal professional development program that fulfils the requirements of CCVT's ongoing ministry formation policy. This program may reflect personal learning priorities or local church ministry needs.

- 16.6 The program needs to be agreed to by the employing church. Churches are encouraged to release Ministers for ongoing professional development and it is suggested that a minimum amount for an agreed program of professional development would be a total of 40 contact hours per year.

Mentoring and Spiritual Direction

- 16.7 All Ministers are required to have either a spiritual director or mentor with whom they meet regularly, in addition either to any professional or skills coaching or to any occasional personal or professional support. Church leadership bodies are expected to hold Ministers accountable for their participation in either spiritual direction or mentoring.

Professional Risk and Liability

- 16.8 Ministers are expected to work within their area of competence. Ministers need to be aware of the importance of training and supervision if they have a significant counselling ministry.

17. Conflict of Interest

- 17.1 The Minister should arrange, and continuously monitor, his/her affairs to avoid any conflict between the Minister's interests and those of the church.
- 17.2 The Minister must have prior consent of the church, to hold any direct or indirect interest in, or work in any capacity for, any person or organisation other than the church where this may cause a conflict of interest.

18. The Minister's Housing Arrangements

- 18.1 The most common situations that exist in terms of housing for the Minister are:
- (a) The residence is church property, or
 - (b) The residence is the Minister's own property (rental, purchasing or owned).
- 18.2 Where other alternatives require consideration it is a matter of negotiation between the Minister and the church's relevant leadership body.

Where the Minister's Residence is the property of the church

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

- 18.4 The church is responsible for the insurance of the rental property, property fixtures and fittings; according to an estimate of the replacement value of the building, and any contents that are church property. This can be arranged with Churches of Christ Insurance.
- 18.5 The Minister is responsible for the insurance of the contents of the rental property that are privately owned.

Where the residence is the Minister's own home

- 18.6 The Minister's MEA can be used to make payments towards costs associated with the property, such as mortgage repayments and rates, but not transfers to a mortgage offset account.

19. Ministries Requiring Special Consideration

Husband and Wife Joint Ministries

- 19.1 In situations where both husband and wife are being considered for a team ministry, remuneration levels are to be negotiated prior to appointment, with payment to be based on the anticipated time to be worked by each Minister.
- 19.2 During negotiations with the church, prior to commencement of the ministry, the Ministers should resolve the respective proportion of salary which each is to be paid so that the respective PAYGWT deductions might be calculated. In order to satisfy taxation requirements, this decision should be minuted in the records of the church and advised to the Ministers in writing including in their employment agreements.

Specification of responsibilities

- 19.3 As is the case in any team ministry, the specific roles of each Minister should be discussed with the appropriate church leadership body, and resolved to the satisfaction of all parties so that there can be no misunderstanding later.
- 19.4 These responsibilities must be clearly set out in the employment agreements for each Minister.

Superannuation and Long Service Leave

- 19.5 The church would reasonably expect to be responsible for the equivalent of only one full superannuation and long service leave contribution when one fulltime position is shared. That contribution should be divided to the credit of the Ministers, and in accordance with their wishes, **provided that** the lesser proportion of the contribution satisfies the Federal Government's legislation for minimum superannuation contributions.

If more than the equivalent of one fulltime ministry is negotiated with the church, then the superannuation and LSL contributions should be augmented accordingly.

Pregnancy within joint ministries

19.6 The Fair Work Act 2009 allows each Minister of a joint ministry to take unpaid parental leave if the leave is associated with either:

- (a) The birth of a child of the Minister, or the Minister's spouse; or
- (b) The placement of a child under 16 with the Minister for adoption.

The employees are entitled to no more than 24 months of leave between them, which generally must be taken separately in a single continuous period.

19.7 The details of when leave can be taken and by whom can be found via the following link: <https://www.fairwork.gov.au/how-we-will-help/templates-and-guides/fact-sheets/minimum-workplace-entitlements/parental-leave-and-related-entitlements#taking-unpaid-parental-leave>.

Pregnancy During the Term of Ministry

19.8 Ministers are entitled to unpaid parental leave in accordance with the Fair Work Act 2009. This should be considered in light of the Minister's partner's choice to take parental leave to ensure that the requirements regarding the taking of parental leave are satisfied. Expectations in relation to parental leave are to be discussed as soon as practicable so that arrangements can be made for an interim ministry appointment, and management of other practical matters.

