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Lay Ministry Worker and Lay Specified Ministry of Pastor Remuneration

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Lay Ministry Worker and Lay Specified Ministry of Pastor Remuneration Framework

Purpose

This document contains a framework for remuneration to allow a fair and equitable benchmark for all roles falling under the definitions of:

- Lay Specified Ministry of Pastor; and
- Lay Ministry Workers.

This document replaces the remuneration guidelines that applied to all Lay Ministry Workers, previously communicated annually by the Synod's former Employment and Industrial Relations function.

The taxation information contained within this document is indicative in nature. Tax is always the overall responsibility of the individual employee. Their personal situation can affect their overall tax rates and the information contained within should not be relied on solely. Individuals should seek their own independent advice when considering whether to take on salary packaging.

It should be noted that all positions classified under Lay Ministry Guidelines are not ordained Ministers and therefore the stipend or any other allowances or benefits associated with Minister appointments are not applicable. Lay positions are remunerated in accordance with Award or common law contract provisions.

Summary of Lay Religious Practitioner Roles

The following tables depict different types and levels of work that may be classified as Lay Ministry roles. These are indicative levels, and each role description will be assessed by the P&C team to ensure that we have allocated the correct remuneration, and assessed the role in terms of the application of the Fringe Benefit Tax exemption.

1. Lay Ministry Worker (LMW)

An employee in a Ministry of Pastor role but may not meet the requirements to be classified as a Religious Practitioner for tax purposes. Salary packaging non-cash and reportable fringe benefits are applicable to this role.

- A. LMW are employees engaged in reference to a relevant Modern Award. The Award depends on the type of work performed,
- B. LMW remuneration would be in line with the relevant Modern Award, which will be assigned by the People & Culture (P&C) team, following a review of the role description
- C. The rate of pay is dependent on the type of work performed and benchmarked against the levels of work specified in the Award.
- D. Examples of LMW positions includes (but is not limited to):
 - Music
 - Children, Youth or Family
 - Pastoral duties associated with a particular service or congregation



- Special Religious Teachers (SRE) Teachers
- Roles falling within the scope of the Ministry of Pastor

The level of remuneration payable depends on the work performed, and the applicable Award.

As an **example**, an entry level Children, Youth or Family worker position would be remunerated under the SACS Award – Social and Community Services Award, and paid an annual salary equivalent to level 1 of the SACS Award. The work performed by this role would need to align to the following:

UCA LEVEL 1 (Equivalent to SACS Level 1. Pay point 1)

- (a) A person employed at level 1 works under close direction and undertakes routine activities which require the practical application of basic skills and techniques. They may include the initial recruit who may have limited relevant experience.
- (b) General features of work in this level consist of performing clearly defined activities with outcomes being readily attainable. Employees' duties at this level will be closely monitored with instruction and assistance being readily available.
- (c) Freedom to act is limited by standards and procedures. However, with experience, employees at this level may have sufficient freedom to exercise judgment in the planning of their own work within those confines.
- (d) Positions at this level will involve employees in extensive on-the-job training including familiarisation with the goals and objectives of the workplace.
- (e) Employees will be responsible for the time management of their work and required to use basic numeracy, written and verbal communication skills, and where relevant, skills required to assist with personal care and lifestyle support.
- (f) Supervision of other staff or volunteers is not a feature at this level. However, an experienced employee may have technical oversight of a minor work activity.

At this level, employers are expected to offer substantial internal and/or external training.

Please note that this is an example only. Prior to creating a new role, we encourage managers to contact the P&C team (people@nswact.uca.org.au) for advice in relation to the relevant Award, and copies of sample role descriptions to use as a starting point. The P&C team can also provide information in relation to the application of fringe benefits tax and salary packaging options.

2. Lay Ministry Leader (LML)

A lay person who is employed to fulfil the inherent duties of an ordained Minister in a placement. The role occupied must meet ALL of the following criterion:

- The role itself must fall within the scope of the Ministry of Pastor (MOP)
- The employee must be formally commissioned into the MOP

The role is likely to meet the ATO's requirement for a Religious Practitioner for tax purposes (refer to Appendix 2).

Salary packaging non-cash and non-reportable (no FBT) fringe benefits are applicable to this role.

- A. The LML is an employee engaged through a common law contract of employment.



- B. The LML is designated as an employee even if they are recognised as a religious practitioner and/or in a role approved as a placement for an ordained minister. If a non-ordained person holds the role, it is considered an appointment. Their specific commitment to the church is 'for a season' and not all of life as with ordination.
- C. LML's are remunerated on the basis of a Total Remuneration Package (TRP), which includes base and superannuation.

3. Lay Ministry Specialist (LMS)

A lay person in a specialised, skilled and/or unique role, which may include roles such as Chaplaincy and specialised Synod or Presbytery roles. The following criteria will apply:

- The role has been benchmarked to the external market (where possible);
- The role itself must fall within the scope of MOP;
- The employee must be formally commissioned into the MOP;

The role is likely meet the ATO's requirement for a Religious Practitioner for tax purposes (refer to Appendix 2 for more detailed information).

Salary packaging non-cash and non-reportable (no FBT) fringe benefits are applicable to this role.

