



**ANGLICAN  
DIOCESE OF  
MELBOURNE**

**Guidelines issued by Archbishop-in-Council for  
the Remuneration of Parish Clergy, Authorised  
Stipendiary Lay Ministers  
and Locums**

**Stipend Determination Number 34**

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## Executive Summary

Stipend Determination Number 34 is the minimum remuneration package for the clergy of the Anglican Diocese of Melbourne for the period 1 October 2019 to 30 September 2020.

The Stipends Committee met in July 2019 to consider the major issues affecting the stipend and have produced a package for presentation to Archbishop in Council. The package is considered to be fair and reasonable and one which meets all regulatory requirements.

The stipends and other payments in this Determination are the minimum permitted payment to parish clergy and authorised stipendiary lay ministers in this Diocese. The Stipend Determination 34 is a separate document to these guidelines.

These Guidelines, issued for the Stipend Determination 34, provide the procedures approved by the Archbishop in Council that should be followed, and sets out where variations are permitted.

There may be part-time parish clergy and authorised stipendiary lay ministers who wish to offer their services for less than the minimum Determination. Where this occurs, an agreement is to be signed and lodged with the Registrar. Parishes or paying authorities who seek assistance in drawing up the agreements should refer to their Archdeacon.

## Legislative Changes

At the meeting of Synod in October of 2005 the *Diocese Stipends Act 1991* was amended.

As a result of the change the Stipends Committee must, in exercising its powers and functions, regard the following:

- the need to provide fair minimum standards for clergy who render full time service in relation to parishes and other persons, whether clerical or lay, engaged in activities for on behalf of the Anglican Church in the Diocese of Melbourne in the context of living standards generally prevailing in the Australian community.
- economic factors, including levels of inflation, and the desirability of attaining a high level of full time appointments.
- levels of remuneration in other dioceses in the Anglican Church of Australia.
- the need to ensure that the primary responsibility for determining the remuneration of clerical and lay workers rests with the paying authorities at the local level, based upon foundation of minimum standards.
- The taxation environment for clerical and lay workers.
- Any submissions made from the Provincial diocese and other interested parties to the Committee.

## Changes in policy, composition or administration: Comparison between Stipend Determination number 34 and 33.

The differences in regard to clergy remuneration in either the composition or administration of Stipend Determination 34, when compared to Stipend Determination 33, relates mostly to the amounts and rates to be applied. Parishes are not required to pay council and water rates to those clergy living in their own home. Parishes are reminded that tiered salaries for Authorised Stipendiary Lay Ministers were established in Stipend Determination 22 on a per annum basis rather than remuneration payments based by session or by hour.

## Changes in stipend and associated costs Comparison between Stipend Determination number 34 and 33

<b>Gross Minimum Stipend</b>			
<u>Description</u>	SD34 1/10/2019	SD33 1/10/2018	Change
	\$	\$	\$
Priest or Deacon in charge of a Parish	61,179	59,594	1,585
Priest or Deacon from fourth anniversary	55,061	53,635	1,426
Priest or Deacon on third anniversary	52,002	50,655	1,347
Priest or Deacon on second anniversary	48,943	47,675	1,268
Priest or Deacon on first anniversary	42,825	41,716	1,109
Deacon (first year)	36,708	35,757	951

### Terminology

**Minister** means a cleric licensed by the Archbishop of the Diocese who performs pastoral or other duties that directly relate to the practice, study, teaching or propagation of religious beliefs.

**Authorised Stipendiary Lay Minister (ALSM)** means a lay employee who is authorised by the Archbishop to carry out pastoral duties or activities that directly relate to the practice, study teaching or propagation of religious beliefs in a parish.

**Pastoral or related duties** means duties associated with the spiritual care of the members of the congregation of a religious body. Such duties could include:

- a. communicating of religious beliefs;
- b. providing the community with spiritual guidance and support;
- c. attendance at an in-service training seminar provided the seminar is of a spiritual nature; and
- d. meeting with and visiting the sick, the poor, or persons otherwise in need of emotional and spiritual support.

**Religious practitioner** means a minister or ASLM.

**Non-cash benefit** means a benefit, item or service received but not paid for through stipend or as a fringe benefit. For example, a provision of a computer or study desk. The benefit provided would involve a change of ownership. For taxation legislation all such benefits must be disclosed as remuneration.

**ABN** means Australian Business Number.

**ATO** means the Australian Tax Office.

**FBT** means Fringe Benefits Tax.

**GST** means Goods and Services Tax.

**PAYG** means Pay As You Go Tax.

## Remuneration

Detailed below is a summary of all elements of remuneration for parish clergy, ASLMs and locums licensed or authorised in the Anglican Diocese of Melbourne (Diocese). It provides an overview for the payment of the stipend, any current issues and the Determination's treatment of such elements. The remuneration elements include:

- stipend,
- superannuation,
- provision of housing,
- stipend sacrifice arrangements.

In addition parish ministry related expenses directly related to employment of a religious practitioner will be discussed. These include:

- the use of a fully maintained motor vehicle, or the provision of a travel payment,
- the payment of utilities such as telephone, electricity and gas,
- other allowances.

