

## Remuneration Recommendations 2024

### Purpose

The purpose of this document is to detail the remuneration for ministers recommended by the Baptist Association of NSW and ACT (BANSWACT) for 2024.

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.

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.

These recommended remuneration guidelines are a recommendation only and as such, Churches and their Leadership are free to negotiate other levels of remuneration. However, this should be done with reference to Fair Work Guidelines to ensure that at least minimum requirements are met.

This document should be read in conjunction with the *Guidelines for the Remuneration of Ministers*.

### 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 the requisite formal theological qualifications for 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 multiple other paid pastoral staff.
Ministry Assistant (Assistant)	Assists a ministry under the supervision of an Associate Pastor or a Ministry Worker.



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Ministry Worker (Worker)	Contributes to leading and managing a ministry under the supervision of an Associate Pastor 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 Affirmation Oversight Team has acknowledged their current ministry. The level of theological training among Recognised Ministers varies considerably from person to person.
Pastors/ Ministers	Pastors whose ministry roles do not involve leading a team of multiple other paid pastoral staff, though they may lead others e.g. administrative staff person, student pastor, etc.

### **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 benefit
- c) The provision of a manse or the provision of a housing benefit
- d) Superannuation

These recommended salary guidelines are inclusive of leave loading and no separate loading is recommended to be paid.

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 2023	Exempt fringe benefit portion <sup>1</sup>	Income tax Treatment
Salary or stipend	In line with BANSWACT's recommended stipends, refer to the <i>Recommended Stipends</i> Section below for details.	50%	50% is Assessable income i.e. subject to income tax by the religious practitioner
Housing benefit	Refer to the <i>Housing benefit</i> section below for details.	100%	Not assessable
Car benefit <sup>2</sup>	A benefit of \$8,500 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 <sup>3</sup>	12% including Superannuation Guarantee. <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 <sup>5</sup>	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)	n/a	In line with the split of remuneration component

<sup>1</sup> There are no available government 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.

<sup>2</sup> The car benefit is based on the ATO tax deduction for motor vehicle expenses rate for 85 cents per kilometre

<sup>3</sup> The salary component for the superannuation contribution should include the following amounts:

- Stipends
- Housing benefit or notional value of housing if the minister is provided with a manse
- Other benefits that are not expense type allowances. (Expense allowances are those allowances paid to an employee with a reasonable expectation that the employee will fully expend the money on expenses in the course of their work e.g. car benefit)

<sup>4</sup> Superannuation guarantee rate for the period 1 July 2023 to 30 June 2024 is 11%, the additional superannuation component will be 1%, totalling 12%. Likewise, from 1 July 2024 to 30 June 2025 the superannuation guarantee rate will be 11.5%, the additional superannuation component will be 0.5% totalling 12%.

<sup>5</sup> The salary component for the long service leave payments under NSW Legislation should include their ordinary pay rate which may include:

- Stipends
- Housing benefit (or notional value of housing if the long service leave payment is on termination and the minister is no longer living in the church manse)
- Other allowances that are not expense type allowances.

Note that the pastor should be reimbursing from their LSL fund an amount equivalent to a housing component if, at the time they take their LSL, they have their housing provided by the church.



	employees and on a pro rata basis for part time employees)		above
Parental leave	In line with national legislation. Refer to the Fair Work Ombudsman Website. <sup>6</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	<p>The recommended amounts to be paid to visiting preachers are as follows:</p> <ul style="list-style-type: none"> <li>○ For one Service \$250</li> <li>○ For two Services \$375</li> </ul> <p>Churches should also reimburse travelling expenses at 85 cents per kilometre.</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)

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.

It is important that any fringe benefits provided to employees be paid directly by an employer or be paid by the employee and then reimbursed by the employer upon receipt of documentation by the employee. Employees should not have any amounts paid to them directly (other than for the reimbursement of eligible expenses already paid by the employee), as these will be deemed to be benefits and not fringe benefits. If the payment is deemed to be an allowance, then it will form part of the employee's assessable income for tax purposes. This may not have an outcome as favourable as if the payment was a fringe benefit.

<sup>6</sup>Available at <https://www.fairwork.gov.au/leave/maternity-and-parental-leave>



The simplest way to overcome this is to ensure employees use a credit card, which is subsequently reimbursed by the employer as discussed earlier. There must be a policy of no cash advances on the credit card.

