



11 MAY 2023

Ministers, Chairpersons & Church Treasurers

MINISTRY SALARY GUIDELINES 2023-2024

EXECUTIVE SUMMARY

On behalf of the COCWA Board and Finance Committee, I am pleased to be able to provide you with the 23/24 Salary Guidelines for Ministry Staff. Please note that these are guidelines only. Churches need to consider what is sustainable within their own budgets and capacity.

Over the past 12 months we have experienced significant increases in the cost of living. This increase has been felt in all sections in our society.

The Consumer Price Index (CPI) rose 6.3% in March 2023. In our last three years we have recommended a lower increase than the CPI figure.

In recognition that our ministers will experience greater financial pressure if we continue to pass on less than the full CPI, the Finance Committee and Board are recommending a full 6.3% increase based on the Australian Bureau of Statistics.

The COCWA Board and Finance Committee are currently in the process of reviewing the whole salary structure. We aim to have this made available for the 24/25 financial year.

COCWA emphasize the importance of each church Board's review of its' capacity to fund ministry staff, and to ensure that staff are remunerated appropriately. **These guidelines should be part of an open and relational conversation discussed in the minister's annual review.**

Please read through the full document as there are several changes this year.

DISCLOSURE

This information is provided directly to all Chairpersons, Treasurers and Senior Ministers. This information is provided at this time in the financial year to assist church boards with the budgeting process so that staffing can be managed proactively, reflective of the church's financial position. The COCWA staff and COCWA Finance Committee are pleased to provide aid to Boards particularly where churches experience financial stress.

DISCLAIMER

This information is correct and accurate at the time of writing. Ministers and/or church boards may wish to seek appropriate legal, taxation or HR advice regarding the application of this document.

These guidelines relate specifically to persons employed in a pastoral ministry role (as supported by a clear role description). Persons employed in administrative or operational roles should be remunerated in accordance with relevant WA Awards (available from the Dept. Commerce www.commerce.wa.gov.au/labour-relations/wa-pay-rates-and-award-summaries).

This document makes recommendations, not rulings. Church Boards have the final responsibility for making decisions on wages and salaries that relate to church circumstances and financial situation, while providing fair and equitable remuneration for ministers.

In most circumstances this guide has been written from the organisational viewpoint of a church and its minister – that is, instead of referencing an ‘employer’ and ‘employee’, the contextual terms of ‘church’ and ‘minister’ are used.

It is recommended that an employment agreement (or church/pastor partnership agreement) is maintained that reflects the status and actual operation of the minister’s employment, ie a prospective agreement rather than a retrospective agreement. Best practice is to review the agreement annually during the minister’s annual performance review.

INTRODUCTION

Church Boards and Ministers share a responsibility to steward the financial resources of the Church:

- The governing body of the Church has the financial responsibility to ensure that all ministry staff are remunerated appropriately and cared for in accordance with WA Employment regulations. Boards are responsible to make decisions relating to the financial capacity of the church to retain ministry staff on a full or part time basis.
- The governing body of the Church must ensure that each employee has a current employment agreement/contract in place. Such agreements/contracts should contain all relevant financial and non-financial human resources matters. Sample contracts and agreements are available on our website on the Resources page.
- Ministers receiving this information are responsible to use this information to engage in appropriate negotiations with the Church as their Employer.

1. REMUNERATION

Remuneration recommendations are based on cross-denomination benchmarking from time to time and adjustments reflect CPI movements. This maintains a baseline for ministry salaries relative to the broader economic environment of Western Australia.

Classifications:

- a. The **Minister/Associate** (Base Salary) relates to a minister in a team, usually with under 5 years of experience. This salary may also be considered as appropriate for a lead minister of a church of less than 50-80 regular adult attenders.
- b. A **Minister in training** may be paid in a range between 20% less than the Base (commencing degree level study) through to 10% less (final year of study). Churches employing young people as ministry interns may consider determining remuneration in accordance with age related clerical awards available online from the Department of Commerce.
- c. A **Senior Minister** would most often be a senior minister in a team or a sole minister in a mid to large church (over 150 regular adult attenders). A Senior Minister will typically have more than 5 years of effective ministry and leadership experience. This classification is assessed at 10% in excess of the Base.
- d. A **Team Leader** is assessed at 15% in excess of the Base and is a person with significant responsibilities for leadership of a larger congregation and the mentoring, supervision and guidance of a ministry team of full and or part time ministry staff.

