

## Remuneration Recommendations 2019

### Purpose

The purpose of this document is to detail the remuneration for ministers recommended by the Baptist Association of NSW and ACT (BANSWACT) for 2019.

The Association recognises that pastoral appointments continue to become more diverse in nature, and that increasingly churches are employing ministry staff across a range of areas in the life of the church. In 2019 changes have been made to the guidelines to help reflect this diversity.

Fuller information and worked examples of ministerial remuneration arrangements are contained in the document *Guidelines for the Remuneration of Ministers* which is available on the Association's website.

### Definitions

Accredited Ministers	Have gone through a rigorous assessment of their call, character, gifts and doctrine, and have been accepted and accredited by the Baptist Assembly for ministry in our churches and other related ministries. Accredited Ministers have also completed at least 4 years of theological studies focusing on becoming a Baptist minister.
Associate Pastors/ Ministers	Leads and manages areas of ministry under the supervision of a Lead Pastor.
Exempt fringe benefits	Fringe benefits that are exempt from Fringe Benefits Tax. Refer to the Guidelines for the Remuneration of Ministers for further information.
Lead Pastors/ Ministers	Pastors whose responsibilities include leading a team of one or more other paid pastoral staff.
Ministry Assistant (Assistant)	Assists a ministry under the supervision of an Associate Pastor or a Ministry Worker.
Ministry Worker (Worker)	Contributes to leading and managing a ministry under the supervision of an Associate or Lead Pastor.



- Recognised Ministers** While not meeting the requirements for accreditation, are involved in church or related ministry. In light of local endorsement, the Committee for the Ministry has acknowledged their current ministry. The level of theological training among Recognised Ministers varies considerably from person to person.
- Sole Pastors/ Ministers** Do not perform their pastoral ministry within a team of other paid pastoral staff, though they may lead other e.g. administrative staff.

### Components of remuneration

Remuneration provided to ministers for their pastoral duties consist of one or more of the following elements:

- a) Salary or stipend
- b) Use of a fully maintained vehicle or the provision of a car/ travelling allowance
- c) The provision of a manse or the provision of a housing allowance
- d) Superannuation

Some of the above can be paid as an exempt fringe benefit if certain conditions are met, Refer to the section below on Exempt Fringe Benefits for further information.

Also, there are other entitlements and benefits (some which are legal requirements) which need to be considered e.g. provision of annual leave, long service leave, parental leave, personal leave and workers compensation insurance. Note that the list below outlines the most common entitlements and benefits and is not exhaustive.

The Baptist Association of NSW and ACT (BANSWACT) recommendation for the above remuneration components are summarised below:

Remuneration component / other entitlements	BANSWACT Recommendation 2019	Exempt fringe benefit portion <sup>1</sup>	Income tax Treatment
Salary or stipend	In line with BANSWACT's recommended stipends, refer to the Recommended Stipends Section below for details.	50%	50% is Assessable income i.e. subject to income tax by the religious practitioner
Housing allowance	Housing Allowance should be paid where the church does not provide housing accommodation for the pastor (i.e. access to a church owned manse, or leased property) and should be negotiated between the church and the minister with reference to the local property market.	100%	Not assessable

<sup>1</sup> There are no available guidelines for the portion that can be paid as a non-cash component. The percentages listed are a guideline set by BANSWACT. Refer to the section below on Exempt Fringe Benefits for further information.