## SECTION 1 – CLERGY

### Clergy Stipend

#### Stipend Determination No. 34

#### Total Remuneration Package (Full time Priest in Charge)

Effective 1 October 2019

<b>Stipend</b>	<b>\$61,179</b>
<i>consists of:</i> Cash stipend	\$26,934
30% salary packaging	\$28,127
employee super (10%)	\$6,118
Employer super contribution (15%)	\$9,177
Housing amount	\$23,400
Car depreciation	\$4,560
Car standing costs estimate	\$2,000
Utilities estimate	\$4,400
<b>Total</b>	<b>\$104,716</b>

### Stipends: Part-Time Parish Clergy

Stipends are calculated as a percentage of 6 days of the relevant category for full-time parish clergy. For example half time = 3 days = 50%. The number of hours per day is to be negotiated within the parish.

<b>Days worked per week</b>	<b>FTE</b>
5	0.84
4	0.67
3	0.50
2	0.33
1	0.17

A cleric is required to be paid a stipend of an amount determined upon agreement with the parish. A stipend sacrifice arrangement is permitted. Parishes should now complete the Master Remuneration Form **prior to 15 September 2019** and forward the form to the Payroll Department of the Melbourne Anglican Diocesan Corporation (MADC) to ensure the correct superannuation contributions are made. The guidelines to such arrangements are referred to in a later section of this paper.

Payment in the form of stipends will be subject to PAYG withholding tax.

A religious institution making a payment for the performance of such activities must make PAYG withholding deductions and must issue a PAYG payment summary at the end of the tax year.

All activities performed by a religious practitioner as a member of a religious institution will be taken to be the activities of the religious institution. As a result the religious practitioner will not be eligible to register for GST or an ABN for these activities.

## **Superannuation - Full time and part time clergy**

### **Overview**

A cleric is entitled to have contributions made to a superannuation fund in accordance with the Superannuation of Clergy Act.

Additional contributions above the legislative amount are allowed.

### **Superannuation of Clergy Act**

As at 1 October 2009, the *Superannuation of Clergy Act* requires a parish contribution to be made to a superannuation fund at a rate of 15% of minimum stipend.

The *Superannuation of Clergy Act* also requires that a minimum personal contribution of 10% of the gross minimum stipend be made to a superannuation fund. The contribution may be salary sacrificed from the cleric's Stipend or deducted after tax.

Clergy may make additional contributions to their superannuation fund by stipend sacrifice or by after tax deductions from their stipend.

## **Housing – Full time and part time clergy**

### **Housing Value**

As of the 1 October 2019 the Housing payment is **\$23,400**.

### **Overview**

Full time clergy should be provided with the use of a full time residence or be paid a housing payment.

**It is the responsibility of churchwardens to provide accommodation for clergy, whether this accommodation is owned by the parish or rented.**

In exercising this responsibility in regard to an Assistant Curate, the intention is that the parish provides the housing, and if necessary under a lease arrangement in the name of the Melbourne Anglican Trust Corporation. **It is not appropriate to provide the Assistant Curate a housing payment in lieu of appropriate accommodation.** This provision applies equally to all clergy unless the clergy person is seeking to purchase their own home.

### **Housing provided by the Parish**

Housing provided by the parish may be in the form of:

- a) a Church owned vicarage.
- b) a leased residence in cases where a vicarage is unsuitable or unavailable. In such cases the lease is to be in the name of the Melbourne Anglican Trust Corporation. If the rented Vicarage is to be outside the parish boundaries, the Archbishop's approval via the Area Bishop is required.

The parish will pay for these clerics' gas, electricity, water, weekly council garbage removal and telephone bills (this includes internet access) directly. This is for both full and part time clergy. Alternatively, the parish may reimburse clergy for the cost of these utilities.



***Parish has suitable housing but cleric requests own home***

If the parish has suitable accommodation for provision to the cleric, but the cleric desires to live in their own home, then the following section applies.

If the cleric (Vicar or Associate) does not require provision of a vicarage or rented accommodation (that is, the cleric is buying/owns their own home), the parish and cleric may agree that the parish will provide housing benefits to the cleric of an amount determined by the current Stipend Determination (outlined above).

- a) If the cleric's own home is outside the parish boundaries, permission from the Archbishop via the Area Bishop needs to be obtained and the agreement of both the cleric and the churchwardens needs to be given.
- b) If the parish does not want the cleric to live in their own home but wants them to live in the parish accommodation, then the Archdeacon will be the arbiter in such a discussion.
- c) If the cleric is to live in their own home, the standard housing allowance is as determined in the Stipend Determination annually (currently \$23,400). However, consideration to the following needs to be given which might then modify the housing allowance paid:
  - In some places and parishes, the housing allowance will be a significant financial burden to a parish. This occurs when the net income of a Vicarage being rented is much less than the housing allowance. As an estimate for net income, the basis is 75% of formal rental evaluation. In such a case, the parish can offer 75% of rental income of the church Vicarage as a housing allowance. The parish may of course agree to pay up to the standard amount. Where there is disagreement between the cleric and the parish, the Archdeacon is the arbiter.
  - In some parishes, for a cleric to live locally, their housing and thus mortgage will be expensive, above the housing allowance. In such cases, the parish may (but is not obliged to) pay an allowance up to 75% of rental income of the Vicarage. Again, if there is disagreement, the Archdeacon is the arbiter.

