



The Baptist Union of Victoria
("the Union")

Guidelines for Churches and
Pastors:

STIPENDS, CONDITIONS & STATEMENTS
OF UNDERSTANDING

Effective 1st January 2009

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Introduction

These Guidelines have been prepared as a service to churches in response to the many requests from pastors and congregations for information to assist church decision-making in this important area of church life. There is a pressing need to provide guidance which is practical and consistent with our best understanding both of our distinctive Baptist theology and of prevailing legal requirements.

The assistance of the Churches of Christ conference is gratefully acknowledged in providing our starting point for these guidelines, considered in draft post by the June 1996 Assembly, accepted by the October 1996 Assembly, when a process of review was instituted to give better expression to the theological emphases. This review was completed with a revised set of guidelines adopted at the May 1998 Assembly. The Guidelines will continue to be updated as necessary and will be expanded to include other pressing matters such as part time ministry, bi-vocational ministry, interim ministries and the youth pastor/student pastor position.

The document strives to harmonise its recommendations within the respective interests of the pastor's need of an equitable remuneration package and the church's ability to meet the cost of such a package. In this respect, we encourage pastors and churches to recognise each other's needs in the total ministry which they offer together, and work diligently to reconcile their respective interests in the spirit of Christ.

It should be noted that recommendations are based upon the total remuneration provided by the churches, and not just the cash stipend paid. The implications of this principle will become very apparent as the Guidelines are studied in detail.

The Union maintains that the remuneration practice of our churches must be able to stand the test given to us by the Apostle Paul that, as Christians, our relationship with the world should be blameless and above reproach. The financial relationship which we have with the world should be seen not only to be within the framework of the laws of our community, but should also be within the intention and spirit of those laws.

Where questions/need for assistance arise out of these Guidelines, please contact your Regional Minister (ministry emphasis) or the Director of Administrative Services (finance or legal emphasis).

Part A: THE GUIDELINES AND THE MINISTRY

The relationship between pastor and church is unique. When pastor and church are beckoned together by the Spirit of God, a partnership in ministry is forged with bonds that are rooted deep in the heart of God. These roots are also deeply rooted in our understanding of Scripture. In our context, such a call also brings to bear various legal responsibilities which are placed by the law of the land. As we seek to forge a ministry in our local context, we need to do so, mindful of both our responsibilities before God and under the local legal authorities.

In drafting these guidelines the primary aim has been the enhancement of the ministry of the local church through strengthening and clarifying the relationship between pastor and church. Consideration has given both to the scriptural and theological framework which shapes our thinking, and any obligations which may fall due under the law, seeking to find appropriate balance, without compromising the integrity of the gospel call.

Risks

In shaping these Guidelines for use by our pastors and churches, it is recognised that there is a danger in reducing the relationship of church and pastor to one of employer and employee only. This is not the intention of this document.

At certain points, however, it is necessary to understand that the legal provisions which govern the employer-employee relationship do have implications for churches and pastors. Such provisions apply to the way in which a church is responsible for the maintenance of its pastor as much as to the responsibility which the pastor has to the church.

But the purpose of drawing the attention of pastors and churches to such regulations is not intended to redefine the pastor-church relationship. On the one hand the regulations have to be observed (by virtue of the laws of the land); on the other, the nature of ministry needs to be well understood and preserved (because as Baptists we place a high value on this).

The Importance of Relationships

Baptists have persevered over the years to nurture some very strategic components of ministry which are seen to be grounded in the New Testament. This includes an appreciation that all believers in Christ are members of His Body and gifts for service are given to the church through its members. At the heart of church life is a concern for healthy relationships: with Christ and with each other as a basis for our mission in the world, being His Presence wherever there is pain, suffering and separation from Christ.

God's Spirit at Work

As Baptists we have a special appreciation of the goodness of God in His provision of pastoral leadership for His people. We believe that all Christians sense His call to service in His world, and that there is a special value placed on the prompting of the Spirit in drawing pastor and congregation together.

For as the Spirit of God works in the heart and mind of the pastor, there is another prompting taking place within the people producing a common mind and intention. The induction of a pastor into the ministry of the church is, therefore, a time of celebration and gratitude for all that God has done in bringing pastor and people together. There is developed a unique relationship built completely around the initiative of the Lord of the Church. It is a relationship to be treasured and nurtured.

The Church as Carer and Supporter

The divinely inspired connection between pastor and people establishes some very important responsibilities. There are underlying, reciprocal commitments which give a special quality to this teamwork. For just as the pastor responds to the call to provide leadership and care for the congregation, so it is incumbent upon the congregation to provide loving care and support for the pastor.

Jesus taught that the worker is worth his keep while Paul gave clear instructions to the churches to make adequate provision for the care of their leaders. Historically, the early Baptist Confessions of Faith recognised that those who labour "in the Word and doctrine have a power to receive a livelihood from their brethren, whose duty it is to provide a comfortable subsistence for them." Indeed, the congregation is failing in its responsibility if adequate care and provision is not made for the pastor.

The Pastor as Leader

In a dramatic departure from secular models, the pastor leads by example, not from a position of strength and power, but in humble dependence upon the goodness and grace of God. It is essentially the way of the cross, a laying down of life in order to lead the people of God into a greater fullness and experience of faith. For this reason, pastoral leadership is a way of life not able to be measured in hours, or successes, or grand achievements.

The pastoral task is one of loving commitment to the congregation with the desire that each believer discover afresh daily the grace of God and the gifts for serving the church and the world. For as the Body of Christ functions healthily, the Gospel is shared, people are won for Christ, and the sick, the lonely and the powerless are touched by the greater presence of God working through His people.

The pastor serves out of his or her own limitations and brokenness. This is not the leadership of perfection or completed spirituality but the leadership which acknowledges the rough edges of the human condition and dares to believe that the Lord is glorified by simple faith and trust. The pastor, acknowledging the need for wisdom and strength, identifies with the people of God in order to lead them on in the adventure of living, serving and witnessing creatively and effectively in the world to which He has called us.

It is not just the responsibility of the pastor to be the leadership example in the church. Our own Union Constitution recognises the importance of the pastor and church officers working in "sympathetic co-operation" and that all leaders appointed by the church are "to be examples to the members of the church in conduct, zeal, self denial and generosity."

While these Guidelines carry a range of very practical issues, underlying all of the recommendations is this understanding of ministry. It may appear, at certain points, to be in tension with the requirements of the legal provision of the day. At no stage, however, is there any intention to devalue the energy and integrity of all that transpires between pastor and people in the work of the Kingdom.

1.1.1.1.1 Part B: Establishing a Statement of Understanding

COMMON QUESTIONS

When church and pastor enter into an agreement by way of a Statement of Understanding such as is suggested in this document, there is a need to grasp the basis of that undertaking.

The Christian community stands in some tension created between the models of the world and the models portrayed in scripture. Clearly there are some legal implications and standards imposed on the relationship between church and pastor. As the people of God we want to ensure that we meet those standards without compromising the scriptural principles which undergird our life as a people. The framework of a legal relationship between church and pastor needs to be underpinned by a recognition of equality in sharing ministry together and a recognition that the bonds that unite in ministry are far greater than any legal connection.

We address here four questions which are central to entering a Statement of Understanding as presented in these guidelines.

Is a written statement needed when a church calls a pastor?

Yes. It is important for a church and pastor to be clear about their expectations in ministry together, by clarifying the role of the pastor, the terms and conditions of call, and processes by which ministry will be conducted in partnership together.

Many matters are discussed throughout the process of interview leading up to and culminating in the formulation of a specific call. By committing the essentials to writing, both pastor and church lay a foundation for common understanding, which can be conveyed to the church at the time of consideration of the call, but also for the benefit of the leadership of the church, which changes over the course of time. We need to acknowledge that our memories do not always serve us as well as we would like.

It may also be appropriate for a church and pastor to revisit the Statement of Understanding occasionally to evaluate whether it meets the changing needs of the ministry of the church.

What needs to be included in a Statement of Understanding?

Each church is free to shape a Statement of Understanding in ways which suit their particular environment and approach to ministry. However, it is suggested that certain areas ought to be considered by all churches at the time of call. These include:

- The terms of the call: whether it is to be open-ended or of a fixed term
- The pastoral role and relationship to the church.
- The total remuneration and how it is to be packaged.
- Processes for decision-making, review of ministry, and dispute resolution.

- Dealing with any complaints of Sexual misconduct
- What happens when the ministry is concluded

Suggested components and structure for a Statement of Understanding are set out in the following section of Part B. The enclosed Statement is to be treated as a guideline only, and may not be suitable for adoption by a church without being adapted to local conditions. Churches and pastors should ensure that the document meets their particular situation.

Churches and pastors will receive assistance in the preparation of their Statement of Understanding and the church meeting process to call and engage a pastor from their Moderator. Additional assistance is also available from the Union Staff through their Regional Minister.

What is the nature of the relationship between church and pastor?

The over-riding principle concerning the relationship between pastor and church is that it is both spiritually formed and nurtured: that it exists for the purpose of furthering the work of the kingdom at a particular time and in a particular place.

It is also to be recognised that in calling and inducting a pastor, church and pastor enter into a legal relationship which invokes particular responsibilities and rights for the parties concerned. The nature of that relationship has not been defined legally, either through legislation or by the courts. For the administrative purposes of some legislation - taxation, superannuation, WorkCover, and workplace health and safety, all "workers" are to be treated the same, regardless of the exact legal nature of the relationship, or how an "employer" or "worker" might seek to define it.