Car allowance	An allowance of \$7,000 <sup>2</sup> per annum is recommended to reimburse the vehicle owner for 10,000 kilometres of motor vehicle travel incurred in the course of church ministry.	100%	Not assessable
Superannuation	In line with the superannuation <sup>3</sup> guarantee plus an additional 2%. <sup>4</sup>	n/a	n/a
Annual leave	In line with national legislation. (being 4 weeks per annum)	n/a	In line with the split of remuneration component above
Long service leave	In line with the Baptist Long Service Leave Scheme or state legislation. Refer below to the Long Service Leave section for further information.	n/a	In line with the split of remuneration component above
Personal leave	In line with national legislation (being 10 days per annum for full time employees and on a pro rata basis for part time employees)	n/a	In line with the split of remuneration component above
Parental leave	In line with national legislation. Refer to the Fair Work Ombudsman Website. <sup>5</sup>	n/a	In line with the split of remuneration component above
Workers compensation	It is a requirement to hold workers compensation insurance if the salaries and wages of your church exceed \$7,500 p.a.	n/a	Refer to <a href="https://www.icare.nsw.gov.au/">https://www.icare.nsw.gov.au/</a> for more information.
Preaching fees	The recommended amounts to be paid to visiting preachers are as follows: <ul style="list-style-type: none"> <li>o For one Service \$175</li> <li>o For two Services \$250</li> </ul> <p>Churches should also reimburse travelling expenses at least to the extent of petrol costs where substantial travelling costs have been involved.</p> <p>The above guidelines also apply for visiting Baptist Association staff. Please make payments direct to the Association.</p>	n/a	Assessable income (in most instances)

<sup>2</sup> Note that in previous years the Car allowance has been 50% exempt fringe benefit and 50% taxable. In 2019 this recommendation has changed to 100% exempt fringe benefit so that it is equitable from a tax treatment perspective to the alternative scenario whereby a pastor has a vehicle provided for their use by the church. The allowance amount has been reset closer to ATO guidelines for reimbursement of mileage. The net effect on the pastor's after-tax remuneration after these changes is negligible.

<sup>3</sup> Superannuation guarantee rates can be found at: <https://www.ato.gov.au/rates/key-superannuation-rates-and-thresholds/?anchor=Superguaranteepercentage#Superguaranteepercentage>

<sup>4</sup> The salary component for the superannuation contribution should include the following amounts:

- Stipend
- Housing allowance
- Other allowances that are not expense allowances. (Expense allowances are those allowances paid to an employee with a reasonable expectation that the employee will fully expend the money on tax deductible items, in the course of their work e.g. car allowance)

<sup>5</sup> Available at <https://www.fairwork.gov.au/leave/maternity-and-parental-leave>

Refer to the *Guidelines for the Remuneration of Ministers* for further information and examples.

### **Eligibility for exempt fringe benefits**

The following conditions must be met to be eligible to pay exempt fringe benefits:

- The benefit must be paid by a registered religious institution with the ACNC and
- The benefit must be paid to a religious practitioner and
- The benefit is provided principally in respect of pastoral or other directly related religious duties.

Refer to the *Guidelines for the Remuneration of Ministers* for further information and examples.

### **Recommended stipends**

Following are the recommended 2019 stipends for those undertaking pastoral roles.

These recommendations and benefits are minimums for full-time ministers (full time being 5 days/ 38 hours a week) or on a pro rata basis for part time ministers.

Where possible we encourage churches to be generous in supporting pastors and their families. On the other hand, we also note that some churches may not be able to afford these recommendations; in such cases we would encourage churches to employ their pastors on a part-time basis, which would permit them to seek additional employment to supplement their income, should their personal financial circumstances warrant this response.

The following recommendations are based on the 5 levels of pastoral responsibility as noted in the definitions. The relationship in terms of salary level between each of these levels is as follows:

- Lead = Associate + 15%
- Sole = Associate + 7.5%
- Worker = Associate - 7.5%
- Assistant = Associate - 15%
- Accredited = Non-Accredited + 10%
- Experience = 2% p.a. (up to 5 years)
- Experience = 1% p.a. (after 5 years, capped at 10 years)



