



# **Queensland Baptists**

## **Ministerial Remuneration GUIDELINES For Registered Ministers**

FOR ASSISTANCE PLEASE CONTACT

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**Effective 1 July 2022**

## **WHAT HAS CHANGED SINCE LAST RELEASE OF THIS DOCUMENT (on 1/7/2021)**

1. Remuneration benchmark increased to \$1,637.62 (page 2)
2. Accommodation Reduction increased to \$300 (page 3)
3. Modification to wording on Exempt Fringe Benefits (page 4)
4. Change to COVID adjustment policy (page 4)
5. Alerts re: STP2 giving Exempt Fringe Benefit information to Government Departments (page 5)
5. Addition of Sabbatical Leave reference (page 7)
6. Update to visiting speaker rates (page 8)

## **AUTHORISATION**

This Ministerial Remuneration Guidelines document is produced by The Baptist Union of Queensland (under its business name: Queensland Baptists (QB)). It is authorised by the Financial Services Committee (FSC) which was known as Administrative Services Group (ASG) prior to 2019. References in this document to decisions made before this date will still use ASG as the authorised body of the time. It is authorised for use by the churches and pastors of QB, and is not intended to provide guidance in other circumstances. This release of the Ministerial Remuneration Guidelines was approved at a meeting of FSC in May 2022.

## **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 package can be utilised in both the scenario where a Pastor is employed under a Contract of Employment (CofE), or where a Pastor is offered a Spiritual Appointment Agreement (SAA). Details of this distinction are contained in the Documenting Remunerations Terms and Conditions Section below.

## **THE REMUNERATION BENCHMARK**

The Remuneration Benchmark is normally 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 @ 1<sup>st</sup> July 2022: \$1,637.62 (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** **\$300 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.

It should be noted that the figure identified above represents around 75% of the average housing cost across Queensland, and that housing costs vary significantly from place to place. The local cost of housing should be considered as to whether the Accommodation Reduction ought to be varied to align with local costs.

The application of the reduction may be achieved in a number 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:** This can be implemented in two ways;

- the church could rent the premises in its name and pay for it directly, and may deduct the accommodation reduction from the Remuneration Benchmark.

- the Pastor can rent a suitable property in his/her name, no accommodation reduction is applied, but the church pays additional exempt benefit equivalent to the total rental less the Accommodation Reduction. For example; if the rental was \$375 per week paid by the pastor, the church should pay the pastor a full remuneration plus an additional exempt benefit of \$75 per week.  $(375-300=75)$

**(c) If the Church does not own a manse or the manse is not suitable for the pastor, AND the Pastor owns or is willing to purchase a house:** Generally, the Accommodation Reduction is simply not applied and housing is left to be the Pastor's concern. However, if the Church is able to lease the manse to alternate tenants or make other savings by not needing to provide accommodation, an agreed additional contribution may be made to the Pastor to assist with mortgage repayments. For example, the contribution could be determined as half of the net benefit the church is receiving.

**(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 FSC, generally in May of each year to take effect from 1<sup>st</sup> 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 to 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 year’s update is based on the AWE update of February 2022 based on data effective Nov 2021, and the CPI update of March Quarter 2022 data published in April 2022. The AWE is 2.2% and CPI is 5.1%, giving a benchmark increase of 3.65%.

**COVID-19 Adjustment:** In the light of the ongoing strength of the economy, it is now considered unlikely a negative index is likely to be determined in any year for the foreseeable future, and therefore it is proposed to discontinue the carried over adjustment.

## **EXEMPT FRINGE BENEFITS**

Registered 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 loan, 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.

Where a staff member of a church is not registered, they may be still eligible to receive exempt fringe benefits if they meet all the legislated requirements. These include; that the employee has formal qualifications of a religious nature, and is in a job where they influence the religious practice of the church. QB is not able to certify an unregistered staff member’s eligibility for exempt benefits and a qualified opinion or formal ruling is recommended.

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. Please note that the introduction of STP2 reporting from 1<sup>st</sup> July 2022 means that the ATO does have access to the amount of exempt fringe benefit being paid, and therefore this may modify the manner in which this matter is approached. At the time of publishing this guideline, We do not have any details about how this issue may change.

**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. However, Centrelink would take Exempt Benefits into account when assessing a person’s income for determining their eligibility for a parenting payment, for example. 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. Again, with the introduction of STP2 from 1<sup>st</sup> July 2022, there may be changes in this regard but we have been unable to determine the specific issues at the time of publishing this guideline.

## **EXPENSES**

Where a pastor incurs expenses on behalf of the church, they are eligible for reimbursement following the same methodology as would be applied to members of the congregation. Examples would include travel to church-authorized events, and purchasing of supplies for the church office or kitchen.

## **SUPERANNUATION**

An adjustment to the superannuation guarantee rate is due effective 1<sup>st</sup> July 2022. The new rate is 10.5%.

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:

<b>Year Commencing:</b>	<b>Super Guarantee Rate:</b>
1 <sup>st</sup> July 2022	10.5%
1 <sup>st</sup> July 2023	11.0%
1 <sup>st</sup> July 2024	11.5%
1 <sup>st</sup> July 2025	12.0%

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 10.5% of the full Remuneration Guideline amount as follows:

Benchmark less 15%	\$ 1,391.97 * 10.5% = \$146.16 per week
Benchmark	\$ 1,637.62 * 10.5% = \$171.95 per week
Benchmark plus 10%	\$ 1,801.38 * 10.5% = \$189.15 per week

### **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 1<sup>st</sup> 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.