These guidelines use the administrative categories as outlined in the present Federal Workplace Relations Act 1996 to help focus on areas which churches and pastors may need to consider in establishing a ministry partnership.

Does the Statement need to be signed?

To make the statement legally binding on the parties concerned, it does not need to be signed. However, by placing signatures on a document, parties attest to it as the final form of the agreement reached, and it will be entered into the minutes of the church meeting as carried out under Schedule B of the Union Constitution.

Who can sign the document? A pastor has the legal capacity to sign the Statement of Understanding in his or her own right. However, as the church is not an incorporated body, in itself it has no legal entity.

The recommended process is:

- for the church members' meeting to authorise at least two persons to sign a Statement of Understanding on behalf of the church;
- understanding that the persons signing are not personally the 'employer', nor are they personally liable for the performance of the contract. The are

simply performing a function within the specific authority granted by the church meeting.

The Union, which does have legal entity, includes close to 200 unincorporated churches. It is the Union's view that some status derives from being member churches of an incorporated body: as if the Union's incorporation were an umbrella over its churches. This is not an elegant symbol and has not yet been tested, but it cannot be said that the Union's churches are unincorporated bodies without affiliation or supporting structure.

There is no need or benefit for churches to incorporate for the purposes of engaging a pastor, nor is it recommended that the diaconate (or other leadership group) of a church enter into a Statement of Understanding personally.

SAMPLE STATEMENT OF UNDERSTANDING

This Agreement is framed in accordance with the Guidelines and is made

BETWEEN:

THE ## [insert name] CHURCH of ### [insert address]
("Church")

- and -

[insert name] of ### [insert address]
("Pastor")

on the ## [insert date] day of ## [insert month] 20## [insert year]

THE CHURCH AND THE PASTOR AGREE as follows:

1 THE FRAMEWORK OF MINISTRY

- 1.1 This Statement of Understanding addresses some of the practical aspects of the relationship between church and pastor, whilst recognising that this relationship is essentially spiritually formed and nurtured. Developing a common understanding will enhance the mutual trust and love which is vital to the ministry partnership between church and pastor.
- 1.2 This agreement is not intended to limit the flexibility of the church and pastor in responding to the leadership of the Holy Spirit as they exercise ministry together. It seeks to establish a framework which is mutually understood and accepted by all concerned, in which decisions should be made.
- 1.3 The church and pastor, in establishing this agreement, recognise and affirm the call of God to share in ministry together in this way, recognising that this is a formative step in the ongoing ministry partnership, during the term of this agreement.
- 1.4 In acknowledging the call of God upon the pastor to minister within the church and the community, pastor and church agree to enter into a covenantal relationship of mutual trust and cooperation through open and honest communication, spiritual discernment, and courage in facing change, undergirded with ready forgiveness for human frailty.
- 1.5 At a properly constituted Church members meeting held on ### 20## [insert date], the Church approved this Statement of Understanding and authorised ### and ### [insert names and positions] to sign this Agreement at the direction of and on behalf of the Church.

- 1.6 The Church is not a separately incorporated entity. The Church is a member constituent of the Baptist Union of Victoria which is itself incorporated by Act of Parliament known as The Baptist Union Incorporation Act 1930.

2 DEFINITIONS AND INTERPRETATION

- 2.1 "Diaconate" means the Diaconate of the ### [insert name] Church from time to time.
- 2.2 "Guidelines" means the "The Baptist Union of Victoria - Guidelines for Churches and Pastors - Stipends, Conditions and Statements of Understanding" as published from time to time.
- 2.3 This Statement of Understanding is to be read in conjunction with the Guidelines. However, in the event of any inconsistency, the terms of this Agreement prevail.

3 THE CALL TO MINISTRY

- 3.1 God calls the Pastor to minister within the Church and the community and the Church affirms God's call to engage the Pastor. In acknowledging the call of God to a specific ministry, the Pastor and the Church agree to be guided by the terms of this Statement of Understanding.
- 3.2 This is an open-ended call and engagement, commencing ### [insert date of commencement].
- 3.3 The pastoral profile prepared by the ### [insert "Pastoral Search Committee" or name of similar group] is Schedule One to this Statement of Understanding and is to serve as a guide to the Pastor and the Church in the exercise of ministry within the Church and local community.

4 STIPEND, BENEFITS AND LEAVE ENTITLEMENTS

- 4.1 The Pastor is entitled to the stipend and benefits specified in Schedule Two. The Pastors stipend will be paid to the Pastor monthly or otherwise as agreed.
- 4.2 The Church will pay superannuation to the extent required by law, currently as specified in Schedule Two.
- 4.3 The Pastor's stipend is deemed to include:
 - 4.3.1 all entitlements to leave loading, overtime loading, weekend or public holiday loading and any other form of stipend loading to which the Pastor may otherwise be entitled; and

- 4.3.2 all service by way of overtime or attendance at functions or training outside the Pastor's usual working times.
- 4.4 The Pastor's leave entitlements will be annual leave, long service leave, personal leave and parental leave each as specified in Schedule Two, together with gazetted public holidays.
- 4.5 Where the Pastor is to be provided with a manse, this shall be done in accordance with the Guidelines.
- 4.6 The Church will meet the following expenses;
 - 4.6.1 the reasonable costs of the Pastor attending conferences, seminars, training courses and study as may be approved by the Diaconate for assisting the Pastor in the exercise of ministry within and through the Church;
 - 4.6.2 all telephone rental charges for the Pastor's home telephone, as well as all charges for calls in relation to the Pastor's ministry within and through the Church;
 - 4.6.3 other reasonable costs not normally included as Exempt Benefits necessarily incurred by the Pastor as a result of the Pastor's ministry within and through the Church, as determined by the Church may determine from time to time. The Church may require reasonable documentary evidence and reasonable notice of expenses before meeting any such costs.
- 4.7 The Diaconate will review the Pastor's stipend and benefits annually. Any recommended changes will be brought to a properly constituted Church members meeting for approval.

5 REVIEW OF MINISTRY

- 5.1 The Pastor and Diaconate agree to institute review of the overall life and witness of the Church on an ongoing basis to assess:
 - 5.1.1 the ministries of the Church;
 - 5.1.2 pastoral needs;
 - 5.1.3 lay participation in relation to the goals and objectives established in the Church vision and mission statements; and
 - 5.1.4 the pastoral profile.

Such a review will be initiated by the Diaconate at least every three years.

- 5.2 The Pastor and the Church agree to use their best endeavours to deal with matters of review and coping with conflict in accordance with the Guidelines. Seeking early assistance from the Union is recommended.

- 5.3 The terms of this Statement of Understanding will be reviewed at least every three years.
- 5.4 Any change to the terms of this Statement of Understanding, including the pastoral profile in Schedule One and the stipend, benefits and leave entitlements in Schedule Two, must be approved by a properly constituted Church members meeting.

6 MISCONDUCT

- 6.1 In the case of a complaint made against the Pastor involving alleged misconduct as defined in the Code of Ethics; Companion Guide, the Pastor agrees to follow the procedure contained in the 'Complaint Procedure for Allegations of Misconduct by Pastoral Leaders'.
- 6.2 The Pastor and the Church agree to notify the Director of Ministries of the Baptist Union of Victoria immediately a complaint is made against the Pastor involving alleged Misconduct.

7 CONCLUSION OF MINISTRY

- 7.1 The Pastor may at any time conclude the Pastor's call and engagement by giving three months written notice to the Diaconate. The Church may accept less than three months notice.
- 7.2 A properly constituted special Church members meeting may conclude the Pastor's call and engagement allowing three months notice to the Pastor. The Pastor may accept less than three months notice.
- 7.3 For the purposes of clause 7.1 or 7.2:
 - 7.3.1 this Statement of Understanding continues to apply during the actual notice period;
 - 7.3.2 at the end of the actual notice period this Statement of Understanding ends and the Pastor is only further entitled to be paid any accrued entitlements to unused annual and long service leave; and
 - 7.3.3 the Pastor agrees that he or she waives all and any right to, and undertakes that he or she will not bring any claim, dispute, action or demand in any jurisdiction alleging that the conclusion of his or her engagement was wrongful, unlawful, unfair or unreasonable.
- 7.4 A properly constituted Church members meeting may conclude:
 - 7.4.1 the Pastor's call and engagement; and
 - 7.4.2 this Statement of Understanding;without notice and with immediate effect only for serious misconduct on the part of the Pastor as expressed in the Guidelines.

8 CONFIDENTIALITY

The Pastor, the Diaconate and the Church agree to act professionally and with integrity in confidential matters.

9 THE COMMITMENT OF THE CHURCH

In making this call, we the members of this church, dedicate afresh our time, talents and financial resources to work with the pastor in the service of our Lord in this church. Indeed, we pray that all children, young people and adults who support the work of this church will do likewise.

SIGNED as an Agreement by the Church and the Pastor on the date set out at the beginning of this Agreement.

..... On behalf of the ## [insert name] Church
Name: Position:

..... On behalf of the ## [insert name] Church
Name: Position:

..... Pastor
Name:

SCHEDULE ONE

THE PASTORAL PROFILE

Advisory Board appointed Moderator will assist you in developing this profile.

SCHEDULE TWO

(this example assumes full time appointment)

STIPEND, BENEFITS AND LEAVE ENTITLEMENTS

Effective from 1st January 2009

Stipend & Benefits

\$1,161 per week (where manse not provided)

Of this, 50% (\$580.50) should be taxed and up to 50% (\$580.50) may be provided in exempt (non taxed) benefits.

* * * * *

\$932.00 per week (where manse provided)

Of this, 62% (\$580.50) should be taxed and up to 38% (\$351.50) may be provided in exempt (non taxed) benefits.