In accordance with Taxation Ruling TR 2018/D2¹ a person is considered to be a minister of religion where many, if not all, of the following are present:

- (a) the person is a member of a religious institution
- (b) the person is recognised officially by ordination or other admission or commissioning, or, where the particular religion does not require a minister to be formally ordained, the person is authorised to carry out the duties of a minister based on a specified level of theological or other relevant training or experience
- (c) the person is recognised officially as having authority in matters of doctrine or religious practice

¹ This draft ruling is intended to replace TR 92/17. COCWA has been advised to use this as the only guidance currently available.

- (d) the person's position is distinct from that of the ordinary adherents of the religion
- (e) the person has acknowledged leadership in the spiritual affairs of the religious institution
- (f) the person is authorised to discharge the duties of a minister or spiritual leader, including the conduct of religious worship and other religious ceremonies.

Please note that this table has had the recommended 6.3% increase added.

Salary Information for tax year 2023/2024				
		Associate Minister (Base Rate)	Senior Minister	Team Leader
Level to Benchmark		100%	110%	115%
Minister's Gross Salary		81,171.61	89,288.77	93,347.35
EFBT Component	70%	56,820.13	62,502.14	65,343.14
Taxable Component	30%	24,351.48	26,786.63	28,004.20
EFBT Split%		70:30	70:30	70:30
Superannuation (11%)	11.00%	8,928.88	9,821.76	10,268.21
Total Salary Cost		90,100.49	99,110.53	103,615.56

LSL Provision (0.86667 week/year)		1,352.87	1,488.15	1,555.80
Recommended OPD	1%	811.72	892.89	933.47

Housing Allowance: If your minister is living in a church owned manse, it is recommended that you negotiate with the Minister, what is fair-market rental value for your location. This amount should then be charged to the minister. We recommend that the minister pays rent rather than the church simply deducting this amount from the salary.

Car Allowance: Some churches elect to provide a vehicle and/or fuel allowance for ministers. It is recommended that these allowances be paid in addition to the salary.

Part-time employment

For churches employing a minister on a part-time basis, these recommendations are based on a 38-hour week. The package for a part-time minister should be calculated pro rata.

2. SUPERANNUATION

Under federal law churches must pay employer superannuation to an accredited superannuation fund on behalf of the minister (and any other employee).

From 1 July 2023, employers will be required to make super guarantee contributions of 11.0% to their eligible employee's super fund regardless of how much the employee is paid. Employees must still satisfy other super guarantee eligibility requirements

Super Guarantee should be paid on total salary, both taxable and EFBT components. To do otherwise will be to set your minister up for a short funded retirement (at best) and at worst would be deemed to be a breach of law by the ATO. Information regarding Superannuation can be accessed from <https://www.ato.gov.au/Calculators-and-tools/Super-guarantee-contributions/>.

3. PAYROLL INITIATIVE

In the 2019–20 Budget, the government announced that Single Touch Payroll (STP) would be expanded to include additional information.

The expansion of STP, also known as STP Phase 2, reduces the reporting burden for employers who need to report information about their employees to multiple government agencies. It helps Services Australia's customers, who may be your employees, get the right payment at the right time.

Churches will need to stay up to date with ATO-STP payroll initiative. For details and update, please refer to ATO website <https://www.ato.gov.au/Business/Single-Touch-Payroll/>.

4. ANNUAL LEAVE

COCWA recommends four weeks' annual leave. However, some Church Boards may desire to offer additional leave for study or retreat purposes. Additional leave is a subject of negotiation. Alternative options may include allowing for a salary cut in exchange for an increase in annual leave allocation. Where a Church Board determines that additional leave (for study and retreat for example) is appropriate, it is important that this be incorporated into Church HR Policy guidelines and is recorded on the annual statement of remuneration and entitlements.