## **DOCUMENTING REMUNERATION, TERMS AND CONDITIONS**

It is essential that all terms and conditions of a call are documented between church and pastor as a part of the calling process. This can be undertaken as a Spiritual Appointment Agreement (SAA) or a Contract of Employment (CofE). QB’s recommendation is that the appointment of a Senior/Solo Pastor is better handled as an SAA. General Associate Pastor calls are also best suited to this style of call. A CofE might be better suited to a specific, narrow-focused call e.g. Worship Pastor). We recognised that certain historical arrangements may be in place for some Pastors that mean CofE arrangements will continue to apply. Please refer to the Spiritual Appointment information from QB for a full explanation of this process.

It is recommended that an SAA ought to include the following clauses:

- (a) Remuneration in accordance with the Guideline figure (and applicable adjustment) set out in this document and whether indexation is automatic.
- (b) Stipend to include Exempt Benefits (including the method to be used) as outlined in this document.
- (c) Superannuation paid by the Church at the SGC rate (or at the “equivalence” rate if the church is willing to offer this).
- (d) Four weeks paid Annual Leave (no leave loading). For remote churches where pastors may face significant additional travel times to visit family or embark on overseas holidays, consideration would be given to offering a fifth week of annual leave per annum. Leave is cumulative and paid out on termination, although Pastors are encouraged to not allow leave to build up beyond two years’ entitlement.
- (e) Personal Leave (sick/carers) for two weeks per annum, cumulative, but not paid out on termination.
- (f) Compassionate Leave for occurrences of serious illness or death in the family.
- (g) Long Service Leave through the QB Pastoral Long Service Leave Scheme – refer to the rules of the Scheme for full details.
- (h) Periodic review process between church and pastor, including involvement of the Church Health Director at QB if there are any significant issues.

- (i) Church to provide insurance coverage with Workcover (for Workers Compensation) and Baptist Insurance Services (for Professional Indemnity, Directors and Officers, Public Liability, and Travel Insurance – as included in the standard church insurance deal).
- (j) Professional Development including funding the Pastor's attendance at suitable conferences (e.g. QB Pastors and Spouses Conference).
- (k) Termination of call by either party by provision of written notice – with three months' notice.
- (l) Appeals process on matters of Pastoral relationship with Church to Queensland Baptists via the Director of Pastoral Services.

A number of other clauses may be included by mutual agreement, including but not limited to:

- (m) Optional agreement to bi-vocational arrangements
- (n) Optional specified length of call
- (o) Optional Sabbatical Leave for 12 weeks after 7 years (see Sabbatical Policy for details)
- (p) Optional provision of a mobile phone
- (q) Optional use of manse or other housing arrangement
- (r) Optional Establishment/support for home office
- (s) Optional Public Holiday provisions
- (t) Optional weekend "breaks"
- (u) Optional Parental leave
- (v) Optional provision of a motor vehicle
- (w) Any other term or condition as agreed.

Recommended wording for all these conditions and sample SAA's are available from Queensland Baptists.

If a Church and Pastor wish to formalise a new call through a Contract of Employment, it is recommended that parties consider a review of the agreement by a Human Resources expert or by seeking legal advice on contractual arrangements. However, this document recommends that the conditions listed above are explicitly contained in the employment documentation for clarity – bearing in mind that this does not override the legal requisites of an employment arrangement.

## **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 is determined for Ministerial Exempt Fringe Benefits and it is credited to a fund in the Church Accounts.
2. The minister submits tax invoices or accounts for goods or services they wish to have paid from their exempt fringe benefits to the Church Treasurer who either reimburses the minister or pays the invoice direct.
3. The net amount (before GST) of the invoice is debited to the exempt fringe benefit fund in the church accounts.
4. The invoice is retained by the Church Treasurer for inclusion in the next BAS submission, to claim back the GST.
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 is determined for Ministerial Exempt Fringe Benefits and it 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, is

considered. Historically, The Department of Justice and Attorney General provides a helpful web site in this regard at [wageline.qld.gov.au](http://wageline.qld.gov.au) for your reference.

This is now superseded by Fair Work Online website: [www.fairwork.gov.au](http://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 nominated figure was the average price a Funeral Director charges the family for the services of a minister. The “one service” figure is based on approximately 75% of this amount, 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.

The figures set out below are reviewed to benchmark every second year, and have been adjusted in this update.

	<b>Engagement</b>	<b>Details</b>	<b>Amount</b>
<b>A</b>	One Service	Cover initial travel and preparation costs. Note Option D.	\$200.00
<b>B</b>	Two Services	Invitation for meals, and an “afternoon base” should be extended. Note Option D.	\$300.00
<b>C</b>	Church Camp, Weekend	Accommodation and meals are to be supplied.	\$500.00
<b>D</b>	Long Distance	Where long distances are travelled, use the per kilometre allowance.	See “F” below
<b>E</b>	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.	
<b>F</b>	Motor Vehicle Rates (Incidental use of vehicle: up	Motor vehicle rates are 75% of published Australia Taxation Office guidelines as at 1 <sup>st</sup> July 2018, irrespective of engine size:	¢ per km <b>49.5</b>

	to 5,000 km pa.)		
<b>G</b>	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**

	<b>Remuneration Benchmark</b>	<b>Accommodation Reduction</b>
1/07/2022	\$1,637.62	\$300.00
1/07/2021	\$1,579.95	\$285.00
1/07/2020	\$1,546.70	\$275.00
1/07/2019	\$1,546.70	\$275.00
1/07/2018	\$1,518.61	\$270.00
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