Reimbursement of telephone rental and Church calls

Reimbursement of postage, stationery, equipment and other out of pocket expenses

Superannuation

The Baptist Union recommends that the church contribution be 9% of the total stipend, which totals \$104.49 weekly. The Pastor is encouraged to consider additional superannuation contributions by way of Stipend Sacrifice. It is recommended that independent financial advice is obtained.

Leave

Annual Leave: four weeks annually (cumulative)

Personal Leave: 10 days of paid personal/carer's leave per year (including sick leave and carer's leave) as provided under the legislation.

Long Service Leave: 6 weeks after 7 years of service in Baptist ministry with any entitlement to be satisfied by the Baptist Union of Victoria Long Service Leave Fund in accordance with the rules of the Fund.

Parental Leave: in accordance with Workplace Relations Legislation and BUV guidelines.

Compassionate Leave: in accordance with Workplace Relations Legislation.

Public holidays

Where the Pastor needs to work on a gazetted public holiday, the Pastor is encouraged to take an alternative day off in the same week

Exempt Benefits are recommended to include the following:

- motor vehicle running costs and loan repayments.
- manse running costs (eg. gas, electricity, rates and insurance).
- rent, mortgage repayments, running costs and maintenance in respect to the pastor's own ministry residence.
- ministry related hospitality expenses.
- course fees, materials and other costs.
- books, journals and magazines, computer software for the pastor's use and other ministry resources including computers.
- subscriptions to ministry associated organisations.
- travel costs related to the pastor's ministry duties.

1.1.1.1.2 Part C: Elements of a Statement of Understanding

It is essential that the terms and conditions relating to a call be agreed between the church and the pastor prior to an appointment being made. A Statement of Understanding should confirm the practical aspects of the working relationship between the pastor and the congregation.

The following sections give guidance as to the suggested elements of and process for establishing a Statement of Understanding, based on the sample Statement of Understanding in Part B. References in italics are cross references to the suggested Statement of Understanding in Part B.

1 Call to ministry (cl 3.1)

The calling of the pastor and approval of a Statement of Understanding requires a special church meeting. Most churches own property held on trust for them by the Union and this brings a Trust Deed (which refers to Schedule B to the Union's Act of Incorporation) into play. Schedule B has some requirements in relation to the calling of pastors and these requirements will override any lesser requirement in the church's constitution. The church should have on hand a plain English summary of the provisions of Schedule B; available from the Director of Administrative Services.

2 Pastoral profile (cl 3.3)

2.1 It is very important that the incoming pastor is aware of what the church expects from the role. The pastoral profile (role description) should list the main duties and accountabilities in the role (to be attached as Schedule One to the Statement of Understanding).

2.2 Churches are encouraged to seek assistance in the development of a pastoral profile from their Regional Minister or Moderator. The appointment by the church of a moderator (under the guidance of Advisory Board) is strongly encouraged to facilitate pastoral settlement.

3 Pastor's remuneration (cl 4)

3.1 The current recommended stipend and benefits approved by Assembly are shown in Appendix I. These recommendations are also restated as Schedule Two to the sample Statement of Understanding.

3.2 The method by which the stipend is built into the total remuneration package is shown in Appendix I, particularly to show the relative impact of the alternative where the pastor provides

his/her own home and the alternative where the church provides a manse.

- 3.3 The recommended remuneration package is intended to apply to a five day working week. Churches engaging a pastor part time should adjust the package on a pro rata basis (eg: a three day appointment will carry three fifths of the full time recommended package).
- 3.4 Recommendations made by the Union are applicable to the normal circumstances of a pastoral ministry as indicated in the conditions outlined in these Guidelines. Where a church makes extra demands on the pastor arising from, say the size of the church or the range of ministries required, then consideration should be given by the church to paying the pastor at above the recommended levels.
- 3.5 Churches are free to pay the stipend and benefits at whichever interval is convenient to both parties, ie weekly, fortnightly or monthly. Many churches are now paying their pastors monthly, payment being made by the 15th of each month covering that calendar month. This approach reduces the workload and simplifies the checking of other related monthly payments like taxation and superannuation. A change from, say, weekly to monthly payment requires care as, while total payment for a year is unchanged, there are some short term cash flow effects for both the church and the pastor. To calculate monthly pay, multiply the agreed weekly sums by 52 and divide by 12.
- 3.6 It is a requirement that a statement of the gross stipend paid, and details of any deductions withheld, eg PAYG tax and superannuation contributions, should be provided to the pastor by the church treasurer at the time of each payment.

4. Benefits (cl 4)

- 4.1 The recommended package includes an amount referred to as exempt benefits and is intended to be used for some ministry related expenses. They are called exempt benefits because they are totally exempt from Fringe Benefits Tax when paid to pastors. They are also exempt from Workers Compensation premium calculations. These have previously been listed separately as housing, car, resources and hospitality benefits. The structure of the package has not been changed but the format of the recommendation has been changed. The separate listing of specific amounts for ministry related expenses has been replaced by a single amount of 50% (maximum) of the total package that can be paid for these exempt benefits.
- 4.2 It is of significant advantage to the pastor if the church makes payments direct to the pastor's landlord or mortgagee on his/her

behalf or if this is made automatically from the ministry expense account. For more information also see Part C, section 8.

- 4.3 When vehicles are being purchased it is possible for pastors to benefit from fleet owners' discount as well as investigating the option of leasing. These only relate to the purchase of a new vehicle which is to be used primarily for ministry expenses and may depend on the vehicle supplier and the make of the vehicle. The Union office can provide documentation and contacts to assist in these areas.
- 4.4 Pastors need resources (like books, journals, computer software and stationery) for researching sermons and Bible Studies, and to nurture their own spiritual growth. It is highly recommended that part of the exempt benefits be used for the provision of these resources.
- 4.5 The amount recommended for exempt benefits is based on a percentage of the full annual package and should therefore be paid during periods of annual leave, personal leave or long service leave taken while in ministry at the church.

5. Pastor's residence (cl 4)

It is essential that the respective expectations of the parties in relation to the pastor's residence are clearly understood at the time of appointment. In the main, there are two situations which exist in terms of housing for the pastor.

- n The pastor's residence is church property
- n The pastor resides in his/her own home or rental property

5.1 Pastor's residence is Church property

5.1.1 Where the manse is provided as part of an appointment, it is to be clearly understood that the manse is rent free.

5.1.2 Before a Statement of Understanding is finalised, opportunity should be provided for the pastor to inspect the manse. This will provide an opportunity for mutually agreed arrangements for necessary repairs, decor, drapes, etc, and to agree on which items are to be completed before occupancy.

5.1.3 It is considered that the responsibilities for maintaining the manse are as follows :

Church

The provision of :

- n Floor coverings, drapes, blinds and light fittings.
- n Garage or car port.
- n Garden shed or similar when there is only a car port.

- n Heating - must be effective, satisfactory and economical.
- n Cooling - to appropriate areas of the manse if the church is in the northern region of Victoria.
- n Security screen doors to all external doors of the manse.
- n Study facility in either the manse or the church, preferably both.
- n Maintenance - inspection of the manse property at an agreed interval in consultation with the pastor, with approved repairs promptly carried out.
- n Pre-occupancy "spring clean".

Pastor

Undertaking of :

- n Garden maintenance
- n General cleaning and household maintenance.

Note : The general principle in regard to maintenance of the household and garden of a church owned manse is that the pastor will treat the manse with the same care and respect as would be given to his/her own home.

5.2 Pastor Resides in Own Home

5.2.1 Refer to Appendix I, section 8 for further reference on the payment of housing benefits; see also the recommended level of exempt benefits specified in Appendix II and in the Statement of Understanding, Schedule Two.

5.2.2 Where the pastor's study is located at the pastor's home, it is recommended that the church pay a proportion of the electricity and gas accounts of the home based on estimated usage (20% could be taken as a guide).

6 Telephone (cl 4.6.2)

It is expected that the church should pay the total telephone account for the manse, but that the pastor would reasonably reimburse to the church the cost of private calls, particularly private STD and IDD calls. It is advisable for the church and the pastor to agree annually a budget for this expense. Many churches now provide a mobile phone to the pastor instead of the manse phone.

7 Superannuation (cl 4.2)

7.1 There is a legal obligation on all employers (including churches) to make contributions to a complying superannuation fund on behalf of all employees (including pastors) earning \$450 monthly or more. The benefits provided through the superannuation are very important for the financial well-being of our pastors in retirement. Superannuation is also able to provide death, disability and sickness/accident cover.

Christian Super is a superannuation fund promoted towards Christian employees and employers and churches and pastors are encourage to consider its benefits. From 1 July 2005 the government has introduced super choice and pastors are encouraged to seek independent financial advise about there choice of superannuation fund.

- 7.2 The compulsory contribution by the church to meet the legislative requirements is given in Appendix I and Appendix III Schedule Two.
- 7.3 The annual contributions are calculated on the total stipend package, and subject to any specific individual taxation advice, (which might be appropriate particularly to pastors who might not be in receipt of the full recommended stipend.) It is recommended that any additional superannuation contribution by the pastor's should be by way of "stipend sacrifice".
- 7.4 The church is advised to seek written assurance from any superannuation fund that a pastor wishes to contribute to it is a complying fund. Christian Super is a complying fund.

