

## **Policy and Procedures for paying Ministers by the Office of the PCV General Assembly**

The Office of the General Assembly under the authority of the Board of Investment and Finance offers a service to make the payments in relation to ministers' stipend and other remuneration on behalf of those charges who wish to avail themselves of this service. This scheme is entirely voluntary and there is no compulsion to participate. The policies and procedures are detailed in this document. Participation in the scheme is done so only under these terms.

It should be noted that the General Office is providing an administrative accounting service which is restricted to certain specific functions. The charge, under the oversight of presbytery, will continue to be responsible for determining the level of remuneration and for all associated policy and administration under the PCV Code and Presbyterian polity.

The service provided does not include any WorkCover obligations. The board must make separate arrangements for this insurance when appropriate.

Of necessity the Board of Investment and Finance must operate within the constraints of the secular law and consistent with PCV polity. While the remuneration is a matter for the local session and Presbytery, in instances where the proposed payments appear to be inconsistent with the minimum remuneration approved from time to time by the Commission of Assembly, the General Office reserves the right to decline to process the payroll. Similarly if the remuneration is structured in a manner that is not compliant with the statutory obligations then the BIF may decline to process the payroll. The BIF has and will continue to take professional advice to ensure that the systems and processes are appropriately managed and the risks are mitigated.

It is a requirement that charges participating in the scheme maintain an up to date registration with the Australian Charities and Not-for Profit Commission at all times. This includes the timely reporting of the Annual Information Statement and any other reporting requirements of the ACNC. Upon commencement of the service and thereafter in June of every year, the charge must provide evidence to the office confirming its continued compliance with ACNC reporting requirements. Failure to do so will result in suspension of the service.

As a necessary condition of participating in the scheme, the Presbyterian Church of Victoria becomes the employer for tax and PAYG purposes. By agreeing to use the service, the session relinquishes its authority to the PCV in respect of the decisions and actions required of an employer to comply with the relevant legislation and associated dealings with the Australian Taxation Office and other government authorities. The BIF as agent for the PCV has authority to take such decisions and act without first seeking the consent of the board or session in these matters. It is acknowledged that there may be unique circumstances which apply to some charges. Unfortunately we do not have the resources to address each situation individually and must provide a one size fits all solution. In instances where the particular requirements of the charge are inconsistent with the advice and procedures adopted by the BIF, the remedy for board is to withdraw from the scheme.

The Presbyterian Church of Victoria does not assume the responsibilities of employer or deemed employer for any legal purpose. Those responsibilities remain unchanged by this arrangement and continue to rest with the board. The board continues to be accountable for any claims arising in relation to the engagement of staff including any common law claims or regulatory matters.

The requirements of the PCV Code remain unchanged by this agreement.

### **Treasurer's responsibilities**

The treasurer in the first instance is responsible on behalf of the board for keeping the General Office fully informed of all details relevant to the employment in a timely manner. This is especially the case with termination of employment. Unless notification is received prior to the event, the minister will continue to be paid beyond the termination date at the expense of the charge. The General Office can only act on information which it has been properly advised of by the authorised person – the treasurer.

The treasurer must notify the General Office on the approved form in the following instances:

1. At the commencement of the employment arrangement
2. Any time there is a change in working hours or remuneration including allowances and benefits.
3. On termination of employment.
4. When leave is taken.

As far as possible and practical, information should be provided prior to the month in which the change is to be affected. Any information received after that date will be applied the following month. It is the responsibility of the board to manage any issues which may arise due to late payment as a consequence.

Any overpayment of the minister due to late notification of termination or any other change is the responsibility of the board and treasurer to resolve and recover.

### **Fees and Charges**

There is generally no fee charged by the General Office / General Assembly for this service except in the following cases where an administration charge of \$300 will apply in each instance:

1. Any out of cycle payments requested by the charge.
2. Any Direct Debit request which is declined due to insufficient funds.
3. Late notification of changes to remuneration resulting in calculation of backpay
4. Late notification of termination of employment.

This may change at some time in the future.

When applicable the fee will be met by a separate direct debit charged to the nominated bank account of the charge.

## **Termination of Employment**

According to tax advice, payment of unused leave on termination can only be processed as taxable remuneration. Eligibility for non-cash benefits of any type cease when employment ends.

It is recommended that any unused leave at termination is paid out rather than extending the date of employment by the amount of leave due.

## **STP reporting**

With the introduction of legislation for Single Touch Payroll (STP) reporting, it is necessary to provide all information through the payroll. All remuneration including the non-taxable payments should be paid through the General Office to enable this. Normally this will include:

- Stipend
- Non-cash benefits
- Manse benefits paid to the minister
- Children's education
- Travel benefit exceeding 5,000 km
- Manse energy paid to the minister
- Superannuation.

Where the charge pays manse energy and/or telephone accounts directly these do not need to be reported to the General Office. If a monthly allowance (taxable) or benefit (non-taxable) is paid to the minister the payment should be processed by the General Office in the same way as the stipend if taxable or the NCB otherwise.

Where the charge is paying rent for housing to accommodate the minister, the monthly rental paid is to be reported to the General Office for STP reporting purposes.

Where the minister is housed in a manse provided by the congregation, the benefit may be required to be reported to the ATO via the General Office for STP reporting purposes, depending on whether the congregation is open to the minister receiving some other form of benefit as an alternative to being housed in the manse.