19.9 If the Minister is required to continue with part of the responsibilities of ministry during this period, appropriate part-time remuneration should be negotiated as a proportion of a five-day working week.

19.10 Also under the Fair Work Act 2009, Ministers can request other forms of family leave.

Paid Parental Leave Scheme

19.11 The Australian Government Paid Parental Leave scheme is an entitlement available to eligible parents of children born or adopted from 1 January 2011.

19.12 Parental leave payments won't cost the church anything - they are paid from the Federal Government (via Centrelink) direct to the church and who then pay the Minister. The employer is responsible for administering the paid parental leave.

19.13 For more information on the Australian Government's Paid Parental Leave scheme please refer to the Centrelink website at:

<https://www.humanservices.gov.au/individuals/services/centrelink/parental-leave-pay>.

A Minister with Child-Care Responsibilities

- 19.14 Some Ministerial duties and pastoral contact may need to be performed without a Minister's child(ren) being present and Ministers are required to make the necessary child-care arrangements to allow them to perform their duties effectively. Exceptions to this will be situations where the Minister's children are an integral part of a particular program in which the Minister is involved (e.g. playgroup, Sunday school, children's club, etc.)

20. Request for Flexible Working Arrangements

- 20.1 Requests for flexible working arrangements form part of the NES.
- 20.2 The Minister may have a right to request flexible working arrangements (such as changes in hours of work) from the church if the Minister meets the eligibility requirements. A church may refuse the request on certain grounds after following the necessary process. Details regarding flexible work requests can be found via the following link: <https://www.fairwork.gov.au/how-we-will-help/templates-and-guides/fact-sheets/minimum-workplace-entitlements/requests-for-flexible-working-arrangements>

21. Minister's Salary Packaging & Fringe Benefits

- 21.1 There are two elements that CCVT has considered in regard to salary packaging the Minister's remuneration. The first is the rulings from the ATO regarding fringe benefit tax, and the second is the ethical reflection regarding the nature of the life of the church and the call for all the followers of Jesus to be model citizens.

What is Salary Packaging?

- 21.2 Salary packaging is where an employer and employee agree that the employee's remuneration package will be received by way of a combination of cash salary and non-cash benefits.
- 21.3 Most employers are liable to pay fringe benefits tax (FBT) in relation to the provision of non-cash benefits to their employees. Such benefits are then known as fringe benefits. The liability for payment of FBT falls on the employer under the FBTA.
- 21.4 However, under the FBTA, there are exemptions for churches (employers) not to pay FBT for the provision of benefits when these are exempt benefits.

What Makes a Minister's Fringe Benefits Exempt?

- 21.5 Not all employees of churches who are paid fringe benefits are eligible for exempt benefits. To be eligible, the employee, including a Minister, is to satisfy the conditions under section 57 of the FBTA outlined below.

21.6 Benefits provided to certain employees of a 'religious institution' are exempt benefits under section 57 of the FBTA if:

- (a) the employer of an employee is a registered religious institution;
- (b) the employee is a religious practitioner;
- (c) a benefit is provided to, or to a spouse or a child of, the employee; and
- (d) the benefit is not provided principally in respect of duties of the employee other than:
 - (i) any pastoral duties; or
 - (ii) any other duties or activities that are directly related to the Practice, study, teaching or propagation of religious beliefs.

21.7 A **'religious practitioner'** is legally defined to mean:

- (a) a Minister of religion;
- (b) a student at an institution who is undertaking a course of instruction in the duties of a Minister of religion;
- (c) a full-time member of a religious order; or
- (d) a student at a college conducted solely for training persons to become members of religious orders

The ATO has developed a taxation ruling known as TR 2019/3 and titled 'Fringe benefits tax: benefits provided to religious practitioners' that explains the requirements of section 57 of the FBTA. This ruling states that, except in rare cases, a Minister should have all of the following characteristics:

- is a member of a religious institution,
- is recognised by ordination or other admission or commissioning, or has authority from the religious institution to carry out the duties of a minister based on theological training or other relevant experience,
- is officially recognised as having authority on doctrine or religious practice,
- is distinct from ordinary adherents of the religion,
- is an acknowledged leader in spiritual affairs of the institution, and
- is authorised to act as a minister or spiritual leader, including the conduct of religious worship and other religious ceremonies.

