



Long Service Leave Program

Frequently Asked Questions

Contents

1. Purpose	3
2. Definitions, acronyms and terminology	3
3. FAQs.....	3

Purpose

The purpose of this document is to address frequently asked questions around long service leave and the Baptist Association of NSW & ACT Long Service Leave Program (the Program). This document should be read in conjunction with the *Long Service Leave Program Rules* document.

Definitions, acronyms and terminology

Administrator	The Administrator of the Baptist Association of NSW & ACT LSL Program which is administered by the Operations Team of the Association is the Associate Director – Operations.
the Association	Baptist Association of NSW and ACT
minister	a person who is called by a church or organisation to carry out pastoral or other duties that directly relate to the practice, study, teaching or propagation of religious beliefs
FRAC	Finance and Risk Committee - a sub-committee of the Association's Assembly Council
FAQs	Frequently Asked Questions
LSL	Long Service Leave
LSL program account	the account held in the LSL Program for the member
member	refers to a member or the members of the Program
member's organisation	an organisation listed in the LSL Program Rules or approved by the Administrator to participate in the Program
the Program	the Baptist Association of NSW & ACT Long Service Leave Program

FAQs

Question What is LSL and what is the Program?

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 vesting¹ 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 Program is a scheme whereby monies for LSL for eligible members are accumulated and held on behalf of the member for them to claim once the member meets the Program's vesting conditions. The payment of LSL remains an obligation of the church or organisation where the eligible member is employed at the time of taking the LSL. This Program facilitates the investment of funds to meet LSL claims for the duration of service by the member.

The purposes of the Program are to:

- assist eligible members to accumulate LSL which they may not normally become entitled to due to the nature of pastoral work, and
- assist and ease the administrative burden on churches and organisations by assisting with administration of LSL for eligible members.

This second purpose is achieved by:

- calculating regular contribution amounts
- facilitating the investment of those contributions
- making available fund balances to meet LSL payment, and
- providing general advice on long service leave requirements.

Notwithstanding the Program, the statutory liability for LSL always remains the sole responsibility of the organisation employing the member.

Example 1

Below is Pastor Joanne Bloggs' Senior Pastor's employment history:

Organisation	Employment duration	LSL accumulated (including super)
Affiliated Baptist Church A	5 years	\$5,000
Affiliated Baptist Church B	2 years	\$3,000
Affiliated Baptist Church C	3 years	\$2,000
TOTAL	10 years	\$10,000

Pastor Joanne Bloggs is eligible to take LSL under the Program by applying through Affiliated Baptist Church C. LSL payments form part of gross earnings and therefore must be processed through payroll systems of Affiliated Baptist Church C.

Her current weekly earnings including benefits and super is \$2,000 per week.

¹ "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).

Question What are my church's / organisation's legal liabilities in relation to LSL?

An employer owes an employee 13 weeks of LSL for every 15 years of service at their current salary. This vests at 10 years in NSW and 7 years in ACT. This means that unless the employee has completed their 10 years (in NSW) or 7 years (in ACT) of service in the one organisation, they are not eligible for LSL under state legislation.

Example 2

Based on the above example, Pastor Joanne Bloggs, the Senior Pastor of the Church is not eligible for LSL under state legislation at Affiliated Baptist Church A, B or C as she has not completed 10 years of service. However, under the Program, she is entitled to the funds that have been accumulated in the account for the period. This may not equal 8.6 weeks of her current salary due to various reasons e.g. as she may have had different salaries at her previous Baptist Churches of employment, her old church did not make contributions, etc. The leave should be at no additional cost to her current church.

When processing the payroll, Baptist Church C processes the LSL as 5 weeks of leave being \$10,000 accumulated in the fund divided by her current weekly earnings of \$2,000.

Example 3

Below is Pastor Peter Piper's employment history:

Organisation	Employment duration	Annual Salary	Amounts contributed by church in LSL Program
Affiliated Baptist Church A	2 years	\$40,000 - \$50,000	\$1,200
Affiliated Baptist Church B	2 years	\$50,000- \$60,000	\$1,600
Affiliated Baptist Church C	10 years	\$60,000- \$70,000	\$9,000
TOTAL	14 years		

Under state legislation, Affiliated Baptist Church C owes Pastor Peter Piper 8.6 weeks of LSL based his current salary of \$70,000 being \$10,033². The shortfall in contribution made by the Church of \$1,033³ will need to be made up by the church. It is noted that the shortfall in contribution is caused by the Pastor's salary increasing over time, however the statutory liability is based on current salary which is higher. This shortfall will be reduced by investment income earned whilst the funds are held in investment in the Program. If there is any remaining shortfall this will need to be made up by the church.

