

# LONG SERVICE LEAVE SAVINGS SCHEME FOR VICTORIAN BAPTIST CHURCHES

Approved by: BUV Assembly

Issue date: 30 May 2014

This document should be read in conjunction with the Victorian Long Service leave Act 1992, as amended

## **OBJECTS OF THE SCHEME**

Victorian Baptist Churches must provide long service leave benefits to their employees in accordance with the Victorian Long Service Leave Act. The purpose of this scheme is to provide a savings mechanism to assist Victorian Baptist Churches in meeting the financial requirements of Long Service Leave for Pastors and to provide opportunity for Pastors to accumulate continued service across more than one Church.

The scheme does this by making funds available to cover:

- All or most of the cost of a stand-in Pastor, while a Pastor is on long service leave.
- All or most of the lump sum payment to a Pastor if and when a Church is required to pay out long service leave entitlements to a Pastor.
- All or most of the additional liability that comes with accepting an employment start date (for long service leave purposes) that is earlier than the actual employment start date.

## **DEFINITIONS**

- **Act:** Victorian Long Service Leave Act, 1992 (as amended); as well as any rulings, related to this Scheme, made by the industrial Division of the Magistrates Court.
- **Agencies of the BUV:** Baptcare, Baptist Camping Victoria, Carey Baptist Grammar School, Kilvington Grammar School, Strathcona Baptist Girls Grammar School, Whitley College.
- **Assembly:** The meeting of Delegates of BUV member-Churches.
- **BUV:** Baptist Union of Victoria. The 'body corporate' of the Baptist Churches of Victoria incorporated under the Baptist Union of Victoria Act – 1930.
- **Church:** Recognised faith community, or constituted member-Church of the BUV. Includes Agencies of the BUV, unless specifically stated otherwise.
- **LSL:** Long service leave
- **Ministerial Long Service Leave Fund:** Earlier documents may refer to this Long Service Leave Savings Scheme as the Ministerial Long Service leave Fund.
- **Recommended Stipend:** The recommended weekly remuneration (manse not provided) for Pastors, as published by the BUV from time to time. Remuneration includes the cash component as well as tax exempt benefits.
- **Statement of Understanding:** Employment agreement between a BUV member-Church, or Agency and a Pastor.

## **SECTION A: ADDITIONAL LONG SERVICE LEAVE BENEFITS**

The Statement of Understanding between a Church and a Pastor should include long service leave benefits, as prescribed by the Victorian Long Service leave Act. It is recommended that the following items, in addition to requirements under the Act, be included in the Statement of Understanding:

1. The Pastor is entitled to take long service leave, accrued from his/her start date for long service leave purposes, after 7 years' continuous service with the Church. [*The Act specifies 10 years*].
2. The Church accepts a start date, for long service leave purposes, that is earlier than the actual start date of employment. [*Date must be documented in the Statement of Understanding*].

*The earlier start date should be calculated based on the Pastor's work days per week (as per the new Statement of Understanding) and should ensure that the Church's liability, due to the earlier start date, is fully covered by the amount in the Long Service leave Savings Scheme.*

*Transitional arrangement: If a current Statement of Understanding refers to the BUV Ministerial Long Service leave Fund Rules and does not include an earlier start date for long service leave purposes, the earlier start date will be deemed to be the number of years represented by the net balance of LSL weeks in the Ministerial Long Service Leave Fund – based on the most recent days per week worked.*

## **SECTION B: RULES OF THE SCHEME**

### **1) PARTICIPATION IN THE SCHEME**

Any constituted member-Church, Recognised Fellowship or Agency of the BUV can participate in the scheme, provided that it has included the additional long service leave benefits (Section A) in the Statement of Understanding with an eligible Pastor.

An *eligible Pastor* is an ordained, or recognised Pastor on the official list of the Baptist Union of Victoria. A person who is not on the official list can participate in the scheme if:

- He/she serves in a role where the majority of his/her duties are duties ordinarily associated with a Minister of Religion and
- Participation is approved by the Union Council.

*Transitional arrangement: Churches and Pastors who are active participants of the Ministerial Long Service leave Fund at the date that these rules are adopted can continue to participate in the scheme, but Rule 1 will apply when they enter into a new Statement of Understanding.*

### **2) WITHDRAWALS FROM THE SCHEME**

Participation in the Scheme is not mandatory, but all Churches are strongly encouraged to participate. The Scheme can only be effective with participation from the majority of Churches and the effectiveness of the Scheme increases as the number of participants increase.

A participating Church can withdraw from the Scheme at any time provided that the withdrawal is approved by the participating Pastor (employed by the Church at the time of withdrawal) and the Church Leadership Team. All funds in the scheme, attributed to the participating Pastor, will be paid to the Church upon receipt of the withdrawal notice.

### **3) ANNUAL CONTRIBUTIONS INTO THE SCHEME**

Participating Churches must pay an annual contribution amount into the scheme for all participating Pastors that the Church has employed during that calendar year. Contributions must be paid before 31 December.