*Recognised Ministers and other Non-Accredited Ministers*

Years of Ministry Experience	Assistant	Worker	Associate <sup>6</sup>	Sole/Snr Associate <sup>6</sup>	Lead <sup>6</sup>
Upon commencement	\$37,551 <sup>7</sup>	\$40,864	\$44,178	\$47,491	\$50,804
1 yr	\$38,302	\$41,682	\$45,061	\$48,441	\$51,820
2 yrs	\$39,068	\$42,515	\$45,962	\$49,410	\$52,857
3 yrs	\$39,849	\$43,366	\$46,882	\$50,398	\$53,914
4 yrs	\$40,646	\$44,233	\$47,819	\$51,406	\$54,992
5 yrs	\$41,459	\$45,118	\$48,776	\$52,434	\$56,092
6 yrs	\$41,874	\$45,569	\$49,263	\$52,958	\$56,653
7 yrs	\$42,293	\$46,024	\$49,756	\$53,488	\$57,219
8 yrs	\$42,716	\$46,485	\$50,254	\$54,023	\$57,792
9 yrs	\$43,143	\$46,949	\$50,756	\$54,563	\$58,370
10 yrs <sup>8</sup>	\$43,574	\$47,419	\$51,264	\$55,109	\$58,953

*Accredited Ministers*

Years of Ministry Experience after accreditation	Assistant	Worker	Associate <sup>6</sup>	Sole <sup>6</sup>	Lead <sup>6</sup>
Upon accreditation	\$41,306	\$44,951	\$48,595	\$52,240	\$55,885
1 yr	\$42,132	\$45,850	\$49,567	\$53,285	\$57,002
2 yrs	\$42,975	\$46,767	\$50,559	\$54,351	\$58,142
3 yrs	\$43,834	\$47,702	\$51,570	\$55,438	\$59,305
4 yrs	\$44,711	\$48,656	\$52,601	\$56,546	\$60,491
5 yrs	\$45,605	\$49,629	\$53,653	\$57,677	\$61,701
6 yrs	\$46,061	\$50,126	\$54,190	\$58,254	\$62,318
7 yrs	\$46,522	\$50,627	\$54,732	\$58,837	\$62,941
8 yrs	\$46,987	\$51,133	\$55,279	\$59,425	\$63,571
9 yrs	\$47,457	\$51,644	\$55,832	\$60,019	\$64,207
10 yrs <sup>8</sup>	\$47,932	\$52,161	\$56,390	\$60,619	\$64,849

Where a minister has had years of ministry experience prior to accreditation, and their recommended stipend as a non-accredited minister with that experience (as per the first table above) is higher than their recommended stipend as a recently accredited minister, the higher stipend should be paid.

<sup>6</sup> It is noted that during the transition period, there may be a few cases where a person's recommended stipend decreases slightly from 2018 to 2019. In these instances, it is suggested that stipends remain in line with 2018 recommendations i.e. hold salary at the same level as 2018 for 2019 and move to these tables in 2020.

<sup>7</sup> As minimum wages change during the year, this figure should be adjusted to ensure that it is above the recommended minimum wage.

<sup>8</sup> A further loading could be considered for highly experienced ministers (more than 10 years' experience if desired, however this is not a formal recommendation).



An easy to use excel template for Stipends 2019 is available on our website.

### **Gender Remuneration Equity**

The Baptist Association accredits for ministry both male and female pastors. Therefore, as a matter of principle, there should be no differentiation of pay rates between male and female pastors.

### **Long Service Leave Contributions**

Long Service Leave (LSL) is a period of paid leave granted to an employee who has served a specified period of continuous employment in one organisation. In NSW, this is 13 weeks for 15 years of service vesting at 10 years. In the ACT, the benefits are the same but the vesting period is 7 years. Due to the nature of pastoral ministry, which at times requires the pastor to move from one church or organisation to another, the minister will accrue a reduced entitlement to LSL as prior service is not taken into account under statutory rules. This means that entitlements may not vest where the period of service is under the minimum continuous period of service requirement.

The Baptist Association of NSW & ACT LSL Program was established so Baptist churches, Baptist Union of NSW and other approved organisations can accumulate on behalf of their ministers an amount of money which will be available to pay the liability for Long Service Leave of their ministers when it falls due and to recognise continuity of service where a Pastor moves from one church or organisation to another. Refer to the *Long Service Leave Fund Rules and FAQ document* available on our website, please note that these have been revised as at December 2018.

### **Further information**

For further information and examples, please refer to the *Guidelines for the Remuneration of Ministers*.