Pastor Peter Piper is eligible to take LSL under the Program by applying through Affiliated Baptist Church C. In addition to the \$10,033 amount above, Pastor Peter

² \$10,333 = (\$70,000/52 weeks*13/15*10 years)

³ \$1,033 = \$10,033 contribution owed - \$9,000 contribution made.

Piper can also apply for the amounts contributed by Affiliated Baptist Church A and B.

LSL payments form part of gross earnings and therefore must be processed through payroll systems.

Whether superannuation needs to be paid on Pastor Peter Piper's LSL depends on whether he is going on leave or if the LSL is being paid to him on termination of employment. Refer to the question below for further information on superannuation of LSL payments.

Question Can a pastor who has worked 10+ years in one church who is moving on to another church save their LSL in the Baptist LSL Scheme?

A Pastor who is a member of the Baptist LSL Scheme who has been employed by one church for 10+ years in NSW (7+ years in ACT) is not able to accrue the LSL amounts owed by that church to them in the Baptist Long Service Leave Scheme.

This is because there is an obligation for this church on the termination of employment of this member to discharge their legal obligation to pay out LSL under the LSL legislation.

Question Can unused LSL paid to a pastor on termination of their employment be paid using exempt benefits?

LSL payments to an employee on termination of employment is a type of ETP. ETPs and lump sum payments of unused leave on termination of employment should be paid as salary and wage income, and not as exempt benefits. This could mean a higher than usual tax expense for the pastor in relation to this payment.

The tax benefit for the pastor to go on leave rather than accumulating leave to be paid on termination is noted.

Question How does superannuation work when paying out LSL using the LSL scheme?

The quarterly contributions into the Baptist LSL Fund include superannuation amounts.

Superannuation is not payable on ETPs i.e. no superannuation is payable on LSL payments to an employee on termination of employment.

Question A minister's church is not paying contributions into the Association's LSL Fund. A minister's previous church did not make contributions. Whose responsibility is it to follow this up?

Whilst the responsibility to make contributions is normally the church treasurer's responsibility, non-payments into a minister's LSL Fund should be followed up by the minister themselves with the church treasurer or leaders.

Question How do I find out how much has been accumulated into my LSL fund?

To find out your latest balance, please contact the Operations Team by emailing finance@nswactbaptists.org.au.

Question I am eligible and would like to join the Program? How do I do this?

Please fill out the Application form which can be found in Appendix A of the LSL Program Rules.

Question I am eligible to take LSL and would like to apply to take some. How do I do this?

You will need to apply for LSL through your church. Church officers will need to fill out the Application form which can be found in Appendix B of the LSL Program Rules. and you will need to sign the application as the member.

Question My salary has changed. Who should the church or organisation inform in relation to the Program?

Any changes to employment details should be emailed to the Administrator finance@nswactbaptists.org.au with the subject heading *Changes to LSL details*. As outlined in the Program rules, invoices will not be generated retrospectively for previous periods or for missed contributions as a result of not informing the Administrator of changes in the member's position. Past contributions can be made by the church or organisation at any time.

Question The church treasurer is having trouble working out the minister's LSL entitlements as during their employment, they have been working full time and part time in different years.

Normal weekly hours are used to calculate LSL entitlements. For employees who have no fixed weekly number of hours of work such as casual work or changes to working hours from time to time, the normal weekly number of hours are calculated to be whichever is the highest rate:

- the average weekly number of hours worked during the previous period of 12 months ending on the day prior to the leave being taken, (excluding any weeks of unpaid absences), or
- the average weekly number of hours worked during the 5 years ending on the day prior to the leave being taken, (excluding any weeks of unpaid absences).

Question Whose responsibility is it to pay LSL payments? How should this be processed?

Payment of LSL is the responsibility of the church or organisation employing the member. LSL payments form part of gross earnings and therefore must be processed through payroll systems.

If LSL is paid as the Minister goes on LSL during their employment, this can be paid as an exempt benefit in line with the Remuneration Recommendations and attracts superannuation guarantee payments. However, if LSL is paid as a lump sum on termination of employment, the amount should be paid as a taxable amount and not as an exempt benefit. LSL paid out as a lump sum on termination does not attract superannuation guarantee payments.