The ATO has also developed examples to help understand certain terms used in section 57 of the FBTA. These examples have been included at the end of this Guide, and you should check the ATO website to see if they have been updated.

We recommend that churches become familiar with these examples. If you are unsure as to whether or not your arrangements are compliant with ATO requirements, you should obtain professional advice.

- 21.8 The above exemption does not extend to church employees who are not religious practitioners in their employed capacity or Ministers who are not undertaking duties principally of a pastoral or religious nature, e.g. administrators, secretaries or caretakers (this includes Ministers of religion who perform an administrative function).

Advantages of FBT Exemption

- 21.9 The practical implication of the FBT exemption is that the church can, without any additional cost, offer its Minister a more attractive package by providing a mix of cash salary and non-cash benefits (fringe benefits) funded from a component of the Minister's remuneration. This effectively and legitimately decreases the taxable income of the Minister.
- 21.10 The extent to which a Minister will gain from the use of a remuneration package will depend on a range of factors, including:
- (a) Choosing to have an MEA;
 - (b) Living in their own home or a rental property;
 - (c) Owning, leasing, or provided with a car; and
 - (d) Having significant expenses which are usually claimed on their annual tax return.

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

- 21.11 This information is general only and we recommend that churches and Ministers consult an accountant or financial advisor for tailored advice on salary packaging and fringe benefits.

22. Payment of Remuneration

Single Touch Payroll

- 22.1 Payment of remuneration to a Minister must comply with Single Touch Payroll (STP) requirements in relation to employer reporting obligations. STP is a measure designed to reduce burdens in respect of information required to be provided to government agencies. The first phase of STP commenced on 1 July 2018, and STP Phase 2 commenced on 1 January 2022. Churches generally report relevant payroll information for STP purposes via their accounting software.
- 22.2 Initially under STP a church employer was only required to report a minister's reduced salary where exempt benefits were provided by way of a salary sacrifice arrangement. For example, if a minister received 70% of their remuneration (excluding superannuation contributions) as exempt benefits and 30% as salary, only the 30% salary component would be reported.
- 22.3 STP Phase 2 requires additional information to be reported by way of the disaggregation of income. As a result of this, gross income and salary sacrificed amounts (rather than just the net reduced amount) are required to be reported, as is more information in relation to allowance types.
- 22.4 STP Phase 2 also requires the reporting of additional information in relation to allowances. Some churches use the term "allowances" in respect of the benefits they provide. However, the use of this term is often incorrect because the amounts are not paid to ministers for them to expend. Instead, amounts are often transferred to an MEA in the church's name to then be expended by a minister directly on various costs. An example of this is a payment directly towards a minister's mortgage.
- 22.5 As the MEA is in the church's name, neither the transferring of funds to it nor the expending of funds from it directly on expenses represent the provision of allowances. The requirements of STP Phase 2 to allowances therefore will not have any application to transactions in a correctly structured church benefit account. However, the transfer of funds to this account will need to be reported as a salary sacrificed amount.

Limits on fringe benefits arrangements

- 22.6 Legislation currently does not limit the amount of remuneration which can be sacrificed under salary sacrifice arrangements. However, CCVT has recommended that a maximum of 70% of the total remuneration (**excluding superannuation and LSL**) is to be salary sacrificed by way of exempt benefits -please refer to the following section titled "Ethical Reflection").

Payment of the non-exempt component of remuneration

- 22.7 The part of the salary that is not paid to the MEA but paid to the Minister's personal bank account is considered assessable income for tax purposes.
- 22.8 PAYGWT is to be deducted at the rates shown in the ATO's published tax tables and remitted to the ATO in accordance with the requirements of the tax legislation via the church's Business Activity Statement. An income statement must be issued to the Minister via Single Touch Payroll at the end of the tax year.

Payment of the exempt component of remuneration

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

Payment of the Fringe Benefit component

- 22.10 Fringe benefits are paid by the church to the MEA. The church is to make payments directly to third parties on behalf of the Minister from these funds. These fringe benefits **are exempt benefits** and are exempt from FBT under Section 57 of the FBTA.