***Parish does not have suitable housing and cleric requests own home***

If a parish does NOT have an acceptable house, then the following applies if the cleric wants to live in their own home and not in rented accommodation:

- a) If the cleric's own home is outside the parish boundaries, permission from the Archbishop via the Area Bishop needs to be obtained and the agreement of both the cleric and the churchwardens needs to be given.
- b) If the cleric is to live in their own home, the standard housing allowance is as determined in the Stipend Determination annually (currently \$23,400).
- c) However if the cost of housing and thus mortgage in that parish is expensive, the parish must pay an allowance of at least 75% of rental income of a median rent of a four bedroom house in that area. The parish may of course pay a higher amount.
- d) In the case of any disagreements, the Archdeacon is the arbiter.

Parishes will be required to obtain two independent rental valuations of the vicarage (or if there is no suitable housing, the average rental of a four bedroom house in that area) to support an additional payment. The valuations must be completed by valuers qualified in providing rental valuations.

### ***Utilities, etc.***

For clergy in parish provided accommodation, whether a Vicarage or rented by the parish, the parish will pay for these clerics' gas, electricity, water, weekly council garbage removal and telephone bills (this includes internet access) directly. This is for both full and part time clergy. Alternatively, the parish may reimburse clergy for the cost of these utilities.

For clergy in their own homes, the parish will pay for these clerics' utilities expenses as above, other than all council and water rates.

Part time clergy residing in their own home are entitled to receive as a minimum a pro rata amount of all costs of all utilities other than all council and water rates.

For comparison purposes, it is assumed that the total cost of utilities is \$4,400 per annum.

### ***Where multiple clergy reside in the one house***

Where more than one cleric resides in Church owned property rent free, no housing payment will be payable as the conditions of the licence have been fulfilled.

If more than one cleric resides in private accommodation, one housing payment is payable per household.

Where more than one parish is involved, the housing payment will be split between the parishes. Each parish should discuss the appropriate payment which will be incurred per parish. A split on a 50-50 basis would be appropriate. If unable to reach an agreement the Archdeacon should be consulted to assist in the negotiations.

### **Clergy who are appointed on a part time basis are entitled to receive Housing Allowance on the following basis:**

Initial responsibility for the provision of housing at Diocesan Standard resides with the Wardens of the Parish. Where clergy elect to reside in their own home, they are entitled to a housing allowance.

For new appointments (excluding extensions) a pro rata amount of housing allowance is recommended (minimum requirement). Existing arrangements remain in force for the period of tenure.

### ***Taxation Treatment***

The provision of a residence to a cleric is considered an exempt fringe benefit and not subject to tax under current taxation legislation.

A **housing payment paid directly to a third party**, i.e. a bank in the case of a mortgage, or a real estate agent in the case of a rental arrangement, is considered an *exempt fringe benefit* and not subject to tax under current taxation legislation. **NB: The ATO states that a payment to a mortgage offset account would not be considered an exempt fringe benefit and would be taxable income. However payment to a mortgage account with a redraw facility is permitted as a fringe benefit.**

A **Housing payment paid directly to a cleric is taxable income**, and PAYG deductions are required to be made from those payments. Generally, it would be unlikely that a cleric could claim deductions for many of the expenses for which a housing payment is used.

Any housing payments paid directly to the cleric or a family associate (including friends) are to be treated as taxable income i.e. additional stipend. Payments made by the parish must be fully and properly documented.

**For taxation purposes, any additional payments of housing allowance authorised by the Parish Council which together total more than 75% of the rental valuation are to be paid in the form of additional stipend and will be regarded as taxable income.**

## **Fringe Benefits – Full time and Part time Clergy**

Parishes are exempt from paying Fringe Benefits Tax when a 'Minister of Religion' is employed by a Religious Institution and the eligible clergy receives fringe benefits.

The Archbishop in Council has maintained the eligible fringe benefits up to a **maximum of 30%** of the total remuneration package. This is similar to other Anglican Dioceses.

The remuneration of clergy is now reported as a total remuneration package. This includes gross minimum stipend, parish superannuation contributions (on the minimum stipend), and the housing payment (of \$23,400).

**Clergy within the Anglican Diocese of Melbourne must adhere to the maximum amount allowable.**

### ***What are stipend sacrifice arrangements?***

A stipend sacrifice arrangement is one where a parish agrees to allow the religious practitioner to forego the payment of a portion of their cash stipend. The parish will make payments to third parties on behalf of the religious practitioner, or will provide other non-cash benefits. If it is agreed that the value of the payments made, or the value of the benefits provided, equals the amount of the cash stipend foregone (or "sacrificed"), the salary sacrifice arrangements do not add to the overall cost to the parish of remunerating the religious practitioner.

The provision of stipend sacrifice arrangements will benefit the religious practitioner because it has the effect of increasing his/her "take home pay". Any provision of non-cash benefits to religious practitioners are considered exempt from any fringe benefits or other taxation legislation.

**(Please note that non-cash benefits made to religious practitioners are exempt from tax and payment summary reporting. However, under social security legislation, Centrelink (for example) takes the value of many exempt benefits into account when assessing eligibility for various social security payments.) It is the responsibility of the cleric to report these values.**

### ***Payment of stipend sacrifice arrangements***

To ensure compliance it is essential that the non-cash benefits are administered correctly. In the administration of the payments three key rules must be adhered to:

- a. the payment must be made to a third party,
- b. if non-cash benefits are supplied, the value must be agreed, and must be a reasonable calculation,
- c. the salary sacrifice payments are of a personal nature. While the parish and religious practitioner must agree on the total that can be sacrificed, it is the individual cleric's decision, with the exclusion of non expense items such as donations, gambling and the payment of fines, as to what it is to be spent on.