8 Insurances

8.1 WorkCover

There is a legal requirement for churches to be registered for WorkCover in Victoria. The remuneration to be declared by the church for WorkCover purposes is the stipend component of packages plus any superannuation benefit paid by an employer in respect of a worker. No WorkCover premium is required to be paid on the exempt benefits components of the package. The reason for this is that any benefit provided to a worker that is an "exempt benefit" under the Fringe Benefits Tax Assessment Act 1986 would be exempt remuneration under the Accident Compensation Act 1985. Benefits paid to a pastor are generally in the category of "exempt benefits". This does however mean that the value of exempt benefits is not included in the calculation of pre-injury average weekly earnings and will not be paid out in the event of a claim.

The Union's insurance cover will now cover the exempt benefits where there is a WorkCover claim. Churches are encouraged to contact the Union as soon as possible when a situation may develop into a claim.

8.2 Contents

Pastors are responsible for the insurance of their household contents and belongings. One option for insurance cover of these items is the

Bapsure Scheme where the Baptist Union receives a commission on each insurance premium paid. An obligation free quote may be obtained by phoning 1800 063 932 which is a toll free number.

Pastors' personal belongings which are used predominantly for ministry purposes such as computer or theological library may be insured under the insurance program of the church with the Australian Baptist Insurance Scheme. This cover is available regardless of where the computer/library is stored and used. This would result in a minimal additional cost to the church, eg. \$10,000 sum insured would involve a premium of \$20.00. It is recommended that the church not seek reimbursement from the pastor for this premium.

8.3 Motor Vehicle

Insurance of the pastor's motor vehicle is his own responsibility but would normally be paid out of the benefits account. Quotes for motor vehicle insurance can also be obtained from Bapsure.

8.4 Liabilities

Pastors should be careful not to give advice which is outside their area of competence, eg. a pastor would be unwise to give advice about taxation matters, unless they were qualified to give such advice. In the event that someone wishes to pursue legal action against the pastor there is adequate liability insurance protection under the Australian Baptist Insurance Scheme, provided the pastor was acting under the auspices of the church.

9 Working week

9.1 For most people, a working week means five days. In a ministry situation there can be no hard and fast rules. The effective exercise of pastoral leadership together with the unusual opportunities and demands which are part of "shepherding the flock" create a unique lifestyle which cannot be adequately described in fixed hours and days of "work."

9.2 However, care is needed when a ministry appointment is made to acknowledge the need for a pastor to have appropriate recreation days and for the church to ensure that the pastor has the opportunity to use them conveniently. It is recommended that the pastor have one full day of each week free of pastoral responsibilities.

10 Annual leave and public holidays (cl 4)

10.1 The minimum recreational leave entitlements are four weeks annual leave and Government gazetted public holidays. It is recommended that the annual leave cover four Sundays and accumulate at the rate of one week quarterly. It is the responsibility of the church to maintain an accurate record of leave accruals and usage.

10.2 Where circumstances require that the pastor works on a public holiday, an alternative holiday should be arranged, preferably in the same week.

10.3 It should be recognised that pastors need rest and recreation in order to maintain effective ministries. The practice of allowing leave entitlements to accumulate from year to year is undesirable for both the pastor and the church, and is to be discouraged; (deferred leave is likely to be ultimately paid at a

higher rate than existed at the time when it was first accrued.) Pastors' leave arrangements are normally agreed with the diaconate or the church secretary.

10.4 Each church is encouraged to allow its pastor one weekend away from the local church each half year, in addition to the annual leave entitlement. This weekend could be used as a study period, family time or as an opportunity to visit another church.

10.5 It is important that churches are able to pay Annual Leave when it is due. This includes the payment of leave that has been accrued and to which the pastor is entitled when he/she concludes ministry in a church. It is recommended that churches keep the amount of money equivalent to this payment in their bank account. Please contact the Finance Manager if this matter is unclear.

11 Personal leave and Maternity /Paternity Leave (cl 4.4)

11.1 The recommended entitlement is ten paid personal days per calendar year. The entitlement is normally cumulative year to year, but personal leave is not portable, nor is any "entitlement" capable of being paid out in cash. It is essential that the use of personal leave is adequately documented by the church.

11.2.1 Extended personal leave is solely at the discretion of the church affected. Consideration should be given to any sickness and accident cover available through the pastor's superannuation fund.

11.3 Families are an important part of our church life and the BUV have developed recommendations for pastors with children in relation to work/family balance and maternity/paternal/adoption leave. Please refer to appendix IV for details of these guidelines.

12 Long service leave (cl 4.4)

12.1 The rules of the Victorian Baptist Long Service Leave Fund are included as Appendix III.

12.2 The minimum legal entitlement to long service leave for workers in Victoria is 13 weeks leave after 15 years continuous service, with a pro rata entitlement on resignation or retirement after 10 years [see the renamed Long Service Leave Act 1992].

12.3 Each church has a legal obligation to pay long service leave to any pastor (or other employee) who works for them continuously for 15 years or more. In recognition of the nature of the pastoral ministry the Union many years ago established a long service leave scheme funded now by an annual contribution per pastor paid by the

churches. The Union scheme partly underwrites a church's obligation to a pastor who has a leave entitlement but more importantly, unlike most other LSL schemes, it offers continuity of service to pastors who move churches. The June 1997 Assembly, again recognising the special nature of pastoral ministry, amended the rules of the scheme to allow pastors to take long service leave on the basis of 6 weeks after 7 years service.

12.4 It is intended that the entitlement of 6 weeks leave after 7 years service will stand in the place of the minimum legal requirement.

12.5 The Union is regarded as one employer for long service leave purposes under our scheme, giving portability of entitlement to pastors without an excessive cost burden on an individual congregation. The same portability is available to pastors transferring to interstate Baptist churches via the Union in that state.

12.6 It is recommended that, when a pastor is appointed to a church the pastor's entitlement to long service leave should be ascertained from the Union. Where a substantial entitlement exists there should be mutual agreement between the church and the new pastor on when such leave should be taken.

13 Removal expenses

Reasonable relocation expenses for the pastor, his/her family, and furniture/ effects should be paid by the receiving church when a pastor takes up a new appointment. Wherever possible, these should be paid directly to the contractors or parties involved rather than being reimbursed to the pastor. Adequate transit insurance should be considered, and the normal practice of obtaining competitive quotes from cartage contractors will ensure that the overall removal expense is minimised.

14 Study and training (cl 4.6.1)

Pastors need to keep pace with the spiritual and practical demands of contemporary ministry. Therefore, the value of additional study and training is commended to both church and pastor. It is important that study courses planned or underway are identified at the time of the pastor's appointment.

Churches are encouraged to :

14.1 Pay the costs involved for the pastor to attend an agreed number of seminars or courses each year.

14.2 Consider favorably any reasonable request from the pastor for study leave which is used for legitimate study purposes, but that a minimum of 40 contact hours each year engaged in study

approved by the diaconate or equivalent body be available for this specific purpose. This is an Assembly recommendation.

- 14.3 The Baptist Union Ministry Review Task force report that was endorsed by Assembly in December 2000 includes the requirement for a Personal Development Plan (PDP) to be endorsed by the Leadership Training Reference Group each five years. Churches are also encouraged to consider favorably any request from the Pastor for study leave that relates to the fulfillment of their PDP.

15 Husband and Wife Joint Ministries

- 15.1 Remuneration for joint ministries should be negotiated prior to appointment, with payment to be based on the agreed number of days or part days to be worked by each pastor. During negotiations with the church at the commencement of the ministry, the pastors should resolve the respective proportions of stipend package which each is to be paid. This decision should be minuted in the records of the church and advised to the pastors by letter from the church secretary in order to satisfy taxation requirements.
- 15.2 As is the case of any team ministry, the respective roles of each pastor -husband and wife - should be discussed with the church diaconate or equivalent body, and resolved to the satisfaction of all parties so that there can be no misunderstanding later.
- 15.3 In relation to superannuation and long service leave, the church would make contributions for each pastor based on the stipend agreed with each pastor

16 Pastor with child care responsibilities (cl 4.4)

- 16.1 It is expected that pastoral responsibilities will be exercised without children present at inappropriate times. If special circumstances make it difficult for pastoral duties to be exercised without children present, it would be reasonable for a variation in time commitment to be negotiated with hours suitably spread to allow for the necessary care of children. Churches should be sympathetic to genuine cases of need within a pastoral family.
- 16.2 In general, the pastoral ministry of a female pastor will follow the same structure as for a male, but special circumstances may need to be considered when there are children involved. It is essential that consideration of these matters be given at the time of the appointment to avoid any complications later.
- 16.3 A female pastor who becomes pregnant during her pastoral ministry with a particular church is entitled to up to 52 weeks of maternity leave. Maternity leave is unpaid leave. This is a minimum

entitlement under the Workplace Relations Act 1996; but it would only apply as a legal minimum to a pastor who has pastored at the church affected for a continuous period of at least 12 months before commencing maternity leave.

- 16.4 A different minimum entitlement applies, for a male pastor whose spouse becomes pregnant, in relation to paternity leave. Paternity leave is also unpaid leave. The male pastor is entitled to an unbroken period of up to one week's paternity leave at the time of confinement of his spouse (if he has pastored at the church affected for a continuous period of at least 12 months). In the unusual circumstance where a male pastor is needed to be the primary care giver of a new born child, the Workplace Relations Act 1996 does stipulate that extended paternity leave (effectively replacing maternity leave) is a minimum entitlement.
- 16.5 A further minimum entitlement exists for adoption leave under the Workplace Relations Act 1996, where a child under 5 years of age is adopted.
- 16.6 It is recommended that church and pastor consult with the Union office should a question of parental or adoption leave for the pastor arise. During this type of leave, arrangements must be made for alternative contact, redirection of phone calls and correspondence etc. If the pastor is able to continue with part of the responsibilities of ministry during this period, the appropriate part time remuneration should be negotiated as a proportion of a five day working week.