***Annual contribution amount = Stipend x LSL factor x Service period x FTE.***

*Stipend: BUV recommended weekly Stipend (no manse provided) for the particular calendar year.*

*LSL factor: Annual Long Service Leave accrual as per the Victorian Long Service Leave Act (currently 0.8667 weeks per year).*

*Service period: The period the Pastor was employed by the Church for the year (expressed as a fraction of that year).*

*FTE: Full time equivalent of average days per week worked during the year (i.e. 2.5 days per week = 0.5).*

Annual contributions must be accompanied by an annual declaration. The annual declaration must include the following details for each participating Pastor:

- a) Official name of the Church.
- b) Full name of the Pastor.
- c) Period, during the calendar year, that the Pastor was employed by the Church.
- d) Days per week that the Pastor worked. If this changed during the year, the date and days per week of each change.

*Note: If a church does not pay the annual contribution, it will still have to allow the pastor to take LSL and make a full payout, if required, even though the LSL Savings Scheme will fund a smaller portion of the liability. A church still has to comply with the Act and statement of understanding, whether it has provided for the liability, or not.*

### **4) PAYMENTS FROM THE SCHEME**

Participating Churches can apply to have savings in the scheme paid out to them when:

- a) A participating Pastor, employed by the Church, takes long service leave. The payment amount will be the recommended BUV weekly Stipend (manse not provided) for the duration of the long service leave period and at the weekly hours worked by the participating Pastor at the time of leave.
- b) A participating Pastor's employment is terminated and the Act requires the Church to pay out the Pastor's remaining long service leave entitlements. The payment amount will be the full amount in the scheme attributed to the participating Pastor.
- c) A participating Pastor's employment is terminated before he/she becomes eligible for long service leave and the Pastor does not continue employment with a BUV member-Church, or Agency.

The payment request must provide the reason for the payout and must be approved by an authorised representative of the Church.

*Note: Amounts paid from the savings scheme may not be the same as the amount the Church has to pay the Pastor under the Act and in terms of the Statement of Understanding – although in some cases these amounts might be similar.*

## **5) OWNERSHIP OF FUNDS IN THE SCHEME**

The BUV holds the funds on behalf of participating Churches. Each participating Church notionally owns the funds, including inflationary increases, in the scheme that are attributed to all participating Pastors employed by the Church. If a participating Pastor is not employed by a Church, the funds are notionally owned by the last Church that employed the Pastor.

Funds received into the scheme that are not attributable to a participating Pastor (e.g. bequests or investment income in excess of requirements – item 7) will be recorded as 'Unallocated Funds'.

## **6) ADMINISTRATION AND RECORD KEEPING**

The BUV acts as Administrator of the Scheme and is responsible to record:

- a) All receipts into the scheme and payments from the scheme attributed to the appropriate participating Pastors and Churches.
- b) Details of the annual declarations made by Churches.
- c) Details of other income, investment returns and annual increases.

*Churches should note that the Victorian Long Service Leave Act requires employers to keep long service leave records. The Department of State Development, Business and Innovation prescribes a specific format for these records. The abovementioned records are for the purpose of operating the savings scheme and do not replace a Church's responsibility to keep long service leave records.*

The Administrator must provide an annual statement of transactions, for each Participating Pastor, to the appropriate participating Churches. Participating Churches and Pastors may also ask for an up to date statement at appropriate times (e.g. when a Pastor is about to resign from a Church, or start with a new Church).

The Administrator will use contact details for Treasurers and Pastors as recorded by the BUV. Participating Churches and Pastors must keep their contact details with the BUV up to date.

## **7) INVESTMENTS AND INCREASES**

The Administrator must invest funds in the Scheme as directed by the BUV Union Council. All income earned by the fund must be used to:

- a) Increase the total value of funds attributed to participating Pastors by the annual BUV recommended Stipend increase percentage, provided that the increase does not increase the Scheme's total liability to an amount greater than the total value of Funds held in trust. This increase will take place on 1<sup>st</sup> January each year.
- b) Pay any reasonable administration expenses related to the operation of the Scheme.

## **8) INTER-STATE TRANSFERS**

**Transfers out:** If a participating Pastor is employed by a constituted Church of one of the other Baptist State Unions, the Pastor may apply for any remaining funds, attributed to him/her, in this Scheme to be transferred to a similar Scheme administered by another Baptist State Union.

**Transfers in:** If a Pastor was employed by a constituted Church of another Baptist State Union with a similar Scheme, the Pastor may apply to have funds, attributed to him/her, transferred to the Victorian Scheme, provided that:

- a) Requirements for participation in the Scheme (rule 1) are met.
- b) The participating Church has been made aware of the transfer, before the Statement of Understanding was signed.
- c) The funds are transferred within 2 months of the participating Pastor's start date of employment with the participating BUV Church.

## **9) AUDIT**

The Scheme shall be audited annually by the auditors of the BUV.

## **10) WINDING UP**

Winding up of the Scheme must be approved by the BUV Assembly. Upon winding up, funds in the Scheme must be transferred to another Assembly-approved scheme with similar objects. Failing this, funds will be paid out as follows:

- a) Funds attributed to participating Pastors will be paid to the participating Churches employing the Pastors at the time of winding up.
- b) Unallocated Funds will be paid to the BUV and any such funds must be used to improve the employment benefits of Pastors of BUV member-Churches.

## **11) ALTERATION**

Any changes to these rules must be approved by the Assembly of the Baptist Union of Victoria. The BUV Union Council shall have the power to make, amend and repeal regulations for the conduct of the Scheme and the attaining of its objects, provided the same are not inconsistent with these Rules.