### ***Administration of stipend sacrifice arrangements***

MADC strongly recommends that the parish provides an additional credit card for the administration of the non-cash benefits. This will ensure all such payments are compliant and provide a convenient method for the religious practitioner.

If a parish provides non-cash benefits by reimbursement of invoice, it is essential that the payment does not exceed the invoice and that the original invoice is retained by the parish.

Superannuation sacrifice payments are in addition to the 30% restriction on sacrifice amounts.

**The religious practitioner should be provided with a regular (at least monthly) statement. The statement should report:**

- what amount of benefits were allocated in the reporting period,
- what amount of benefits were deducted in the reporting period,
- variance between the provision and allowance of non cash benefits in the reporting period,
- what amount of benefits were allocated for the year to date,
- what amount of benefits were deducted for the year to date,
- variance between the provision and allowance of non cash benefits for the year to date.

The timing of the payment of non-cash benefits should be determined by the religious practitioner. It is understood that the payments will not be required in equal monthly instalments. Benefit amounts can be accrued and spent in another reporting period. However, it advised that churchwardens only allow **minimum** accrual of benefits to avoid significant exposure of the parish to material liabilities.

If stipend sacrifice arrangements are converted to cash, or not paid within the recommended guidelines, they are subject to PAYG.

**Issues**

The General Synod Standing Committee put forward a proposal to amend the Clergy Remuneration Guidelines. While the Diocese is not required to follow such guidelines, it should seriously consider them. The recommendations include:

- a. to have reasonable limits on the extent of stipend sacrifice;
- b. the stipend sacrifice calculation to include the provision of housing and motor vehicle.

The issue of fringe benefits provided to religious practitioners is crucial. Currently, tax legislation does not limit the amount of the stipend which can be sacrificed under stipend sacrifice arrangements. However, it is important that the Church observes reasonable limits on the use of these arrangements. A failure to observe reasonable limits may lead a government to limit the relevant tax exemption which currently applies to those arrangements. For example, Public Benevolent Institutions were afforded significant generosity in the past; however they are now only able to receive \$15,900 as exempt fringe benefits. (\$30,000 'grossed up'.)

**NON REMUNERATION**

**Motor Vehicles and payments for travel in ministry related duties**

**Full time and part time clergy**

**Payment of travel is to be reported as a parish ministry related expense and is not part of a remuneration package if provided as per the guidelines set out below.**

Travel payments are provided under the **three** separate categories if the cleric uses their own vehicle for ministry related duties.

**Depreciation and Replacement Component**

Up to 20,000km	\$4,560pa (irrespective of distance)
Beyond 20,000km	11c per km in excess of 20,000kms

Part time clergy are paid on a pro rata basis based on the same number of days worked and used for calculating their stipend.

### **Standing Costs**

As licensed clergy there is an expectation that travelling will be required to cater for the many needs of the Diocese, the parish and the parishioners.

All standing costs will be provided as a ministry expense and will be paid as a reimbursement of expenses and include the following;

- Vehicle Registration and TAC Insurance (3<sup>rd</sup> party)
- Vehicle Insurance
- RACV or other roadside care membership (RACV Basic)

Part time clergy are paid on a pro rata basis based on the same number of days worked and used for calculating their stipend.

### **Running Costs (Fuel, Tyres, Service, repairs)**

Running costs will be calculated on all ministry kilometres travelled. It is based on the RACV statistics for a medium car.

Cents per km	21
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A log book is to be maintained for 12 consecutive weeks to record the kilometres claimed as travel for ministry purposes. This log book remains in force until the pattern of ministry travel radically changes or a new appointment is taken up. The total business kilometres recorded is multiplied by four to get the ministry kilometres for the full year. The 12 weeks should exclude annual leave. If the first 12 week log book does not reflect what is calculated to be the reasonable kilometres travelled, then the log book recording should continue for another 12 weeks or longer until the total kilometres in a year is agreed.

The payment of \$0.21 per km is applied to the kilometres established in the log book to get the running costs to be reimbursed for the. This will be paid to the cleric as a reimbursement of costs over the year on presentation of tax invoices and evidence of payment.

The Parish should ensure that the total running costs does not exceed \$0.21 per km for the total ministry kilometres recorded in the log book process. It is not necessary to check that the actual business kilometres travelled agrees with the calculated kilometres as per the log book.

Part time clergy are paid on a pro rata basis – parish business only.

**The kilometres travelled are to be based on travel for ministry related purposes only.**

### **Overview**

The Diocese considers that travel should be treated as a parish expense and not as personal remuneration. Travel is required in the ministry role. The distinction is particularly relevant when considering the depreciation component when paid by the parish to the Motor Vehicle Replacement Fund (MVRF). Entitlement by the clergy to these funds takes place when the clergy apply the funds towards the purchase of a vehicle. Furthermore, entitlement does not pass to the clergy if the funds are never utilised.