Alternatively, many churches set up specific working accounts and corporate credit cards for a minister to use, and deposit regular amounts into these for the minister to expend. As the account and card is in the church's name, this ensures that any remaining funds cannot be assessable to the minister. The church should be able to reconcile the account and provide documentation if required by the Taxation Office.

Both churches and pastors should recognise the importance of this tax benefit and the savings from these tax exemptions. For example, an accredited Lead Pastor with 10 years' experience post accreditation, receiving \$30,000 in housing benefit and car benefit of \$8,314, receives total remuneration of \$111,672 per annum (plus super). This is equivalent to a pre-tax salary of \$152,780 (plus super) when compared to employees who do not have access to this benefit<sup>7</sup>.

### **Recommended stipends for pastoral roles**

Following are the recommended 2024 stipends for those undertaking pastoral roles. These have been based on an increase of 2.7% from the prior year, as per the relevant government index for changes in wage levels.

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. It is recommended that relevant benefits are provided to all pastoral staff.

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 unless otherwise noted:

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

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<sup>7</sup> This comparison presumes applying the Exempt Fringe Benefit portions to the various components of pastoral remuneration as outlined on page 3 of these Recommendations.



*Recognised Ministers and other Non-Accredited Ministers*

Years of Ministry Experience	Assistant <sup>8</sup>	Worker	Associate	Sole/Snr Associate	Lead
Upon commencement <sup>9</sup>	\$45,902	\$47,073	\$49,551	\$53,267	\$56,984
1 yr	\$45,902	\$48,015	\$50,542	\$54,333	\$58,123
2 yrs	\$46,398	\$48,975	\$51,553	\$55,419	\$59,286
3 yrs	\$47,327	\$49,957	\$52,586	\$56,530	\$60,474
4 yrs	\$48,273	\$50,955	\$53,637	\$57,660	\$61,683
5 yrs	\$49,239	\$51,975	\$54,710	\$58,813	\$62,917
6 yrs	\$49,730	\$52,492	\$55,255	\$59,399	\$63,543
7 yrs	\$50,228	\$53,019	\$55,809	\$59,995	\$64,180
8 yrs	\$50,731	\$53,550	\$56,368	\$60,596	\$64,823
9 yrs	\$51,238	\$54,084	\$56,931	\$61,201	\$65,471
10 yrs	\$51,751	\$54,626	\$57,501	\$61,814	\$66,126

*Accredited Ministers*

Years of Ministry Experience after accreditation	Assistant	Worker	Associate	Sole	Lead
Upon accreditation	\$49,055	\$51,781	\$54,506	\$58,596	\$62,684
1 yr	\$50,037	\$52,817	\$55,597	\$59,768	\$63,937
2 yrs	\$51,039	\$53,875	\$56,710	\$60,963	\$65,215
3 yrs	\$52,060	\$54,952	\$57,844	\$62,183	\$66,520
4 yrs	\$53,100	\$56,050	\$59,000	\$63,426	\$67,850
5 yrs	\$54,163	\$57,172	\$60,181	\$64,694	\$69,208
6 yrs	\$54,705	\$57,744	\$60,783	\$65,342	\$69,899
7 yrs	\$55,253	\$58,322	\$61,392	\$65,995	\$70,598
8 yrs	\$55,804	\$58,904	\$62,004	\$66,654	\$71,305
9 yrs	\$56,362	\$59,493	\$62,624	\$67,320	\$72,017
10 yrs	\$56,924	\$60,087	\$63,249	\$67,994	\$72,739

Churches must ensure that the stipends paid is no less than the National Minimum Wage.<sup>10</sup>

<sup>8</sup> The Recognised Assistant rate should never be lower than the minimum wage which is \$23.23 per hour at the time these Recommendations were published. This amount should be reviewed by the church in line with any minimum wages increases through the year.

<sup>9</sup> For recognised ministers this is intended to mean when first approved as a Recognised Minister by the Association. If a minister moves churches this experience should be understood as cumulative – i.e. the salary level paid in subsequent ministries where they renew their Recognised Minister status in a different role should reflect all their years as a Recognised Minister. With respect to non-accredited ministers, the same general principle is intended to apply and these guidelines should be seen to reflect the cumulative ministry experience of the minister, not simply the years of experience in their current role.

<sup>10</sup> National Minimum Wage available at <https://www.fwc.gov.au/agreements-awards/minimum-wages-and-conditions/national-minimum-wage>



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.