23. Ethical Reflection

- 23.1 As the Minister's benefits comprise of exempt benefits, remuneration arrangements must be ethical.
- 23.2 To be socially responsible, we do not want to exploit a provision made to the church, as all Australian citizens utilise services funded by personal income tax, including public infrastructure such as roads, public transport, social security payments, (including aged pension) and public health facilities.
- 23.3 Therefore, with regard to the salary or cash component of the Minister's package, CCVT recommends to churches that a minimum of 30% of a Minister's remuneration (excluding superannuation and LSL) is to be allocated as salary and is to be recorded on the Minister's annual income statement. A maximum of 70% of a Minister's remuneration (excluding superannuation and LSL) can then be paid to the MEA as an exempt benefit.

24. Establishment and administration of Ministry Expense Account (MEA)

- 24.1 For practical purposes, it is recommended that the church open a separate bank account (Ministry Expense Account - MEA) and deposits, for each pay period, the nominated amount of a Minister's remuneration to be paid as an exempt benefit. Where the church employs more than one Minister, there are to be separate bank accounts for each Minister.
- 24.2 The MEA must be an employer account and therefore must be in the church's name. A Minister's personal account must not be used for the payment of exempt benefits.
- 24.3 The account is to have two (2) authorised account signatories and cheques are to be counter signed. The Minister may be one of those signatories. It is advised that cheques are not to be pre-signed.
- 24.4 Where payments are by way of direct debit from the MEA, documentation such as a letter requesting the direct debit payment is to be sighted and signed.
- 24.5 As there are no established savings limits to the MEA, it can accumulate funds over the term of the Minister's employment with the church.
- 24.6 At the conclusion of the term of ministry, any remaining balance should be expended and not transferred to the Minister's next employer. This will enable the church to ensure that the funds in the MEA are only allocated as exempt benefits and comply with its employer responsibilities. If the balance is part of a lump sum on termination, it becomes subject to income tax and will need to be disclosed on the Minister's income statement.
- 24.7 Churches are to allow the MEA to remain open for a period of time to allow the Minister to expend any accumulated funds at the conclusion of a ministry. This will ensure that the Minister is not disadvantaged if their new position does not satisfy all the conditions of exemptions under Section 57 of the FBTA
- 24.8 If the Minister accesses cash or the equivalent to cash (purchase of traveller's cheques) from the funds held in the MEA, these payments will be and will need to be disclosed on the Minister's income statement.
- 24.9 The MEA is to be included in the church's annual audit. A statement indicating that the MEA is in accordance with the recommended terms and conditions is to be included with the church's annual accounts.
- 24.10 The Exempt Benefit component of a salary package should continue to be paid during all periods of leave (except unpaid leave), as the calculations for same are based on a 52 week year.

25. Expenditure from the Ministry Expense Account

Ministry related expenditure from MEA

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

- (a) their MEA account; or
- (b) paid from their salary and subsequently claimed as an allowable deduction through their taxation return.

25.2 Expenses can only be claimed through **one of these avenues not both**.

Private Expenditure from MEA

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

25.4 These payments can include but are not limited to:

- (a) Health insurance for Minister and his family, and any other medical & health related costs;
- (b) Education costs for Minister and his family, including school uniforms;
- (c) House contents insurance;
- (d) Electricity, gas, private telephone and internet rental and usage;
- (e) Subscriptions;
- (f) Family holiday expenses;
- (g) Second car expenses;
- (h) House rates, taxes, repairs and insurance costs;
- (i) Mortgage/loan repayments (but **not** payments to a mortgage offset account); and
- (j) House rental payments.

25.5 Cash withdrawals or advances (including such things as travellers' cheques or currency gift cards) must not be made from the MEA as such transactions do not represent properly structured exempt benefits.

Tithes and offerings

- 25.6 Tithes and offerings should not be paid from the MEA. Unlike other expenses, there is no commercial obligation on a Minister to pay tithes and offerings.

As tithes and offerings are made voluntarily and are not actually incurred by a Minister in the same way that an expense is (e.g. by having an invoice issued), they are not within the definition of a fringe benefit.

As tithes and offerings cannot be structured correctly as a fringe benefit, the payment of these from the MEA will be deemed by the ATO to be assessable income of the Minister.

This will also result in a situation where the church has not fully complied with its employer obligations for this deemed salary and wage income.