Only payments relating to parish travel should be paid to clergy. Any other payment which is made for private travel should be disclosed as an allowance and will be subject to PAYG withholding tax – that is, the payment is included on the Payment Summary.

### **Taxation treatment**

Where clergy own their vehicle, the running expenses should be paid as a reimbursement for costs incurred in running the vehicle. (Travel payments made in cash to clergy without the support of tax invoices and evidence of payment are subject to PAYG and are to be recorded on the Payment Summary. Clergy may claim tax deductions against this income.) If a vehicle is not used, then no payment should be paid. Reimbursement for all other travel costs expended on parish business should be made (see below).

If a depreciation allowance is paid it must be paid only by the parish and only to the Motor Vehicle Replacement Fund, or repayment against a car loan or lease. **If it is not paid in this manner, it must be reported as stipend and subject to PAYG withholding tax. It cannot be paid into the benefits account.**

With regard to clergy who are provided with a Diocesan owned and maintained motor vehicle, or who are provided with a depreciation allowance, a 'private benefit' component must be calculated by the cleric if the cleric is in receipt of any social security benefit.

### ***Administration***

**By considering the payment of travel as a parish expense it is important to administer its payment appropriately. This will require additional administration by both the parish and the cleric. The administration will include the reimbursement of costs which are validated by a log book. All travel should be reported and divided into private and ministry.**

**Clerics should not claim for ministry-related travel costs for use of their own vehicle in their personal taxation returns.**

To assist in the administration of travel payments, parishes should consider the use of a corporate card or motor pass card.

### ***Payments for travel not related to motor vehicle***

All travel expenses related to ministry should be reimbursed. This includes taxi fares and public transport tickets.

### ***Depreciation payment***

The depreciation amount is only relevant for clergy who use their own vehicle for ministry related purposes.

If a cleric does not own or use their own vehicle for ministry related purposes they are not entitled to the depreciation allowance.

The nature of the depreciation allowance is that it is for the reimbursement of wear and tear of the vehicle and a loss of residual value. It is provided to allow clergy to purchase a car in the future. To ensure the nature and intention of the payment is fulfilled, and to ensure payments are not subject to PAYG taxation, it is essential that the payment is made into the clergy's Motor Vehicle Replacement Fund or a car loan / lease.

**If this payment is made to another source it should be considered as taxable income. It cannot be sacrificed into the benefits account.**

### ***Travel payments without invoices or logbook***

Travel payments, without sufficient documentation to support claims that it relates to ministry, are to be considered **taxable income** in the hands of the cleric, and PAYG deductions from those payments are required to be made. However, the cleric may be able to claim deductions for travelling expenses for ministry purposes that are incurred.

## Other payments - Full time and part time clergy

Generally, all other payments paid to clergy must be considered parish costs and hence outside of remuneration. Where these are to be paid the parish should ensure that the cost is charged to the appropriate account and against a budget approved by Parish Council. Generally these will be reimbursements.

However, this section is addressing other payment types that the parish is willing to incur so that clergy may receive cost recovery for use of their own resources. A computer allowance as a reimbursement for use of the cleric's own computer is one such example.

From a tax perspective these payments, when processed properly, are remuneration, but are also costs that clergy might otherwise claim as a taxable deduction.

The parish will not be required to withhold tax on these payments, provided the cleric is able to match with tax invoices a total that is at least equal to the value of the payment. The amount is to be recorded in the accounting records of the parish and is to be recorded on the payment summary.

## SECTION 2 - AUTHORISED STIPENDIARY LAY MINISTERS (ASLMs)

<b>Gross Minimum Stipend</b>			
<u>Description</u>	SD34 1/10/2019	SD33 1/10/2018	Change
	\$	\$	\$
Senior Lay Minister	59,477	58,425	1,052
Lay Minister	50,088	49,202	886
Trainee Lay Minister	41,631	40,895	736

### Stipend Determination No. 34

An ASLM is required to be paid a salary of an amount determined upon agreement with the parish. A salary sacrifice arrangement up to 30% of the remuneration package is permitted.

Payment in the form of salary will be subject to PAYG withholding.

A religious institution making a payment for the performance of such activities must make PAYG withholding deductions and must issue a PAYG payment summary at the end of the tax year.

All activities performed by a religious practitioner as a member of a religious institution will be taken to be the activities of the religious institution. As a result the religious practitioner will not be eligible to register for GST or an ABN for these activities.

The Diocese recommends that parishes consider having the payroll of all staff, including clergy, administered centrally by the Diocese.

### Superannuation - ASLM

#### Overview

Authorised Stipendiary Lay Ministers are entitled have contributions made to a superannuation fund in accordance with the *Superannuation Guarantee Act*.

Currently the rate is 9.50% (effective 1 July 2014).

ASLMs are not covered by the *Superannuation of Clergy Act*.

ASLMs may make additional contributions to their superannuation fund by salary sacrifice or by after tax deductions from their stipend.

## Housing - ASLM

An ASLM is not entitled to the provision of a house unless the role for which they are employed requires it. An example of this might be the role requires them to live in a particular regional geographic location.

## Fringe Benefits - ASLM

Parishes are exempt from paying Fringe Benefits Tax when a 'Religious Practitioner' is employed by a Religious Institution and the eligible clergy receives fringe benefits. (For the purposes of fringe benefits tax ASLMs are considered clergy.)