17 Review of ministry (cl 5)

- 17.1 It is recommended that each church engage in healthy, positive, ongoing review of its collective life and ministry. Such a review will necessarily include the manner in which the pastor is exercising the ministry of leadership. However, it is strongly suggested that there is little point in reviewing the pastoral role in isolation from the overall ministry of the church.
- 17.2 A review cannot be undertaken effectively without the church having given thought to the shape and direction of its ministry within its own community setting. It is important for the church, led and inspired by the pastor, to reflect prayerfully on how it should be engaging in mission. This will necessarily include a consideration of the church as a worshipping, discipling and outreaching people of God.
- 17.3 When attention is given to the review of the pastoral role within the context of all that the congregation is undertaking, there should be a clear statement offered to the pastor affirming areas of strength and

potential together with suggestions and recommendations regarding aspects of ministry where it is considered that there is room for development and growth. Such expectations should be stated with clarity and in the context of caring fellowship.

- 17.4 As a way of providing practical assistance to the pastor in areas where such growth and development is deemed appropriate, the church is expected to provide whatever training, counselling, advice or assistance as are reasonably necessary to enable the pastor to achieve such outcomes.
- 17.5 The conduct of review by a church can benefit from the assistance of people outside the church with experience in reviews. Your Regional Minister is available to advise and assist in planning review of ministry.

18 Coping with conflict

Churches, like the people who comprise them, pass through difficult passages in their journey as a people of God. Sometimes a combination of seemingly unimportant issues can lead to significant tensions which, if not addressed early, can lead to fractured fellowship and considerable congregational pain. The following procedure is recommended:

- 18.1 The pastor and diaconate should remain sensitive to the needs of the congregation as part of their shared ministry in leading the church.
- 18.2 When an issue emerges which is not able to be addressed through the usual channels of pastoral care, the pastor and diaconate should give this their immediate attention and pray and work towards a genuine reconciliation. In particular their efforts should be guided by the principles expounded by Jesus in Matthew 18: 15-35.
- 18.3 In the event of there being a significant difference of view between the pastor and the church, it is even more important for this situation to be addressed as a matter of urgency by all involved. If left unattended or inadequately dealt with, this may lead to a serious breakdown within the life of the church.
- 18.4 In the event of the pastor and/or diaconate believing that the matter can no longer be satisfactorily addressed within the resources of the church, the assistance of the Union should be sought. An independent mediator can be appointed by the Union for the purpose of conciliation and mediation if this is requested.
- 18.5 It would be expected that until the difficulty has been finally determined, the pastor will continue to exercise ministry. It is also expected that until these procedures have been followed

through in good faith, neither pastor nor church will threaten or institute legal proceedings in a Court or Tribunal.

18.6 The pastor and members of the diaconate should exercise extreme discretion in discussing such difficulties with persons external to the church. Where outside counsel is sought, it is obvious that there is a need for transparency and honesty. However, further damage may be sustained if comments relating to the problem are widely discussed beyond the church. Such conversation may even impede efforts to mediate and resolve the difficulties.

19 Conclusion of ministry (cl 6)

19.1 There are a wide variety of circumstances under which a ministry may be concluded. The majority of ministries will be concluded because :

19.1.1 the pastor has responded to a call to another ministry;

19.1.2 agreement has been reached by the parties that the ministry will conclude;

19.1.3 the pastor is obliged by ill health or other personal circumstances to withdraw from ministry prior to the normal retirement age; or

19.1.4 the church is obliged to conclude the ministry.

19.2 There are some circumstances where the conclusion of the ministry is going to be in the long term best interests of both church and pastor, for example:

19.2.1 Where the emphasis or the direction in which the pastor is attempting to lead the church is no longer in accord with that which was agreed when the pastor was called or, for other reasons, the pastor is in conflict with the expectation of the church and this cannot be easily reconciled.

19.2.2 Where the pastor no longer has the confidence, and therefore the support, of the church leadership.

19.3 Notice of the conclusion of a ministry is usually three months by either the church or the pastor. It is expected that all of the agreed payments of stipend and benefits would continue during the period of notice to conclude, including the existing housing arrangements. Where the pastor shortens the period of notice, the church is expected to pay stipend and benefits for the actual period of notice. If the church shortens the period of notice to the pastor for other than serious misconduct it would be normal that the full three

months of the stipend and benefits be paid (see further 19.5.4 below).

- 19.4 Where the mutual agreement of the parties cannot be reached, or the immediate conclusion of a ministry appears necessary, the Church should refer to the Union who may appoint a mediator to assist in the resolution of the conditions relating to the conclusion of the ministry.
- 19.5 The following are practical guidelines upon the conclusion of ministry:
 - 19.5.1 Superannuation entitlements are to be paid for the full period to the date on which the ministry concluded.
 - 19.5.2 The annual leave entitlement should be calculated on a pro rata basis according to the appropriate accrual rate of one week for each three months of service in the current year, plus unused entitlements of previous years, if any. The cash rate used for the calculation should be the current stipend, plus all the exempt benefits as covered by the Statement of Understanding, with the payment made as a "lump sum" in accordance with the instructions issued by the Australian Tax Office in the tax installment tables.
 - 19.5.3 Where the church makes house payments on behalf of the pastor to a housing loan provider, those payments should be paid up to the date on which the ministry concluded.
 - 19.5.4 If the circumstances prevent the pastor from continuing ministry effectively for the usual three month notice period it is expected that the church make a payment in lieu. Pay in lieu would include stipend, use of the manse (payment as agreed to a housing provider) and other benefits as defined in any Statement of Understanding.
 - 19.5.5 When the ministry does conclude, the Pastor must return to the Church any documents, records, keys or other property of the Church in the Pastor's possession.
- 19.6 The situation of early retirement from ministry is likely to create special emotional stress, along with usual financial and practical considerations stated above, and must be handled with a great deal of care and compassion. The Union has a committee for pastoral care which should be advised immediately of the circumstances. If

confidential counselling is called for, the Regional Minister can be contacted directly by the pastor concerned.

19.7 Particular difficulties may arise when there is an attempt by the church to conclude the ministry without notice or pay in lieu of notice for reason of serious misconduct. (see Statement of Understanding, clause 6.4) While it must be acknowledged that some circumstances can justify immediate conclusion, it must also be said that such instances are few; ie when pastors, by their actions or conduct, effectively disqualify themselves from continuing in ministry. The following general directives should be noted:

19.7.1 The church may immediately conclude the pastor's call and engagement for serious misconduct [without notice, or payment of any kind other than accrued benefits], upon:

19.7.1.1 the pastor being found guilty of any criminal offence;

19.7.1.2 any willful failure or willful neglect on the part of the pastor in carrying out his or her ministry as reasonably understood by pastor and church;

19.7.1.3 any serious breach of any of the provisions of a Statement of Understanding on the part of the pastor; or

19.7.1.4 the Pastor willfully committing an act of theft or misuse of the property of the Church, dishonesty or serious breach of confidentiality.

19.7.2 In the event that a pastor's behavior is so unacceptable as to justify an immediate conclusion, the action of the Church to conclude the ministry of that pastor and the severance payment terms should be determined on the advice of the Union.

19.8 A church may conclude the ministry of its pastor on the grounds of redundancy only where the church has made a definite and genuine decision that the pastor's position within the structure of the church no longer exists or will no longer exist and is not required to be filled, and the church has or intends to declare the pastor's position redundant. The Union does not expect such a situation to arise. The ground of redundancy should not be considered without advice from the Union.

Exempt Benefits and Fringe Benefits Tax ("FBT")

1 Fringe Benefits Tax Assessment Act 1986

The Fringe Benefits Tax Assessment Act 1986, taxes the provision of fringe benefits provided to employees by their employers. For the purposes of FBT, the local church is the employer of the pastor ("employee"). Fringe benefits are the provision of such things as - motor vehicles, housing, subscriptions, and non cash employment benefits. The employer normally pays the tax levied upon these "fringe benefits". However, the Fringe Benefits Tax Assessment Act 1988 exempts the employer from the obligation to pay this tax where (all conditions must be met):

- n the employer of the employee is a religious institution, and
- n the employee is a religious practitioner, and
- n the benefit is provided principally in respect of duties of the employee engaged in:
 - any pastoral duties; or
 - any duties or activities that are related directly to the practice, study, teaching or propagation of religious beliefs.

Payments of benefits to these persons are classed as 'exempt benefits'.

The exemption also extends to a person who is training to be a member of a religious order - or is training to be a pastor. (This includes students at a theological college enrolled in a course which will qualify them to be a pastor, but not other courses).

The exemption does not extend to church employees who are not religious practitioners or who are not undertaking duties principally of a pastoral or teaching nature, eg. administrators, secretaries or caretakers. (This includes Ministers of Religion who perform an administrative function).

Whilst the church is exempt from payment of FBT on benefits provided to a "religious practitioner", it is still not exempt from audit to ensure compliance with the Act. With the system of self assessment of tax now in place, it is not a case of considering if we are audited but

that of when we are audited. We must ask are we properly prepared with the correct records, and are we fully complying with this Act?

In terms of the Fringe Benefits Tax Assessment Act 1988, employees who could receive benefits that are exempt from FBT include:

- Pastors and assistant pastors,
- Youth pastors
- Full time educators in religious institutions

but neither full nor part time

- Administrators
- Secretaries
- Caretakers

If fringe benefits are provided to the latter group of employees, then FBT is payable by the employer (the church) and returns and payments of tax must be submitted to the Tax Office. If you consider that your Church should be making these payments please contact the Finance Manager before payments are made.