- A. The LMS is an employee engaged through a common law contract of employment.
- B. The LMS is in a role that falls within the scope of the Ministry of Pastor (a specified Ministry of the UCA).
- C. In addition to the requirements of A., the LMS must also meet the Synod's requirements that they be commissioned into the UCA Ministry of Pastor and then commissioned into the role, before receiving any benefits.
- D. The LMS remains an employee even if they are designated as religious practitioner.
 - i. The LMS are remunerated on the basis of a Total Remuneration Package (TRP), which includes base and superannuation.

Appendix 1: Lay Ministry Worker Benchmarking Process

Employers are required to apply guidance from the Fair Work Ombudsman, when benchmarking roles. Minimum conditions at work can come from registered agreements, awards or legislation.

An organisation that does not have a registered agreement, like UCA, is required to reference the Modern Award that most closely describes the work to be performed by the employee.

The classification of Lay Ministry Worker covers a broad range of work, and as such, no single award can adequately apply to all roles.

The following are examples, noting that specific advice should be requested from P&C when developing new roles:

1. A Children, Youth of Family worker is likely to be covered by the SACS Award – Social and Community Services Award, <https://www.fairwork.gov.au/pay/minimum-wages/social-and-community-services-industry-pay-rates>.

2. An employee engaged in an administrative position is likely to be covered by the Clerks Private Sector Award (2020), https://awardviewer.fwo.gov.au/award/show/MA000002#P135_7609.

These are indicative examples only. Positions that are not covered by a Modern Award or not aligned to a Modern Award are benchmarked using market criteria, and employees in these positions would be employed through a common law contract. The P&C team can provide advice in relation to remuneration.

Appendix 2: Application of Fringe Benefits Tax and Salary Packaging

Fringe Benefits Tax Exemption

Section 57 of Fringe Benefits Tax Assessment ACT 1986 (FBTAA) sets out the requirements for a benefit that is exempt from fringe benefits tax provided to religious practitioners as follows:

“Where:

- (a) the employer of an employee is a registered religious institution; and
- (b) the employee is a religious practitioner; and
- (c) a benefit is provided to, or to a spouse or a child of, the employee; and
- (d) the benefit is not provided principally in respect of duties of the employee other than:
 - (i) any pastoral duties; or
 - (ii) any other duties or activities that are directly related to the practice, study, teaching or propagation of religious beliefs;

The benefit is an exempt benefit.”

The following persons would generally satisfy the meaning of ‘religious practitioner’ for the purposes of section 57 of FBTAA:

- (i) an ordained minister;
- (ii) a student at a theological college undertaking a course to be an ordained minister; and
- (iii) a lay person where:
 - (A) the Uniting Church has a system of officially admitting and commissioning persons as a lay minister based on its assessment on training, experience and knowledge (e.g. maintaining an official Register of lay ministers and conducting admission/commissioning services);
 - (B) that admission or commission authorises the lay person to hold authority on doctrine or religious practice within the Uniting Church and its bodies (as a lay religious leader); and
 - (C) that admission or commission authorises the lay person to conduct certain religious worship and certain religious ceremonies.

For the fringe benefit exemption to apply, it is necessary that all or part of the duties of the relevant employee must include Pastoral Duties. Pastoral Duties are not required to be principal duties of the relevant employee but the employee must have at least some duties of this nature.

Pastoral Duties (as described in TR 2019/3) include:

- any duties associated with the spiritual care of people, such as:
 - communication of religious beliefs;
 - teaching, counselling or providing spiritual guidance for adherents and members of the surrounding community;
 - conducting an in-service seminar of a spiritual nature;
 - meeting with or visiting adherents, the sick, the poor, or persons otherwise in need of emotional and spiritual support; and

o providing pastoral supervision to those engaged in pastoral duties; and

- any other duties that are directly related to, and can be shown to be directly related to, the practice, study, teaching or propagation of religious beliefs.

It is irrelevant whether Pastoral Duties are the principal duties of the role.

Note that this is general information and not specific advice. The Synod P&C team will review proposed role descriptions and determine whether a role qualifies for FBT exemption in accordance with the criteria defined above.

Salary Packaging

Working for a Not-for-Profit organisation means that Synod of NSW & the ACT employees are eligible to enter into Salary Packaging arrangements that allow a certain amount of their salary to be tax free. The tax free component is subject to Fringe Benefits Tax (FBT), however, the tax is calculated at a reduced rate.

- Employees generally need to have a base salary of greater than \$90,000 per annum for Rebateable deductions to be financially effective. The amount available to individual employees is dependent upon the tax bracket relevant to their salary.
- The full Rebateable Salary Packaging can be expended over the full FBT year (12 months) or any lesser time span within the April to March FBT year.
- In the 2021-2022 FBT year, the Rebateable (tax free) component has a cap of Approximately \$15,900 and employees must contribute a reduced FBT amount (approximately \$7,473).
- The Rebateable Cap and FBT amount may change, according to ATO legislation - UCA must adhere to all changes required, regardless of the impact to the individual employee's financial situation. UCA is not responsible for any shortfall in the anticipated tax free amount, due to legislative changes.

Employees seeking salary package are advised to refer to the [Synod's Rebateable Salary Packaging for Synod Office Employees information sheet](#) (link), which is updated on an annual basis.

Employees are also encouraged to seek their own financial advice prior to arranging salary sacrifice options.