The same guidelines for clergy fringe benefits apply to ASLMs.

## NON REMUNERATION

### Motor Vehicles and payments for travel in ministry related duties - ASLM

It is **not** a requirement that ASLMs are paid a travel allowance in the same manner as a diocesan cleric. It is important that parishes consider the travel requirements of the ASLM's role within the parish and enter into an appropriate agreement.

#### *Payment of travel is to be reported as a parish ministry related expense.*

Travel is not paid from home to the workplace. ASLMs can be reimbursed for their parish travel by one of the two options outlined below.

#### OPTION 1

Travel allowances are provided under the **three** separate categories if the ASLM uses their own vehicle for ministry related duties.

#### 1. Depreciation and Replacement Component

Up to 20,000km	\$4,560pa (irrespective of distance)
Beyond 20,000km	11c per km in excess of 20,000kms.

Part time ASLMs are paid on a pro rata basis based on the same number of days worked and used for calculating their salary.

#### 2. Standing Costs

##### **Will be paid as reimbursement of expenses and will include the following;**

- Vehicle Registration and TAC Insurance (3<sup>rd</sup> party)
- Vehicle Insurance
- RACV or other roadside care membership (RACV Basic)

Part time ASLMs are paid on a pro rata basis based on the same number of days worked and used for calculating their salary.

#### 3. Running Costs

Cents per km	21
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## Overview

The Diocese considers that travel should be treated as a parish expense and not as personal remuneration. Travel is required in the ministry role.



Only payments relating to parish travel should be paid to ASLM's. Any other payment which is made for private travel should be disclosed as an allowance and will be subject to PAYG withholding tax – that is, the payment is included on the Payment Summary.

**OR**

**OPTION 2**

**ASLMs may be reimbursed for at a rate of \$0.66 per kilometre of ministry related travel. The \$0.66 per kilometre rate is designed to take into account all three components set out in Option 2.**

Authorised Stipendiary Lay Ministers are paid on a pro rata basis – parish business only.

Travel is not paid from home to the workplace.

The payment of the running cost component should be on a reimbursement of cost basis and administered by a log book.

**The kilometres travelled are to be based on travel for ministry related purposes only.**

***Taxation treatment***

The running expenses should be paid as a reimbursement for costs incurred in running the vehicle. (Travel payments made in cash to ASLMs are subject to PAYG and are recorded on the payment summary. ASLMs may claim tax deductions against this income.) If a vehicle is not used, then no payment should be paid.

If a depreciation allowance is paid it must be paid only by the parish and only for the repayment of a car loan. If it is not paid in this manner, it must be reported as salary and subject to PAYG withholding tax.

***Administration***

**By considering the payment of travel as a parish expense it is important to administer its payment appropriately. This will require additional administration by both the parish and the ASLM. The recommended method of administration includes a reimbursement of cost and validated by log book. All travel should be reported and divided into private and ministry.**

It is understood that such requirements will require additional administration, and that it will take some time for the parish and religious practitioners to understand and to comply with the requirements.

To assist in the administration of travel payments, parishes should consider the use of a **corporate card or motor pass card**.

***Payments for travel and not related to motor vehicle***

All travel expenses related to ministry should be reimbursed. This includes taxi fares and public transport tickets.

***Depreciation payment***

The depreciation amount is only relevant for ASLMs who use their own vehicle for ministry related purposes.

If an ASLM does not own or use their own vehicle they are not entitled to the depreciation allowance.

The nature of the depreciation allowance is that it is for the reimbursement of wear and tear of the vehicle and a loss of residual value. It is provided to allow clergy to purchase a car in the future. To



ensure the nature and intention of the payment is fulfilled, and to ensure payments are not subject to PAYG taxation, it is essential that the payment is made into the ASLM’s Motor Vehicle Replacement Fund (if certain requirements are met) or a car loan / lease. **If this payment is made to another source it should be considered as taxable income. It cannot be sacrificed into the benefits account.**

**Payments of travelling allowance without invoices or logbook**

Payments of a travelling allowance without sufficient documentation to support claims that it relates to ministry, are to be considered taxable income in the hands of the ASLM, and PAYG deductions from those payments are required to be made. However, the ASLM may be able to claim deductions for travelling expenses for ministry purposes that are incurred.

**Other payments - ASLM**

Generally, all other payments paid to ASLMs must be considered parish costs and hence outside of remuneration. Where these are to be paid the parish should ensure that the cost is charged to the appropriate account and against a budget approved by Parish Council. Generally these will be reimbursements.

However, this section is addressing other payment types that the parish is willing to incur so that ASLMs may receive cost recovery for use of their own resources. A computer allowance as a reimbursement for use of the ASLM’s own computer is one such example.

From a tax perspective these payments when processed properly are remuneration, but are also costs that ASLMs might otherwise claim as a taxable deduction.

The parish will not be required to withhold tax on these payments, provided the ASLM is able to match with tax invoices a total that is at least equal to the value of the payment. The amount is to be recorded in the accounting records of the parish and is to be recorded on the payment summary.