2 Tax exempt benefits

While it is technically possible to pay 100% of a pastor's remuneration as tax exempt benefits, such an extreme arrangement, or anything approaching it should be avoided. The current arrangements are very generous and we must be careful not to abuse them or the government may take steps to cap the exempts benefits as they have recently done with PBI's and hospitals.

As a denomination, we must be careful to maintain the high moral position expected of us by the community and as required of us as Christians.

It is therefore recommended that the exempt proportion of the pastor's package be no more than 50% of the remuneration package (or 38% where a manse is supplied) and is recommended to include the following ministry items;

- motor vehicle running costs and loan repayments.
- manse running costs (eg. gas, electricity, rates and insurance).

- rent, mortgage repayments, running costs and maintenance in respect to the pastor's own ministry residence.
- ministry related hospitality expenses.
- course fees, materials and other costs.
- books, journals and magazines, computer software for the pastor's use and other ministry resources including computers.
- subscriptions to ministry associated organisations.
- travel costs related to the pastor's ministry duties.

It is recommended that items related to ministry be given priority for payment from this account.

Please note, the contributions to a complying superannuation fund, such as the Christian Super, never constitute taxable fringe benefits.

It is recommended that the following benefits are never provided as tax exempt benefits;

- cash withdrawals from a ministry benefits bank account - this would be tax evasion if not included as income in your personal tax returns.
- church offerings and mission giving.
- holiday expenses.
- expenses in relation to an investment property or holiday home.

3 Reporting Requirements for benefits paid to employees

1.1.2 Ministers

For employees whose benefits are exempt, as defined in point 1, there are no reporting requirements.

The exemption from Fringe Benefits Tax and reporting requirements does not extend to not-for-profit organizations associated with Churches, such as other public benevolent institutions and aged care facilities.

1.1.3 Administrators, Administration Pastors, Secretary's, Caretakers etc

For benefits provided to staff that perform an administrative function, the church is not exempt from reporting these benefits. (This includes Ministers of Religion who perform an administrative function).

Benefits paid to non-pastoral staff need to be recorded separately for each staff member.

Benefits paid for the FBT year ending 31 March must be reported on the employee's group certificate for the year ended 30 June.

The amount reported on the employee's payment summaries is the grossed up amount of benefits provided.

Fringe benefit x Gross-up factor

The Gross-up factor for reporting benefits is 1.94175

The amount of benefits churches can provide to employees is capped at \$30,000 (grossed-up).

If you have any questions regarding the reporting of benefits provided to employees please contact the Union office.

1.1.4 Calculation of FBT

The church is required to pay Fringe Benefits Tax on benefits paid to non-pastoral employees.

Churches are entitled to a rebate on the FBT payable.

If you have any questions regarding the payment of FBT on benefits provided to employees please contact the Union office.

4 Practical issues

The practical implications of exemptions from FBT are that the church can provide its pastor with a more effective remuneration package by providing a mix of cash stipend plus selected benefits, rather than paying all of the remuneration by regular cheque transactions which then come within the ambit of PAYG tax legislation.

However, some of the benefits described would, at least in part, be eligible for tax deductibility if paid as an allowance, (see section 5 below). The advantage to the pastor in these cases is the 'up front' tax deduction gained through payment of the item as a benefit.

5 Ministry expense account

It is recommended that the exempt benefits portion of the stipend package is paid by the church into a separate church "ministry expense" bank account whenever the stipend is paid to the pastor. Ministry related expenses incurred by the pastor can then be paid by the church from this ministry expense account in a manner which simplifies record keeping and control and without giving rise to a tax liability to either pastor or church. Payment of benefits as allowances or as reimbursements is possible but can give rise to a tax liability.

It is further recommended that the benefits part of the stipend package not exceed 50% of the total package or 38% when a manse is provided by the church.

To facilitate payments from the Ministry Expense Account it is desirable to have a debit (or credit) card issued on the account which the pastor can use to meet many of the recurring ministry expense items. The pastor would then pass to the church treasurer on a monthly basis card slips and invoices where appropriate to support the expenditure. The obvious advantage of a debit card is that expenditure can not exceed the benefits sum placed in the account by the church.

It is anticipated that the account will be fully spent each year. However, if required, any excess balance to be paid to the pastor as stipend having first deducted PAYG tax.

6 GST and the Ministry Expense Account

GST can be claimed by the church on benefits provided to a minister.

The church should only claim GST where the minister has provided receipts. (The minister should provide receipts for all expenses from the account regardless of whether the GST is to be claimed).

The normal practice is that any GST claimed is put back into the minister's ministry expense account.

7 Paid allowances

Where cash allowances are paid for ministry expenses (not recommended) these are incorporated in the regular remuneration to the pastor. The total payment is subject to PAYG income tax provisions.

In some instances, employees can justify tax deductibility of expenses incurred when preparing their annual tax returns. These expenses must be properly documented with:

- Receipts
- Diary entries
- Demonstration that the expenses were incurred in the earning of income.

Under these circumstances the Tax Office requires that PAYG tax installments are deducted from all payments made by cash and that those installments be remitted to the Tax Office each month or quarterly, as the case may be.

Where the employee can demonstrate that the allowance will be fully expended in the intended manner, then he/she may apply to the Tax Office for authority to reduce the amount of PAYG installments required to be collected. Unless a specific authority is held, then PAYG installments must be deducted from the cash allowance paid, including:

- Car allowance
- House allowance
- Book allowance
- Study allowance
- Phone allowance

Note: No deductions are permitted for entertainment allowance in terms of current taxation legislation.

8 Pastors and CenterLink

There has been confusion recently over how CenterLink assessed payments to ministers of religion. Much of the apparent change relates to the intention that income support payments are intended for those on low incomes. The 50/50 provision that we apply does not mean that pastors are low income earners because 50% of package can be tax free and not reportable as a fringe benefit.

This can be a confusing area so be prepared for some need to explain.

More detailed info is available on the FACS Website www.facs.gov.au and in the search section enter 4.3.3.55 or 4.3.3.60.

After discussion with CenterLink the following information is provided to assist Pastors and Treasurers in their interaction with CenterLink.

When contacting or dealing with CenterLink

- Ø Ensure they are aware you are a minister of religion
- Ø Never refer to the tax free portion as Fringe benefits, always refer to it as the exempt fringe benefit portion. This avoids confusion with reportable fringe benefits which are grossed up for income test purposes. Exempt Fringe benefits should not be grossed up.
- Ø CenterLink will allow a reasonable percentage to be deducted from the exempt benefit portion for expenses directly related to Pastoral duties. This should be supported by the basis on which it is calculated.
- Ø Reimbursement of expenses incurred as a part of ministry and which do not form part of the package do not form part of income. e.g reimbursement of mileage/travel expenses, out of pocket expenses etc.

The table below indicates what types of Centrelink payments require disclosure of the whole package and which don't.

Payment Name	Disclose cash salary	Disclose exempt benefits
Age pension	Yes	Yes
Austudy	Yes	Yes
Carer Payment	Yes	Yes
Child Care Benefit	Yes	No
Disability support Pension	Yes	Yes
Family Tax benefit Part A	Yes	No
Family Tax benefit Part B	Yes	No
Maternity Allowance	Yes	No
Maternity Immunisation All.	Yes	No
Mature Age Allowance	Yes	Yes
Newstart Allowance	Yes	Yes
Parenting Allowance	Yes	Yes
Partner Allowance	Yes	Yes
Widow Allowance	Yes	Yes
Wife Pension	Yes	Yes
Youth Allowance	Yes	No

It should be noted that there has been no change in the tax treatment of exempt benefits. They are not considered taxable income and are not to be shown in the Fringe benefit area of the payment summary (former group certificate).

RECOMMENDED PASTORS' STIPENDS AND BENEFITS Effective 1.1.2009

Each year Assembly decides the recommended level of pastors' stipends and benefits (stipend package) for the following year after giving consideration to recommendations from Executive Council.

At the Assembly meeting on 11 October 2008 the following recommended levels were agreed effective from the first pay period commencing on or after 1 January 2008. This is to attempt to maintain the relativity of Pastor's stipends to average weekly earnings.

1.1.5 STIPEND PACKAGE \$ weekly \$ annually

Total Stipend & Benefits (where a manse is not provided)	1,161	60,372
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Of this, 50% (\$580.50) should be taxed and 50% (\$580.50) may be provided in exempt (non taxed) benefits.

Where a Manse is provided \$902 per week.

Of this 62% (\$580.50) should be taxed and up to 38% (\$351.10) may be provided in exempt (non taxed) benefits.

The following notes are to assist an understanding of the package recommendations and to aid in their practical application.

1. The Basis of the Stipend Package

The recommended stipend package is regarded as the remuneration required to allow pastors and their families to maintain a living standard similar to that enjoyed by the average Australian family. The actual recommended levels for each part of the package are based on appropriate community benchmarks.

2. The Decision is Made by Pastor and Church

It is believed that a majority of our churches pay their pastors at, or based on, the recommended levels. However, it should be emphasised that churches and pastors are free to agree to stipend packages different from the recommended levels.

3. Part Time Ministry

The recommended stipend package is intended to apply to pastors working full time - a five day week. Churches engaging a pastor part time should adjust the package on a pro-rata basis e.g. a three day appointment will carry three fifths of the full package.

4. Stipend

Most churches pay pastors either fortnightly or monthly. Monthly pay is becoming more common in the community and saves time. It does however require careful budgeting by both pastor and church.

