

AGENDA 14.5

Commission on Salaries

MEMBERS

Karen Doecke, Greg Fowler, Nichola Heppner, Allen Kupke, John O'Keefe (resigned in 2017) and Ray Pietsch

PURPOSE

To research salaries and allowances before recommending to General Church Council (GCC) for approval

ACHIEVEMENTS IN SYNODICAL PERIOD AGAINST PLAN

1. **Recommend Salaries and Allowances to be paid to LCA pastors**

Key outcomes

Annually recommend pastors' salary package to General Church Council using the synod approved basis that pastors should be paid approximately the same as the average person in the community. General Church Council reviews these recommendations and determines if the church as a whole has the ability to pay the recommended salary package.

2. **Recommend Fringe Benefits guidelines for LCA pastors**

Key outcomes

Simplification of pastors' salary package administration by removal of Fringe Benefits Multiple from 2015. Recommended maximum fringe benefits increased to 35% of base salary from 2013 to closer reflect maximum level of fringe benefits paid in the community. Fringe benefits amount was set for the 3 years (2016-2018) based on an average of the 2016 rate plus projections for the following 2 years.(to be reviewed annually)

SUCSESSES

- Simplification of pastors' salary package due to setting a single base salary, removal of Fringe Benefits Multiple and setting rate for 3 year term(with annual review)
- Encouraging pastors to obtain independent professional financial planning advice to help them in preparing for retirement
- Encouraging pastors to make additional contributions to their superannuation to ensure that they have sufficient superannuation benefits at retirement. This is especially important for pastors as they need to purchase a retirement home, after in most cases living in a church provided house during their years of ministry.
- Annual presentation to Pastoral Graduates regarding salary and allowances.
- Representation Allowances (formerly Expenses of Office) were reviewed and set as a percentage allowing for an annual review indexed to CPI.

CHALLENGES, AND LESSONS LEARNED

- Ensuring that the salary package paid to pastors reflects the package received by the average person in the community. The current basis used is 92% of the adult (male and female) Total Average Weekly Earnings (AWE) as published by the Australian Bureau of Statistics (ABS).
- Ensuring that allowances (Car, Travel and Research) are at appropriate levels to reimburse pastors for costs incurred as part of their pastoral duties. Car and travel allowances are based on motor vehicle standing and running costs, which are reviewed annually based on latest purchase and running costs obtained from car dealers and motoring organisations.

RISKS

Inappropriate salary package paid

- At least annual review of salaries paid in the community (based on AWE published by the ABS).
- Annual review of motor vehicle standing and running costs.
- Annual indexation of other allowances

Pastors having insufficient superannuation benefits at retirement

- Encourage pastors to make additional contributions to superannuation to also assist with the purchase of a retirement home

Incorrect payment of salaries, allowances and fringe benefits

- Encourage congregations (who find it difficult to find a suitable treasurer) and other LCA employers to use the new LCA HR system to ensure compliance with taxation, Fair Work Act and other legal requirements

ALIGNMENT TO LCA STRATEGIC DIRECTION 2013–2018

Assets and Resources (3.3.1) – ensuring that pastors and church workers are paid appropriate salaries and allowances.

COOPERATING LCA BOARDS AND AGENCIES

General Church Council

Recommend pastors salaries and allowances to be paid for the following year including presentation and discussion of recommendations annually at the October General Church Council meeting. Regular consultation with LCA EOC and Business Manager.