Accurate records must be kept in relation to minister's leave entitlements. It is recommended that normal practice would not allow annual leave to accumulate for multiple years.

Annual leave loading is not a statutory payment. COCWA does not recommend the payment of leave loading.

EFBT components of salary should be continued to be paid on all periods of paid leave during employment. However, unused leave payment on termination, EFBT components will not be applicable.

5. LONG SERVICE LEAVE

WA has strict Employment guidelines in relation to LSL. These are available on the official website <https://www.commerce.wa.gov.au/labour-relations/long-service-leave-0>

All churches need to make adequate provision for Long Service Leave Entitlements. Boards are responsible to ensure that appropriate provision is made and that funds are held on the church balance sheet. Assistance in ensuring adequate provision can be sought from the COCWA Finance Staff.

6. ADDITIONAL LEAVE ENTITLEMENTS

Information relating to leave entitlements may be found on the Fair Work Ombudsman's website: www.fairwork.gov.au.

In summary, the Human Resource Policy for your church should reflect the following entitlements:

- Paid personal & carer's leave
- Bereavement & special leave
- Parental leave & Paid Parental leave
- Community service leave.

7. EFBT ACCOUNT OPERATION

COCWA recommends a 30/70 split for minister remuneration.

Since 2011 guidelines relating to the interpretation of the law regarding the provision of fringe benefits to religious practitioners have been included as a part of annual remuneration recommendations. These guidelines were affirmed as being appropriate guidelines for COCWA Churches by Moores Legal. Prior to the issuing of this year's advice, COCWA sought an opinion and review from our Auditors, Shreeve & Carlake. As a result of this review, no material changes have been made to this section, however, churches and ministers are asked to read the guidelines relating to EFBT accounts with particular diligence.

It is noted that the *Fringe Benefits Tax Assessment Act 1986* s57 states that certain employers (including many churches) are exempt from paying fringe benefits tax:

"Where:

- (a) the employer of an employee is a religious institution*
- (b) the employee is a religious practitioner*
- (c) a benefit is provided to, or to a spouse or a child of, the employee*
- (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."*

This means that ministers may legally receive up to 100% of their salary in exempt benefits. However, the broader Christian community generally agree that it is ethically appropriate to recommend a maximum proportion so that churches are not seen to be rorting the tax system. Hence, COCWA has a longstanding recommendation of a 30/70 ratio.

It is essential that ministers who are paid an EFBT component have a role description that clearly articulates that their role complies with the Act as stated above. From time to time the ATO will adjust the regulations, so we encourage churches to refer to the ATO website on a regular basis regarding the EFBT rules and compliance.

As COCWA staff relate with churches, we come across some practices amongst churches that misinterpret the spirit of the Government's intentions relating to EFBT exemptions for churches and ministers.

We urge all church treasurers and ministers to forward any questions related to EFBT to the COCWA Office. We recommend that churches be mindful that advice from the ATO will most likely relate to standard FBT payments which differ to Ministry EFBT.

Treasurers:

- An EFBT account holds money that is part of an individual minister's remuneration package, however it is an account of the church. Therefore, it is appropriate to pay all accounts and credit the GST component back to the EFBT account, as you will recover that amount at your next BAS statement. That is, the overall benefit of expense benefits provided to ministers is calculated on a GST exclusive basis.
- The minister is exempt from declaring Fringe Benefits to the ATO, and as a religious organisation churches are exempt from paying Fringe Benefit Tax. However, the minister must declare exempt fringe benefit payments to Centrelink.
- Some churches have made it very difficult for a minister to have access to the money (their money) held in an EFBT account. The following notes and table are offered as a guide as to what is reasonable and what is not recommended as being appropriate to pay from an EFBT account:
 - EFBT payments are not to be confused with reimbursements of monies that should normally be paid by the church. Reimbursements are handled outside of the EFBT process. We sometimes hear of church treasurers interpreting EFBT payments as "bona fide ministry expenses." If that were true, it could be argued that they were "bona fide reimbursements" and thus not eligible to be part of the minister's EFBT claim. See section 5.
 - It is not recommended that cash payments are made from the EFBT account.
 - It is not recommended that you should pay more than the minimum repayment for a minister's mortgage, as any amount greater than the minimum payment could be deemed cash, given that most mortgages now have a redraw facility.
 - Ministers must provide evidence of their expenses to claim from the EFBT account. For some regular payments by direct debit, this will not be possible, however there needs to be evidence that the payments are being made.