5. Leave Loading

There is no leave loading recommended.

6. Long Service Leave & Ministry Contributions

The ministry contribution for the coming year will change to 2% of church income for income up to the BUV recommended stipend and 3% for any income above to a maximum contribution of \$35,000. The long service leave levy for a full time pastor will be \$995 per annum. It is proposed that ministry contribution and the long service leave contributions will continue be billed annually to churches.

7. The Payment of Benefits

It is recommended that the benefits part of the stipend package is paid by the church into a separate church "ministry expense" bank account whenever the stipend is paid to the pastor. Ministry related expenses incurred by the pastor can then be paid by the church from this ministry expense account in a manner which simplifies record keeping and control and without giving rise to a tax liability to either pastor or church. Payment of benefits as allowances or as reimbursements is possible but can give rise to a tax liability. If in doubt pastors are encouraged to seek advice from the BUV.

It is further recommended that the benefits part of the stipend package not exceed 50% of the total package or 38% when a manse is provided by the church.

8. Car Benefit

It is suggested that an estimate of ministry travel be made by the pastor at the start of each year and that if travel above 12,000 is anticipated an additional reimbursement sum be agreed accordingly based on 40 cents per km* above 12,000 km per annum. A further adjustment to the final month's payment can then be made if necessary when actual ministry travel is known at or near the end of the year.

* This rate takes account of the extra fuel, tyres and service costs arising from the longer distance traveled and also makes some allowance for the extra wear and tear on the car.

10. Superannuation

Under current superannuation guarantee legislation, churches are obliged to make a contribution of not less than 9% of remuneration to an approved superannuation fund on behalf of all employees earning in excess of \$450 monthly. For pastors it is recommended that the church contributes 9% of the total stipend package (\$104.49) per week for a pastor on the recommended stipend) to a complying superannuation fund of the pastor's choice. Pastors are encouraged to consider additional superannuation contributions by salary sacrifice. Pastors should seek independent financial advice regarding choice of superannuation fund and the level of personal contributions.

LONG SERVICE LEAVE FOR PASTORS RULES OF THE SCHEME

Objects

- To assume a major part of the obligations of Victorian Baptist churches to fund the long service leave of their pastors.
- To recognise the special nature of pastoral ministry and to provide for long service leave entitlement to accrue for pastors for consecutive periods of service in Australian Baptist churches or with other approved employers.
- In certain circumstances to pay pastors not in pastoral ministry for long service leave taken.

Rules

1 ADMINISTRATION

- a) The Fund shall be administered by the Executive Council ("the Council") of the Baptist Union of Victoria ("the Union") and by its authorised delegate, the Union Secretary.
- b) In any situation in respect of long service leave in which advice or guidance is desired, either by a pastor or a church or in any circumstances of special difficulty, the Advisory Board of the Baptist Union of Victoria may be consulted either by the Council, the church or the pastor. The final decision must rest with the Council.
- c) Other than as stated in these rules, the provisions of the Victorian Long Service Leave Act 1992 shall be regarded as the guiding principles in determining long service leave entitlements.

1.1 Regulations

The Council shall have the power to make, amend and repeal regulations for the conduct of the Fund and the attaining of its objects, provided the same are not inconsistent with these rules.

1.2 Audit

The accounts of the Fund shall be audited as directed by the Council.

1.3 Alteration

These rules may be altered or added to by the Assembly of the Union. No alteration or addition shall be considered unless written notice thereof has been given to the Secretary of the Union not less than three months prior to the holding of such Assembly.

1.4 Sources of Income

There shall be paid into the Fund:

1.4.1 Annual levies which shall be based on declarations by churches in respect of the pastor(s) wishing to be included in the scheme. The levies will also be based on a formula comprising 6 weeks leave for 7 years of service (ie. 0.8571 weeks long service leave accruing for each complete year of service), at the rate of the recommended stipend plus house benefit as may from time to time be determined by an Assembly of the Union, after prior consideration by and on the recommendation of the Council. The levy will be pro-rata for pastors who serve only part of a year or who transfer between churches during a year.

1.4.2 All donations and legacies designed for the Fund.

1.4.3 Interest on any investment made on behalf of the Fund.

1.4.4 Transfer of entitlements from other State Baptist Unions or other associated organisation.

1.4.5 Any other contribution.

1.5 Applications

Churches and pastors should submit applications for long service leave to the Union Secretary. If a replacement pastor is required, the Council or its delegate may initiate negotiations with churches.

1.6 Payment of Leave

Long service leave is calculated on the basis of the Union's recommended stipend and benefits. The Union will, upon application by the church, remit the calculated amount to the church which in turn will pay the pastor at the rate paid after deducting the required PAYG tax.

1.7 Expenses and Investments

Expenses of administration are a permitted charge on the Fund. The Fund will be treated as a restricted Fund within the finances of the Union and any balance of the Fund will be invested at the discretion of Council.

1.8 Financial Year

The financial year of the Fund will coincide with that of the Union, namely 1 August to 31 July.

2 MEMBERSHIP

Council will admit to membership of the Fund all those persons, in respect of whom the church in which the person is engaged shall have entered into an agreement to pay the annual levy, as the Council shall determine from time to time.

The date of commencement for entitlement purposes shall be the date upon which the person commenced service provided that the annual levy has been paid from that date.

The following persons were also deemed to be members of the Fund as at 1 August 1996:

- a) Those pastors whose name is included on the Official Ministerial List of the Union in terms of By-Law XIII Clause 7.
- b) Those persons, approved by Council, wholly or mainly engaged by a church in service similar to that normally performed by ministers of or belonging to the Union.

3 ENTITLEMENTS

3.1 Subject to provisions of Clause 3.5, the period of long service leave additional to normal annual leave, shall be six weeks in respect of each period of seven years of pastoral service in one or more churches affiliated with the Baptist Union of Victoria.

In the event of a pastor withdrawing from service, as a pastor of a church affiliated with the Baptist Union of Victoria, for a period in excess of five years, all previously accumulated years of service shall be cancelled. This provision shall not apply where a pastor transfers to another Christian organisation with which this Fund has a reciprocity agreement in force.

3.2 Continuity of Service

The Pastoral Service defined in Clause 2 may, at the discretion of the Council, include a reasonable total period of personal leave, and a reasonable period between the date of termination of a pastorate in one church and the commencement of the next succeeding pastorate in another church.

3.3 Public Holidays

Public holidays, falling within the long service leave period should be recognised and added to the leave taken.

3.4 Pastors Attaining Age 65

Subject to the provisions of Clause 3.5, in the case of a pastor having attained or attaining age 65 and there being an entitlement to long service leave on his/her part, the Fund shall pay to such pastor an amount up to the stipend equivalent of such entitlement in lieu of long service leave always provided that:

3.4.1 the pastor shall be retiring from full-time pastoral service;

3.4.2 the payment shall be calculated on the basis of the Baptist Union recommended stipend for pastors.

3.5 Leave Due But Not Taken

This Fund shall be entitled to restrict the amount paid, where long service leave is not taken within two years of it falling due, to the level of benefit applicable at the date when such leave became due.

4 ELIGIBILITY

Every church which is a constituent of the Baptist Union of Victoria and which has a pastor shall be eligible to receive the benefits of the Fund if it has paid the annual levy. In exceptional cases, where a church having a pastoral team has applied to the Council for exemption from the Fund (with written consent from each of its pastors), the Council may grant exemption from the Fund if it is satisfied as to that church's ability to adequately fund long service liability to its pastors.

4.1 Commencement

Period of leave may only be granted when the solvency of the Fund, in the opinion of the Council, is adequate. Priority for leave shall be determined by length of pastoral service in Victoria.

4.2 Reciprocal Arrangements

4.2.1 The Council is empowered at its absolute discretion to enter into reciprocal arrangements relative to long service leave, with the other Baptist Unions in Australia, in respect of pastoral transfers.

4.2.2 In a case where such arrangements cannot be made the Council is empowered to make such payment in respect of long service leave, to pastors transferring to and from another State, as it shall in its absolute discretion deem appropriate.

4.2.3 The Council may also enter into reciprocal arrangements with other non-Baptist Christian organisations which from time to time may engage the services of Baptist pastors.

4.3 Pastors Employed in Other Agencies

4.3.1 When a pastor is appointed to the staff of the Union or any of its Departments, Committees, Agencies or Affiliated Organisations, the Council shall pay from the Fund to such body a sum of money representing the pro-rata entitlement to long service leave of such pastor; and such payment shall be deemed to be the fulfillment of any claim which such pastor may have had upon the Fund up to that date.

4.3.2 When a pastor who has been employed by any body mentioned in 4.3.1 above shall enter upon pastoral service in a Baptist church in Australia such body shall pay into the Fund a sum of money representing the pro-rata entitlement to long service leave of such pastor, and the Council shall, in the case of a pastor serving in the State of Victoria, apply such sum to the credit of the pastor; or, in the case of a pastor serving in another State, transfer to the appropriate body of the Baptist Union of such State the sum of money received to be applied by it for the purpose of providing long service leave for the pastor concerned.

4.3.3 When a pastor is appointed to the staff of the GiA. or a body engaged in Christian service as defined in By-Law XIII Clause 7 (3) (f) (iii) the Council shall endeavour to make arrangements in respect of any long service leave entitlement to such pastor; and may make payments to such body on the basis described in 4.3.1 above, always provided that such body shall have entered into a reciprocal agreement with the Council in respect of such pastor's long service leave entitlement.