### **Administrative roles in churches**

Some churches employ varying administrative roles ranging from book keepers, office managers to some executive pastors. It is recommended that the remuneration for these roles are set in line with the local market rates for similar type of roles. We are unable to recommend any set remuneration for these roles to the varying nature due to the different requirements of each church.

It is noted that these types of roles, being predominantly administrative in nature, are not eligible to be paid exempt fringe benefits.

### **Housing benefit**

Housing Benefit should be paid to a pastor where the church does not provide housing (i.e. access to a church owned manse or a property leased by the church for the pastor<sup>11</sup>).

If it is expected that a pastor live geographically close to the church's ministry context, a housing benefit should be negotiated between the church and the pastor with reference to the church budget and that local property market.<sup>12</sup> If the church is happy for the pastor to live further away in order to access more economical housing, the housing benefit may be negotiated accordingly. However, the church should then recognise and allow for any limitations not living in the local community may place on the pastor.

It is recognised that the cost of housing varies significantly from region to region. Pastors may need to be flexible in relation to the location and type of housing provided by the church. There should be a mutual recognition by the pastor and the church of the reality that where housing of a size to accommodate a family is required, many modern families are dual income in some form out of necessity, especially in more expensive areas.

The principles a church uses to determine housing benefits should be applied consistently across all pastors in the same church.

Housing benefit payments should be provided on a pro-rata basis. For example, a part time pastor who works 2 days per week should receive 40% of whatever appropriate full-time equivalent housing benefit is provided by the church. If a pastor works part-time for the church

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<sup>11</sup> It should be noted that the Association no longer recommends that a church lease a property in its own name for a pastor. Where a pastor's housing is in the form of rented accommodation which is either partially or fully paid for by the church, the rental contract should ideally be in the name of the pastor. The church then provides the agreed housing benefit to the pastor as part of their remuneration.

<sup>12</sup> Refer to <https://www.facs.nsw.gov.au/resources/statistics/rent-and-sales/dashboard> for data on Rent by Postcode and LGAs.





but their housing is fully provided by the church, normally an equitable downward adjustment should be made to their overall remuneration to offset this.

It is recognised that some aspects of these guidelines regarding pastoral housing support have been updated for 2024. In the case where a pastor's current housing benefit is higher than what is recommended in these guidelines, the church should at least maintain the pastor's current level of housing benefit, except by mutual agreement with the pastor.

Overall, a church should provide well for its pastors' housing needs, within the constraints of its financial capacity.

### **Gender Remuneration Equity**

The Baptist Association accredits for ministry both male and female pastors. As a matter of principle, there should be no differentiation of pay rates and benefits between male and female pastors in equivalent roles.

### **Long Service Leave Contributions**

Long Service Leave (LSL) is a period of paid leave granted to an employee (permanent, part time or casual) who has served a specified period of continuous employment in one organisation. In NSW, this is 13 weeks for 15 years of service, vesting<sup>13</sup> at 10 years. In the ACT, the benefits are the same, but the vesting period is 7 years.

Pastors often serve in a particular church for less than 10 years, yet could be in pastoral ministry for many years, moving from one church to another.

Because of this, the Baptist Association of NSW & ACT LSL Program was established so Baptist churches, Baptist Union of NSW and other approved organisations could accumulate on behalf of their eligible staff an amount of money which will be available to pay the liability for Long Service Leave of their ministers when it falls due. This would then recognise continuity of service where a Pastor moves from one church or organisation to another. The Association recommends that churches contribute to this fund on behalf of all their pastoral staff.

It should be noted that where a pastor does serve more than 10 years in a single church or organisation (7 years in the ACT) then that employer is legally obliged provide long service leave to that employee, including paying any unused LSL that accumulated from their employment at that church to them when that employment concludes. In such cases accumulated LSL funds *from that church* cannot be left within the Baptist Association of NSW & ACT LSL Program after the pastor concludes employment with that church.

All Long Service Leave payments must go through payroll and appropriate ATO reporting.

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<sup>13</sup> "Vesting" refers to when a person begins to be legally entitled to something. In this context, while an employer should put aside funds regularly so they can prepare to pay an employee's LSL in the future, in NSW the employee only becomes entitled to this LSL (ie it vests to them) after 10 years' service (7 years in ACT).





Refer to the *Long Service Leave Fund Rules and FAQ document* available on our website for more information.

**Further information**

For further information including FAQ's, refer to the *Guidelines for the Remuneration of Ministers*.

*Released September 2023*