To further assist with managing EFBT, provided is an example of an appropriate EFBT account operation:

- The church establishing a bank account for the sole use of EFBT expenses (preferably a separate account for each minister).
- The minister is not an authorised signatory on their EFBT account.
- The church deposits EFBT payments each pay period into the account at the same time as the cash component of the respective pay period is made.
- EFBT payments are allowed to accumulate through the minister's term of engagement. It is advisable for the minister to use up their EFBT balance before the end of their employment. Any remaining unclaimable balance will be paid as taxable cash components at final payment.
- The minister submits applicable invoices to the church for payment, which are paid using the EFBT bank account.
- Alternately or additionally, the minister is issued a credit card (or similar card without cash withdrawal capabilities) to make approved EFBT payments, maintaining receipts and a detailed log of transactions.
- Funds in the EFBT bank account are used to the Minister's discretion, in accordance with allowable expenses.
- Bank statements are issued to the church.

We reiterate that the following list is not meant to be definitive but will give you a good guide as to what is reasonable. If there are areas of doubt, please contact the COCWA office for further clarification.

Suggested items suitable for EFBT:

May be paid for using EFBT Account	Expenses that are not recommended
Mortgage minimum payments	Any cash payment
Council and water rates	Any investment property expenses
Rent and rental costs	Payment of another line of credit
Utilities: water, electricity, gas, telephone, internet	Personal superannuation payments
Home maintenance items	Shares
Furnishings	
Computers and consumables	
Food	Not all food is appropriate, show moderation
Clothing for minister and family, including uniforms	Not all clothing is appropriate, show moderation
Education expenses minister and family	
Hospital benefits cover	
Motor vehicle running and maintenance	
Motor vehicle purchases	
Subscriptions/donations	
Insurances	

8. REIMBURSEMENTS

As stated above, reimbursements are amounts that should be paid by the church in the course of the minister's normal pastoral duties. These might include things like stationery for ministry related work done at home.

Churches may consider offering ministers a reimbursement expense account given that most ministers engage in meetings outside the church building. Ministers meeting with churched and non-churched people is an important part of contemporary ministry. Whilst we recommend that boards budget for \$1,200 per senior minister for 'entertainment' expenses per annum, we strongly advise that the terms for the use of this expense account be discussed with the minister.

As to expense accounts for Associate Ministry staff, we recommend it be a matter for negotiation between the Senior Minister and the Board as a part of the annual church budget review.

9. WORKERS COMPENSATION INSURANCE

It is a statutory requirement for all employers in WA to ensure that all paid employees are covered by Workers Compensation Insurance. COCWA offers cover via a group scheme provided through a WA based Broker. Workers Compensation is NOT covered through the general group insurance scheme provided for all churches through Churches of Christ Insurance.

Churches who have separate arrangements for workers compensation insurance are welcome to contact Jo Ellery (jo.ellery@cocwa.com.au) with enquiries about the COCWA Group Scheme.

This is an additional budget cost to all churches who employ any staff. Boards should ensure that workers compensation is included in the annual church budget.

10. SABBATH & RETREATS

Sabbath keeping is an important ministry discipline. It is a key to healthy longevity and vitality in ministry that ministers commit to a day of rest in lieu of Sunday ministry demands. We strongly encourage that the Chairperson of Elders/Board hold their minister accountable for taking appropriate Sabbath days. We also recommend that ministers are encouraged to plan for times of spiritual retreat at least twice per year. COCWA offers ministers these opportunities through prayer days and retreats. It is recommended that churches pay for their ministers to attend scheduled prayer days and retreats. COCWA have a retreat home in [Binningup](#) that is made available to ministers and ministry leaders for some quiet time seeking God and rest.