To avoid these unintended consequences, tithes and offerings must be paid by a Minister personally from the salary component of their remuneration. This requirement also applies to personal donations by a Minister to a charity and or deductible gift recipient.

26. MEA – Other Operational Matters

Reimbursement of Expenses

- 26.1 This is where the Minister purchases an item or pays an expense with his/her own funds and is reimbursed by the church from the MEA. A receipt or an invoice is required to be produced as proof of the expenditure, and where applicable, account for any GST transactions.
- 26.2 Once reimbursed, these expenses cannot be included in the Minister's annual taxation return as an allowable deduction.

Payment to third parties directly for unpaid accounts

- 26.3 This is where the Minister provides an invoice for payment and the church makes payment to the provider directly; the method of payment can either be by cheque or direct debit.
- 26.4 Payment to third parties may also be completed by direct debit periodically, for example payment of rent or a housing loan can be done periodically directly from the MEA. In this situation a statement is required each period to reconcile and support the periodic payments, and to account for any GST.

Reimbursement of payments from the Ministers dedicated credit card

- 26.5 Ministers can use a credit card and be reimbursed from the MEA for approved payments from the MEA.
- 26.6 The Credit Card Statement is to be presented along with accompanying documentation to support the transactions the Minister wishes to be reimbursed from the MEA bank account.

Cash Withdrawals

- 26.7 Ministers are to be advised that any cash withdrawals, cash advances or purchases of cheques that can be converted to cash are not exempt benefits. Instead, these items are treated as assessable income and will need to be recorded on the Minister's income statement for taxation and Medicare purposes.

MEA and GST

- 26.8 GST can generally be claimed by the church as an input tax credit for those expenses incurred by a Minister and paid from the MEA for which a tax invoice is held. Some exceptions to this rule exist for transactions relating to entertainment and costs of maintaining a Minister's family (such as groceries).

If GST in relation to expenses paid from the MEA is claimed by the church as an input tax credit then it is up to the church to decide whether this is retained in its general bank account or transferred to the MEA for subsequent expensing.

Accumulated Balances

- 26.9 The MEA can accumulate balances that can be carried forward from year to year to be used for major purchased such as a motor vehicle or to attend an overseas conference.

Interest Credit on the MEA

- 26.10 As the MEA is to be in the name of the church, the funds set aside in these accounts remain the notional property of the church.
- 26.11 Any interest earned on these funds is to be transferred to the church's accounts.

Audit of the MEA

- 26.12 Whilst the church is exempt from paying FBT in relation to 'religious practitioners' it is not exempt from audit to ensure compliance with the ATO legislation. It is essential that accurate records be maintained of the operation of the MEA. Churches are to keep supporting documents for transactions of the MEA.

- 26.13 The ATO requires churches to keep records of receipts and payments from the MEA for 5 years.

Minister's additional income at the church

- 26.14 As religious services can only be provided by a religious institution, a Minister (acting as agent of a church) cannot provide religious activities under their own Australian Business Number (ABN).
- 26.15 Accordingly, any additional income resulting from the Minister's activities as an agent of the **church is to be paid to the church, and banked in the church's bank account and not the Minister's MEA.**
- 26.16 These additional activities which result in an income to the church include funerals, weddings, speaking appointments and seminars.
- 26.17 The additional income received by the church as a result of the Minister's activities can be paid to the Minister as income i.e. **paid to the Minister as salary, or paid directly to the MEA. Payment will be at the discretion of the church.**

27. Motor Vehicle

- 27.1 The Church will not be responsible for any traffic or parking fines incurred by the Minister or for damage to, or theft from, their motor vehicle.

28. Ministers' Salary and Centrelink Benefit Entitlements

- 28.1 Centrelink is the Commonwealth Government organisation that administers entitlements to social security benefits. Centrelink uses different criteria than the ATO in determining how income affects these entitlements.
- 28.2 Family Tax Benefits and certain other family assistance support payments are also administered by Centrelink under the *A New Tax System (Family Assistance) Act 1999* (Cth).
- 28.3 The main difference with between the ATO's determination of income for eligibility for government payments and allowances administered by Centrelink under the *Social Security Act 1999* (Cth) is in the payment of exempt benefits.

In determining the total reportable income for religious practitioners, the ATO only assesses income that is included in an individual's income tax return. This will usually mean what is disclosed on a Minister's income statement. Centrelink, however, determines income for social security benefits on the basis of income disclosed on the income statement plus any personal benefits received by the religious practitioner.