Where the terms of settlement include accommodation in the manse with no other option available, then the benefit does not need to be reported for STP purposes. That restriction may be for a variety of reasons such as financial constraints or the desire that the minister is on-site. If this is the case then it is recommended that the congregation makes this constraint explicit when it approves the terms of settlement each year.

On the other hand if the congregation is open to the possibility of paying a manse benefit to the minister or other form of benefit as an alternative to living in the manse then the value of the accommodation in the manse must be reported for STP purposes. It is common for a minister who purchases his own home to then move from the manse to his own home and receive a manse benefit instead of living in the manse. If this option is available, regardless of whether it is likely, then the benefit remains reportable while the minister is living in the manse.

## **Procedures**

The General Office will make the following payments on behalf of the board:

- Minister's Stipend and any allowances (net of tax) paid on the working day immediately prior to the 15<sup>th</sup> of each month
- Minister's NCB on the first working day of each month
- Manse Benefit (if applicable) on the first working day of each month
- Any other exempt benefits on the first working day of each month
- PAYG Tax to the Australian Tax Office as required
- Regular Superannuation contributions as required

The minister may authorise deductions from the stipend and/or NCB on the appropriate forms for payment of things such as employee contributions to superannuation and car loan repayments.

As well as making the payments, the General Office will meet the monthly and annual reporting obligations to the ATO under Single Touch Payroll legislation subject to being supplied with accurate and timely information from the board.

For the purposes of PAYG only, the employer will be the Presbyterian Church of Victoria. Payroll figures will be reported on the PCV BAS returns to the ATO. The congregation should not include wage or tax figures on its BAS for any minister who is paid through the General Office.

## **Remittance of Funds to General Office**

On the same day that the monthly stipend is processed, the General Office will debit the charge for the total remuneration for the month. Where the charge has been approved to receive grants from committees of the General Assembly in relation to meeting the costs of ministry workers, these will be netted off against the debit amount.

The board / treasurer must ensure that sufficient funds are available in the nominated account on the 12<sup>th</sup> of each month to meet the total payments for the month. Where there are insufficient funds available to meet the direct debit, any future payments for remuneration will be suspended until the situation has been addressed to restore confidence that the charge is able to meet its ongoing obligations. The BIF may draw these circumstances to the attention of Presbytery to assist in finding a remedy.

## **Payment of Non-Cash Benefits**

There are a variety of ways in which non-cash benefits are being paid to ministers. These include payment to a cheque account, credit card and debit card. The recommended method is to provide a debit card, which may have a cheque facility if required. Where a credit card is provided to the minister, the balance may not be cleared every month since the same NCB amount will be paid each month. This may lead to interest and penalty charges. Under the legislation overpayment of a credit card is not an exempt benefit so becomes taxable.

For those charges who have been using credit cards, it is strongly recommended that a debit card be provided and the credit card be cancelled. Any timing issues which arise due to the changeover and outstanding balances will need to be resolved by the local board. Each charge will be responsible for providing the appropriate card and or accounts to facilitate the payment of the non-cash benefit. Cards and accounts used for payment of Non-Cash Benefits should be in the name of the charge. Statements should be addressed to the local treasurer who should reconcile the statement with the payment vouchers each month and forward a copy to the minister.

### **Queries and Disputes**

The General Office will take queries directly from ministers only about the timing of payments and availability of funds, and matters specifically relating to the payment process. All other queries should be directed to the local treasurer.

### **Liability for Costs and Expenses**

In accordance with PCV polity, the local board is and remains responsible for meeting any and all costs associated with the employment of its congregational workers. This includes but is not limited to:

- direct costs of remuneration including:
  - stipend
  - NCB
  - Allowances and Benefits
  - Superannuation
- other costs, fines and penalties directly attributable or reasonably apportioned to the nominated workers,
- legal costs arising from any claim or action relating to the nominated employer
- administration charges where applicable
- costs associated with workplace disputes.

In summary, the board remains responsible for all the costs and charges as though it were processing the payroll itself. No liability is transferred to the General Office as a consequence of it providing an administrative service to assist local boards.

The General Office will diligently apply itself to providing a compliant service and process. Full compliance ultimately relies on accurate and timely reporting of information by the board. The board remains responsible for the consequences of providing incomplete or inaccurate information.

### **Procedure to Establish the Facility**

1. Board to approve these procedures
2. Set up appropriate debit card (if required) or NCB account in the name of the charge
3. Treasurer to complete the following documents and send to the General Office at least two weeks before the first pay
  - Acceptance of this policy and procedures
  - Ministers Monthly Remuneration Information Sheet
  - Direct Debit Request

- Direct Debit Request Service Agreement
- Tax Declaration Form completed by the minister
- Authorization of monthly payments (if required)
- Confirmation that the charge is properly registered with ACNC and has no overdue lodgements (printout of registration details from ACNC website [www.acnc.gov.au](http://www.acnc.gov.au))

### **Changes to these Procedures**

Any changes to these procedures will be notified to the treasurer. These procedures are not open for negotiation. In order to provide the service it is necessary for all those participating to be on the same system. If this creates insurmountable problems then the existing payment procedures managed and performed by the charge can remain in place. Please contact the General Office if you are unclear on any part of the procedures or would like assistance in completing the forms.

May 2024