11. ONGOING PERSONAL DEVELOPMENT (OPD)

Elders/Boards are encouraged to sit down at least annually with their Lead Minister and map out an appropriate OPD plan for the year for the Lead Ministry and ministry staff, then hold the Lead Minister accountable for the execution of that plan. It is recommended that boards work towards setting an annual amount of 1% of the salary budget for OPD.

It is an important provision for ministers that they are held accountable for a process of being mentored/coached in ministry. To this end we encourage for the provision of study leave and an annual allocation of funds accruable for a rolling three years.

12. MINISTRY REVIEW

Ministry Reviews are important checkpoints for Elders/Bards and minister alike. We recommend that these are not simply an annual 'task' but rather that there is an ongoing process of feedback between ministers and the Elders/Board (in the case of senior ministers) or ministers and their team leader.

Sample forms that may assist you in the process of conducting Ministry Reviews are available on our website under Resources. We strongly recommend that Church Boards review their Human Resource Policy guidelines annually to ensure that guidelines are compliant with statutory requirements and sound process. Assistance in these matters may be obtained by contacting the COCWA office.

13. SHARED EMPLOYMENT ARRANGEMENTS

It is important that great care is taken when electing to employ ministers in a part or shared-time capacity with another organisation (such as a chaplaincy organisation). We urge church boards in this situation to seek assistance from the COCWA Team to ensure both good care for the minister and the establishment of good guidelines and processes for the board and the church as a whole.

14. CHURCHES IN FINANCIAL DIFFICULTY

We are aware that some churches find themselves in situations where a declining attendance begins to impact their capacity to provide for a full-time ministry salary. In such cases it is very important that church boards seek the assistance of the COCWA Church and Ministry Support Team who will be able to provide advice, support and offer options for Boards to consider.

15. PAYING GUEST SPEAKERS

When a minister is provided with a monetary gift for his/her birthday or dire personal need, this is a genuine gift and not assessable income.

Where the monetary gift is provided for preaching at a church, whether voluntarily or assigned/pre-arranged, this is presumed by ATO as payment for services and therefore assessable income to the recipient.

Where a gift is presumed as assessable income:

- 1) an ABN is to be provided on an invoice by the guest speaker or 45% of the total amount will be required to be withheld by the payer and remit to the ATO.
- 2) or the amount should be pay to the quest speaker as part of their wages/salary and tax deducted by their employer.

Some concession to considered here are:

- When the gift is under \$75 is exempt (ATO is too smart for multiple payments of \$75).
- If a speaker speaks for less than 2 services per BAS quarter, and the payment amount is less than \$75, it is exempt.

After considering all the factors, we recommend that:

- 1) Payment to be made to the employer of the guest speaker. Whether the payment will be pass onto the guest speaker is their internal policy.
Especially where payments to guest speakers who are part of a COCWA affiliated church, by another COCWA affiliated. This policy should be recommended as the standard.
- 2) Assuming the above scenario 1), but where both churches are using our COC Bookkeeping services, we are proposing that the standard policy in 1) is adopted
- 3) Where the guest speaker does not have an employer but have an ABN, payment can be made by:
 - Request for an invoice with ABN from the speaker and pay the invoice, or
 - Create a Recipient-created tax invoices to be filed together with the payment.
- 4) Request for the speaker to provide an ATO form, Statement by Supplier. On the form the speaker will quote the reason for not supplying an ABN.

I trust these guidelines are of assistance. Employment resources and templates can be found on our website under the [Resources](#) tab.

Serving together,



John Hutchinson
Executive Minister

Footnote:

Non ministry staff, eg bookkeeping, administration, receptionist, clerical, all come under the Western Australian Industrial Relations Commission award coverage.

Confirmation may be found at this website [Check WA award summaries for employees | Western Australian Government](#)), which says:

“The state system covers businesses which operate as sole traders, unincorporated partnerships, unincorporated trust arrangements as well as any **incorporated associations** or not for profit bodies that are not trading or financial corporations.”

Typically, the award would be the Clerks’ (Commercial, Social and Professional Services) Award Industrial Agreement No. AG 30 of 1987.

Pay Rates are published on Wageline (commerce.wa.gov.au) where award summaries are found.

Determination of the pay rate requires consideration of the age, years of experience and grade of the employee.