- 28.4 Centrelink uses the term 'valuable consideration' as a guide to determine if a payment is a part of a Minister's income under the *Social Security Act 1999* (Cth).

- 28.5 Valuable consideration is defined as; “Receipts not in money form but capable of being valued in money terms. This occurs when a person receives goods, services or some other benefit in exchange for some item, action or promise.”
- 28.6 The following principles can be used in assessing the remuneration of Ministers for Centrelink payments:
- (a) Fringe benefits paid to Ministers for activities directly related to ministry are not to be included as income. For example: work-related home office expenses or resources.
 - (b) Fringe benefits paid to Ministers to meet expenses that are not directly related to ministry will be treated as income. For example: school fees, personal travel, clothing, holidays and purchases of assets for private use.
- 28.7 There can be payments to the Minister that contain both private and ministry components. For example; work-related components of telephone & internet and utility expenses for the Minister’s residence.
- 28.8 In this situation the Minister will need to determine what proportion is for private purposes. Where the percentage of private and church use of particular expenses has been agreed to, then this is to be recorded in the church minutes for future reference.
- 28.9 The table below indicates what types of Centrelink payments require disclosure of both the exempt and non-exempt component of the Minister’s remuneration.

Centrelink Payment Type	Disclose Salary Component of Remuneration	Disclose Exempt Benefit Component of Remuneration
Age Pension	Yes	Yes
Austudy	Yes	Yes
Carer Allowance & Healthcard	Yes	No
Carer Payment	Yes	Yes
Child Care Subsidy	Yes	No
Child Support	Yes	No
Commonwealth Seniors Health Card	Yes	No
Dad and Partner Pay	Yes	No
Disability Support Pension	Yes	Yes
Family Tax Benefit Part A	Yes	No
Family Tax Benefit Part B	Yes	No
Farm Household Allowance	Yes	Yes
Jobseeker payment	Yes	Yes
Parenting payment	Yes	Yes
Parental Leave Pay	Yes	No
Special Benefit	Yes	Yes

29. Prevention of Workplace Bullying, Sexual Harassment and Unlawful Discrimination

- 29.1 Bullying, sexual harassment and unlawful discrimination in the workplace is against the law and will not be tolerated.
- 29.2 A worker of the church must not engage in workplace bullying, sexual harassment, unlawful discrimination (including vilification) or victimisation against another person at work.
- 29.3 Any substantiated breaches of this policy may result in disciplinary action being taken up to and including termination.

30. Working With Children Compliance

- 30.1 Churches of Christ considers participation in church-related events, activities, programs and services to be child-related work.
- 30.2 Churches of Christ aims to ensure a child-safe organisation and will proactively manage risks to the safety and wellbeing of children. To this end, Churches of Christ requires that all staff must obtain a Working with Children clearance whether they are engaged in child-related work or not.
- 30.3 It is a lawful and reasonable direction in the context of this policy that staff must maintain a Working with Children clearance as a material condition of their engagement with Churches of Christ.
- 30.4 Any substantiated breach of this policy may result in disciplinary action being taken up to and including termination.

31. Hiring

- 31.1 Hiring of staff will be undertaken in compliance with this policy guide.
- 31.2 When hiring staff, the relevant decision makers must have regard to the following criteria:
 - (a) The experience of the interviewee;
 - (b) The qualifications of the interviewee;
 - (c) The job history of the interviewee;
 - (d) The character and demeanour of the interviewee; and
 - (e) The values of the interviewee.

- 31.3 When interviewing potential staff, the relevant interviewers and decision makers must ensure that they:
- (a) determine why the interviewee is leaving their current role (i.e. did the candidate leave because of accusations relating to their conduct such as bullying or aggressive behaviour); and
 - (b) assess the candidate in line with the criteria identified at 31.2.
- 31.4 In order to become a staff member at Churches of Christ or its affiliated churches, the Applicant must have achieved the minimum theological training standards for the role.



FBT and religious practitioners - examples

<https://www.ato.gov.au/misc/downloads/pdf/qc59405.pdf>

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QC 59405

The following examples will help you understand the requirements for a fringe benefits tax (FBT) exemption for benefits provided to religious practitioners.