**Summary - Remuneration Package for a Senior Lay Minister**

<u>Description</u>	SD34 1/10/2019 \$
Stipend	59,477
Superannuation at 9.5% (Parish contribution) Lay Minister	<u>5,650</u> 65,127
Fringe Benefit 30%	19,538.08
Taxable Income (Stipend less Fringe Benefit)	39,939

## **Fair Work Arrangements**

### ***Complying with Fair Work Act***

While clergy fall outside the jurisdiction of the Fair Work legislation, ASLMs and all other employees (both referred to as employees) do fall within the jurisdiction. Churchwardens should ensure that parish employees are receiving the following minimum standards.

### ***Minimum Wages***

Employees should not be paid less than the Fair Minimum Wage as set from time to time by the Australian Fair Pay Commission. For award-based employees the wage must not be less than that prescribed by the Australian Pay and Classifications Scale.

### ***Maximum Ordinary Hours of Work***

Employees' maximum ordinary weekly hours should not exceed 38 hours per week. These employees can be asked to work reasonable additional hours. With the agreement of the employee, the hours of work can be averaged over a period of 12 months. For example the period could cover from 1 October 2019 to 30 September 2020.

### ***Annual Leave***

Each employee is entitled to 4 weeks annual leave for each completed year of service. Any shift workers are entitled to an additional week of annual leave.

### ***Personal Leave***

Each employee is entitled to 10 days paid personal/carer's leave which includes sick leave per annum for each completed year of service. This leave is available pro-rata for employees who have not completed 12 months of service.

Personal leave is cumulative. However, 10 days is the limit that can be taken as carer's leave in any one year.

Employees may purchase personal leave or to take personal leave at half pay if they wish to extend the period of leave.

A further 2 days of unpaid carer's leave is available on each occasion where an employee is required to provide care and support to a family or household member because of personal illness or injury, or due to an unexpected emergency.

Casual employees are also entitled to 2 days unpaid carer's leave on any occasion. Unpaid leave is also available to part-time and full-time employees who have used up their carer's leave entitlement.

### ***Parental Leave and Related Entitlements***

The Fair Work Act entitles an employee to 12 months unpaid parental and adoption leave after 12 months continuous service. Casual employees with 12 months service and a 'reasonable expectation of ongoing employment' enjoy the same entitlement.

In addition, Churchwardens will need to ensure that they comply with other minimum conditions set out in the legislation:

An employee must not work more than 5 hours without an unpaid meal break of at least 30 minutes, unless this is varied explicitly through a workplace agreement.

An employee is eligible to take time off on public holidays. An employee may be requested to work on a public holiday, but an employee may refuse if they have reasonable grounds to do so.

Regulations require the following parish records for each employee:

- The name of the employer;

- The employees' name;
- Whether the employee is full-time or part-time;
- Whether the employee's employment is permanent, temporary or casual basis;
- The date the employee commenced employment;
- Each employee is to receive a detailed payslip;
- Records of hours worked must be recorded in the following circumstances:
  - Where employees work any overtime hours that are subject to penalty rates or loadings
  - Any hours worked by casuals or irregular part-time employees;
- Parishes are required to retain all employment records for a period of 7 years.

### ***The National Employment Standards (NES)***

There are 10 minimum workplace entitlements in the NES that apply to all employees:

1. Maximum weekly hours of 38 if you're a full-time employee, plus 'reasonable' additional hours.
2. The right to request flexible working arrangements.
3. Parental and adoption leave of 12 months (unpaid), with the right to request an additional 12 months.
4. Four weeks paid annual leave each year (pro rata if you're a part-time employee).
5. A total of 10 days paid sick and carer's leave each year (pro rata if you're a part-time employee), two days paid compassionate leave for each permissible occasion, and two days unpaid carer's leave for each permissible occasion.
6. Community service leave for jury service or activities dealing with certain emergencies or natural disasters. This leave is unpaid except for jury service.
7. Long service leave.
8. The entitlement for you to be absent on public holidays and for you to be paid for ordinary hours on those days.
9. Notice of termination and redundancy pay.
10. The right to receive this Fair Work Information Statement if you're a new employee.

## **SECTION 3 – LOCUM AND RELIEVING CLERGY**

### **Locums for Vacancies, Sick Leave, Long Service Leave**

#### **Daily Rate (Locum for Incumbent or Priest in Charge)**

**Effective 1 October 2019**

\$327.84 per day includes recompense for utilities, telephone and accommodation. Superannuation and annual leave entitlements are required in addition to the daily rate.

#### ***Time Components:***

1/3 stipend: Sunday plus one week day: \$327.84 x 2, plus superannuation and annual leave.

1/2 stipend: Sunday plus two week days \$327.84 x 3, plus superannuation and annual leave.

2/3 stipend: Sunday plus three week days \$327.84 x 4, plus superannuation and annual leave.

#### **Half Day Rate (Locum for Incumbent or Priest in Charge)**

\$155.80 per half day includes recompense for utilities, telephone and accommodation. Superannuation and annual leave entitlements are required in addition to the half day rate.

#### **Daily Rate (Locum for Senior Associate or Assistant Priest)**

**Effective 1 October 2019**

\$306.66 per day includes recompense for utilities, telephone and accommodation. Superannuation and annual leave are required in addition to the daily rate.

#### ***Time Components:***

1/3 stipend: Sunday plus one week day \$306.66 x 2, plus superannuation and annual leave.

1/2 stipend: Sunday plus two week days \$306.66 x 3, plus superannuation and annual leave.