5 DUTIES OF CHURCHES AND PASTORS

5.1 Between Pastorates

Where suitable to the churches and pastors concerned, a period of leave may be taken between pastorates when a new settlement is arranged, provided the churches agree between themselves concerning how any balance of stipend that may be necessary is supplied, and how the levy payable might be apportioned.

5.2 Relieving Pastors

The Council or its delegate is authorised to negotiate with churches and pastors concerning the possible arrangement of part-time (and part-paid) pastoral relief in an endeavour to expedite the provision of leave periods.

5.3 Utilisation of Leave

It is the desire of the Union in administering the plan that the period should be one of genuine leave for each pastor concerned. The pastor and church concerned should reach a

clear understanding, not necessarily in detail but in principle, concerning how the leave period is used.

5.4 Stipends, Conditions and Guidelines

These rules should be read and interpreted in conjunction with, and in the spirit of, the Guidelines for Churches and Pastors: Stipends, Conditions & Statements of Understanding issued by the Baptist Union of Victoria.

SUMMARY OF MINIMUM REQUIREMENTS
FOR ALL EMPLOYMENT AGREEMENTS

The Workplace Workplace Relations Act 1996 (Australia) set out minimum terms which must be included in all workplace agreements as follows. Where practicable, these "minimum terms" were picked up in the suggested Statement of Understanding in Part B. This full list as follows is included for general information purposes, based in the Victorian "minimum terms" picked up in the Workplace Relations Act 1996 (Australia) ("Act")

[Keep in mind that in these Guidelines, the employer-employee relationship is being used as a basis for establish practices consistent with prevailing legal requirements for workplaces and is not intended to give total expression to the nature of ministry on the part of either Pastor or Church.]

Wages

The rate of pay must normally be equal to the base award wage rate or the minimum wage set by the Employee Relations Commission for the work classification of that employee. It is understood that there is no work classification for pastors; nor is there any likelihood of this with the shift to Federal jurisdiction.

Annual Leave

Four weeks paid annual leave.

Personal Leave

10 days of paid personal/carer's leave per year (including sick leave and carer's leave) as provided under the legislation.

Family Leave

Retaining and receiving the best from any employee is important for any employer and as such we must be aware of the demands of family life on staff. It is important that employers maintain a flexible approach to the balance between work and family for both male and female employees.

In no way are these guidelines intended to reduce the employer's right to receive an employees best in terms of time and performance. This should be a matter of priority for an employee. Employees must also

recognise that it is not always possible for an employer to meet their requests due to work requirements and the consideration of other staff.

Options to consider are:

- Flexible hours
- Meeting times that fit employees hours
- Reduced hours (part time)
- Working from home

Request for a variation to terms and conditions should always be made in writing with adequate time given for the employer to consider all options and the needs of the Baptist Union of Victoria.

Parental Leave

The birth/adoption of a child is an important time for any couple and family. Of particular concern are the health of mother and child and the care of any other children. This parental leave policy will form part of the minimum conditions provided in the Workplace Relations Act 1996 (www.workchoices.gov.au).

- Maternity Leave
A female employee is entitled to receive four weeks paid maternity leave.
- Paternity Leave
Male employees are entitled to receive the short paternity leave (one week) as paid paternity leave.
- Adoption Leave
All employees are entitled to receive two weeks paid adoption leave

Any paid leave will be paid at the employee's current remuneration level including any entitlement to exempt benefits and superannuation.

Where a joint husband and wife pastoral position occurs, both are entitled to the leave entitlements outlined above.

Notice

An entitlement to be given on notice of termination (or pay in lieu thereof) as follows:

Period of Continuous Service	Period of Notice
one year or less	one week
one year up to the completion of three years	two weeks
three years and up to the completion of five years	three weeks
five years and over	four weeks

Where the employee is over 45 years old and has completed at least two years continuous service the period of notice must be increased by one week.

Stand Down

Employment agreements must contain provisions for the standing down of employees. If they do not contain such provisions they will be deemed to contain the following provision:

"An employer may deduct payment for any part of a day during which an employee cannot usefully be employed because of any strike, breakdown of machinery or any stoppage or work for any cause for which the employer cannot reasonably be held responsible. This does not break the continuity of employment of the employee for the purpose of any entitlements."

Disputes

Employment agreements must also contain provisions for the prevention and settlement of disputes.

Long Service Leave

An employee is entitled to 13 weeks of long service leave on completing 15 years of continuous employment with one employer (and 4 1/3 weeks of long service leave every five years thereafter).

Other Terms

The above terms are required by law to be in every employment agreement. In order to cover more fully the rights and obligations of each of the parties, the inclusion of further provisions would be recommended, dealing with the following issues:

- term of employment;
- probationary period (if applicable);
- duties and performance criteria;

- benefits (other than stipend);
- performance review;
- termination (conclusion); and
- confidentiality.

SUMMARY OF EMPLOYERS' OBLIGATIONS

Numerous pieces of Federal and State legislation impose obligations upon employers. The following is a summary of the main duties of an employer in relation to its employees. This is not an exhaustive list. Churches, akin to other employers, must give attention to all of the following:

1 Taxation

The Income Assessment Act requires employers to submit tax installment deductions to the Australian Taxation Office. It also imposes other obligations on employers such as the provision of Payment Summaries to employees each year.

2 Superannuation

The Superannuation Guarantee (Administration) Act 1992 (Federal) requires employers to contribute a specific percentage of an employee's earnings to superannuation via the superannuation guarantee levy. That percentage is 9% at as 1 July 2002.

3 WorkCover

Employers are required to hold WorkCover insurance against their liability under the Accident Compensation Act 1985 (Victoria), at common law or otherwise, in respect or injuries to workers that arise out of their employment. The definition of "workers" is extended by the Act to also include independent contractors.

Employers also have an obligation (for a period of 12 months from the date of the injury) to re-employ an injured worker who no longer has an incapacity for work, in the same or an equivalent position to the one held prior to the injury. In the case where the worker remains partially incapacitated only, the employer must provide suitable employment. Failure to do so renders the employer liable to a substantial penalty.

4 Occupational Health and Safety

The Occupational Health and Safety Act 1988 (Federal) imposes a duty on employers to provide and maintain a working environment for employees that is safe and without risks to health. It is an offence to

fail to comply with the requirements of the Act and substantial penalties apply.

5 Termination of Employment

Valid Reason - The Workplace Relations Act 1996 (Federal) provides that an employee cannot be dismissed unless there is a valid reason connected with the employee's capacity or conduct, or based on the operational requirements of the employer. A termination (conclusion) which is based on any other reason will constitute an unfair dismissal at law.

Procedural Fairness - In the event of dismissal for reasons relating to conduct or performance the employee must be given the opportunity to defend himself or herself against the allegations made. Failure to do so will constitute a breach of the Act and may result in a claim of unfair dismissal being made.

Note: Minimum requirements of the Act must be met with regard to notice in all cases excepting summary (immediate) dismissal for serious misconduct.

6 Discrimination

Note: It is understood that churches sit in a special position in relation to the following. Remember that these notes are provided in relation to employers generally.

The Equal Opportunity Act 1995 (Victoria), the Disability Discrimination Act 1992 (Federal), Sex Discrimination Act 1984 (Federal), and the Racial Discrimination Act 1975 (Federal) all prohibit various types of discrimination in the area of employment.

The area of employment is treated as including: access to training programs, transfers, promotions, termination of employment, and requests for information (eg. on application forms or in interviews). It can also include the principal/independent contractor relationship.

Discrimination in employment is prohibited under the various Acts on the following grounds: sex, marital status, political belief or activity, race, ethnic origin, religious belief or activity, status as a parent, physical or mental impairment, age, lawful sexual activity, physical features, industrial activity, status as a carer, pregnancy, or personal association with someone who has one of these attributes.

Sexual harassment is also prohibited.

An employer may be vicariously liable if an employee, contractor or agent commits an act of unlawful discrimination or sexual harassment in the course of their employment or while acting as a agent. An employer will not be vicariously liable if it can prove that it took reasonable precautions to prevent the unlawful discrimination taking place. This would involve taking such steps as having a fully documented equal opportunity and sexual harassment policy in place, and ensuring that all employees and agents are made aware of the policy.

General Proviso

In making this information available to pastors and churches the Union can only make recommendations concerning the method adopted by churches to provide an appropriate remuneration package to pastors. Individual churches must decide how they can best serve the needs of both pastor and church.

These Guidelines are intended primarily for the next time a church makes a pastoral settlement, rather than overhauling a settled position with a current pastor. However, in the interim, churches may still wish to get some aspects of "the house in order", particularly to adopt a Statement of Understanding where there has been no written understanding between pastor and church. The assistance of the Union should be sought in this regard.

There are some important points to be made in conclusion.

- Firstly, it is important to recognise that the need to be fully informed by an experienced accountant or tax agent in regard to specific circumstances remains the responsibility of individual pastors and churches. The Union cannot accept such responsibility itself. The Tax Office has made it very clear that the interpretations given in regard to Fringe Benefits exemptions are provided having regard for the law as it presently exists.
- Secondly, the Union stresses once again the need for diligence in abiding by the spirit of the law in regard to the tax legislation and to err towards the conservative interpretation of exemptions, rather than to expose the church to the risk of disrepute and penalty.
- Thirdly, these recommendations need to be addressed within the context of an understanding of ministry which recognises the call of the Lord of the Church to pastor and people alike. This remarkable and mysterious relationship under the Headship of Christ must still connect with the realities of living within the parameters of contemporary legal expectations.

This document should be compulsory reading for each church pastor, secretary and treasurer, and should be kept available for reference as amendments are advised from time to time by the Union.