Religious Practitioner

Example:1

David is employed by a registered religious institution to provide spiritual support to children, and to conduct the youth group. While David has a Bachelor of Theology, he is not ordained by the religious institution and is not commissioned or authorised by the religious institution to act as a minister or spiritual leader.

He is not a religious practitioner and benefits provided to him will not be exempt from FBT.

Example:2

Maya is commissioned by a registered religious institution to perform the pastoral duties of a minister of a religious institution. The religious institution employs her to run religious services on Wednesday and Friday, and to teach the Sunday school.

Maya is a religious practitioner, and benefits provided to her by the religious institution will be exempt from FBT.

Example:3

Arjun is employed by a registered religious institution that provides support services for other religious institutions. His duties are to write news and website articles for various religious institutions. He has academic qualifications in theology, however is not recognised by any ordination, and is not authorised to act as a minister or spiritual leader.

Arjun is not a religious practitioner and benefits provided to him will not be exempt from FBT.

Pastoral activities

Example:1

Tashi is a minister of religion employed by a registered religious institution to teach at a private school it operates. Her duties are to teach the Studies of Religion subject to Year 11 and 12 students. These teaching duties are not pastoral or directly related religious activities, as they are concerned with teaching a recognised subject of the state Year 11 and 12 curriculums.

Fringe benefits provided by the registered religious institution to Tashi would not be exempt from FBT.

Example:2

Alan is a minister of religion who is employed by a registered religious institution to teach at a private school it operates. His duties principally relate to teaching the Bible, leading the school's daily prayer group and conducting religious instruction on the specific religious beliefs promoted by the registered religious institution.

These duties are considered pastoral duties. Benefits provided by the registered religious institution to him would be exempt from FBT.

Example:3

Liev is a minister of religion who is employed by a registered religious institution to teach at a private school it operates. His duties are to teach the Studies of Religion subject to Year 11 and 12 students, to provide religious guidance to the student body and conduct a weekly religious service.

Teaching the Studies of Religion subject to Year 11 and 12 students are not pastoral duties. If it is clear that the benefits provided to him are in respect of providing religious guidance and the weekly religious service, which are pastoral duties, they would be exempt from FBT. For example, if he is provided with remuneration, similar to other curriculum teachers, for his teaching of the Studies of Religion subject, the additional benefits provided to him would be considered to be in respect of his pastoral duties.

Alternatively, if Liev is not remunerated for the teaching the curriculum subject and is only provided with benefits similar to other ministers in the religious institution, the benefits could be considered to be related to the pastoral duties he conducts at the school and therefore would be exempt from FBT.

Directly related religious activities

Example:1

Brianna is a minister of religion employed by a registered religious institution. Her duties include writing spiritual content for the religious institution's website and newsletters, as well as preparing programs for other ministers to use in spiritual study groups.

These are directly related religious activities.

Example:2

Zenshin is a minister of religion employed by a registered religious institution. He is the head administrator of the five schools run by the religious institution. His duties include:

- > overseeing the day to day functions of the schools
- > staff management
- > asset and financial management
- > program development.

These are not directly related religious activities.

Example:3

Gabrielle is a minister of religion employed by a registered religious institution. She is the musical director for the religious institution's weekly service. Her duties include:

- > scheduling performers
- > conducting rehearsals for the supporting band and backing vocalists
- > attending production meetings
- > managing the technical rehearsal.

These are not directly related religious activities.

Types of Benefit

Example

Abdul is a minister of religion employed by a registered religious institution to perform daily prayer services. The religious institution provides him with a residence, pays his children's school fees, and pays for a holiday every two years.

The benefits provided to Abdul are related to his pastoral duties and are exempt from FBT. Any benefit provided to a religious practitioner, or their spouse and children, related to the religious practitioner's pastoral duties will be exempt from FBT.

Employee receiving non-cash benefits

Example

Jean is not ordained, but has been commissioned by a registered religious institution to perform the pastoral duties of a minister. He conducts religious services once a week and provides spiritual counselling to members throughout the week. The religious institution does not provide him with any monetary payment, but supplies him with a motor vehicle to enable him to perform pastoral duties.

The provision of non-cash benefits, such as a motor vehicle, is sufficient payment for Jean to be considered an employee of the religious institution for FBT purposes. The provision of the motor vehicle will be exempt from FBT.

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