2/3 stipend: Sunday plus three week days \$306.66 x 4, plus superannuation and annual leave.

#### **Half Day Rate (Locum for Senior Associate or Assistant Priest)**

\$153.33 per day includes recompense for utilities, telephone and accommodation. Superannuation and annual leave are required in addition to the daily rate.

### **Superannuation**

The Australian Taxation Office, (ATO), has removed the age limit of 75 years for the payment of Superannuation Guarantee Contribution. Regardless of age, the employer is required to pay superannuation.

Salary sacrifice superannuation contributions may be made subject to the work test criteria for all locums aged between 65 years and 74 years. Once clergy attain the age of 75 stipend sacrifice to superannuation is not permitted as per ATO guidelines and superannuation legislation. The work test is that locums must be gainfully employed for at least 40 hours over a period of 30 consecutive days during the financial year in which the contributions are made.

## **Travel**

Fixed travel cost of \$19.80 per day is included in the daily rate.

This is calculated at 30km per day at \$0.66 per km, (ATO reimbursement rate) and is included in the daily rate, (therefore attracting superannuation).

## **Hospitality Fees**

The locum fees do not include any recompense for hospitality expense incurred by the locum in carrying out the locum ministry. These expenses should be negotiated with the Parish Churchwardens at the commencement of the locum appointment.

## **Annual Leave**

Holiday payment to be proportional of 1 week for 3 months work should be paid to long term locums. After every three months, one week leave is payable to the relieving cleric, or proportionally e.g. 6 weeks = ½ week holiday pay.

## **Tax Arrangements**

Any payment for services performed by a cleric for locum or relieving services for more than 2 days per quarter must have PAYG deducted.

Locums and relieving clergy should provide a Tax File Number Declaration Form. The amount of tax to be deducted will be based on the details provided by the locum in their declaration. Locums may seek higher or lesser amounts of withholdings by completing the Tax File Number Declaration Form or other variation withholding forms available through the Australian Taxation Office (ATO).

Male clerics at least 65 years of age and female clerics at least 63 years of age at the end of the financial year may request a reduced rate of withholding due to the Senior Australian provisions. This is sought by completing the form titled Withholding Declaration (ATO form NAT 3093) and in particular question 8. Completion of this question provides a further threshold to aged pensioners and low income aged persons eligible for the Senior Australians tax offset. This relief is also available to Department of Veteran's Affairs veterans receiving a service pension or war widows/widowers income support supplement and is aged at least 60 years of age for males and at least 58 years of age for females at the end of the financial year. We understand a special tax scale is available from the Australian Taxation Office (ATO). It is up to the cleric to advise a parish to claim the approved variation and Treasurers should obtain a copy of the approval issued by the ATO.

Please note that a Tax File Number Declaration remains effective for a period of 12 months after the last payment made by the parish to the recipient.

The tax-free threshold is only available from one sponsoring employer. For example, a retired cleric that conducts locum services may already be receiving the benefit of the tax-free threshold from a pension, and therefore cannot claim the tax-free threshold from a parish.

Where a Tax File Declaration is not provided the PAYG deduction is at the rate of 46.5%.

Payroll will not be required to withhold PAYG tax on payments made to a cleric for locum or relieving services performed for a period of 2 days or less in a quarter with any one parish. (A day equates to any service/s performed on any one day.)

In these circumstances, the rate of withholding on fees and payments made to religious practitioners has been reduced to nil and tax need not be withheld provided the services provided by the religious practitioner do not exceed two days in any one quarter. A quarter being a three month period ending on 31 March, 30 June, 30 September or 31 December.

Please note that Payroll will still be required to complete a Payment Summary for each cleric and include the payments in its annual reporting to the ATO.

### **Superannuation Salary Sacrifice**

Please note that superannuation sacrifice arrangements **do constitute reportable superannuation payments** and must be shown as such on the PAYG statement for the year.

Where requested in writing by a locum, up to 100% of locum fees (subject to age limits and the work test ) may be contributed to their superannuation fund provided the locum has entered into a salary sacrifice arrangement prior to the day commencing duties, and failure by a locum to comply with the work test will cause the Superannuation Fund to return contribution payments.

### **Centrelink Reporting**

Centrelink rules for age pension provide for:

- reporting every fortnight of any 'extra income'. This has a direct effect on the level of pension the following fortnight. Payroll will ensure that a detailed Payment Advice (Pay Slip) is provided by the parish to the locum. The consequences of not doing so will mean that the locum's regular pension may be withheld until such proof is available.
- If an aged pensioner undertakes regular employment (such as a locum for an extended period of time), he/she must report the amount received every fortnight; and this has a continuous effect on the level of pension;
- this may be waived by a Centrelink officer if the income is erratic, the employment part-time and occasional, but it is on a case by case basis;
- of course if the priest has a partner still working, their 'extra income' counts against that person's pension, and the priest's;
- however, under the work bonus (introduced to encourage seniors to keep working), half of the first \$500 of gross employment income before tax earned any fortnight, is disregarded in calculating the ongoing pension rate.

These provisions provide fewer disincentives than in the past to priests on the age pension to engage in locum ministry. It also in effect encourages retired clergy to do locums which are only Sunday plus one or two days

**NOTE:** The earning capacity threshold for retirees changes from one financial year to the next - those affected are advised to refer to Centrelink.