



Presbyterian Church
of Aotearoa New Zealand

CHURCH MANAGEMENT SUPPORT GUIDE

A church business resource for administration and management

Updated 24 April 2013

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Document purpose

The *Church Management Support guide* has been written by the Financial Services Department (FSD) of the Presbyterian Church of Aotearoa New Zealand (PCANZ) Assembly Office, and incorporates an update of the Treasurer's manual (dated July 2008). It was drafted in response to the church administration needs analysis carried out in 2012 and requests for information received from churches by FSD.

It is not intended as a text that must be read and memorised, but as an online guide that may be referred to as required. It is a tool intended to assist treasurers, clerks, managers and ministers in fulfilling the administrative functions of the church.

The guide is in three broad parts: (1) church finance and administration, (2) employment matters, and (3) the responsibilities of A church council in relation to its minister.

The guide is linked to two sets of documents:

1. Documents published by the Presbyterian Church:
 - Book of Order
 - Conditions of Service manual
 - Guide for Ministry Settlement Boards
 - Ministers' accommodation and leave guidelines
 - Treasurers' newsletters
2. Documents published by outside organisations:
 - Inter-Church Working Party on Taxation
 - Inland Revenue Department
 - Department of Labour
 - New Zealand legislation

This guide does not replace documents published by PCANZ, but is intended as an online tool that offers a quick reference guide, with automated links to more detailed explanations of requirements and processes. The content will be updated to incorporate changes in reporting requirements, ministers' stipends and allowances, and employment law. The nature of the content is very broad and complex but we have attempted to keep the document as succinct and simple as possible. It is assumed that the reader will have a basic knowledge of management processes and the ability to use a PC-based accounting system.

Note: Throughout this document, Presbyterian parishes are referred to as "churches" and the PCANZ General Assembly office as "Assembly Office". "The Church" incorporates all New Zealand Presbyterian churches, presbyteries and the Assembly Office. If any section of this document is insufficient or unclear to the reader, FSD is happy to respond to queries.

1 FINANCE AND ADMINISTRATION

1.1 Church administration roles

In the Book of Order (BOO) Chapter 7, “Church Council”, and Chapter 16, “Property and Finance”, detail the key roles and responsibilities of the finance and administrative functions of a church. Below is a summary of the key points; refer to the [Book of Order](#) for more information.

1.1.1 Church council

The church council is responsible for the financial viability of the church and the oversight of the congregational funds, ensuring payment of the congregation’s financial obligations, e.g. stipends and salaries; operating expenses; presbytery and Church levies; and mission expenses ([BOO](#), 16.8). Its responsibilities include:

- the formation and performance of a board of managers, deacons’ court or finance and property committee, which may also be responsible for property and administration ([BOO](#), 7.2(6))
- the appointment of the treasurer ([BOO](#), 16.8(2)(b)) and a suitably qualified person to conduct an independent review or audit of church accounts ([BOO](#), 16.8(8))
- the preparation of church accounts and budget for presentation to the congregation, presbytery and Assembly Office ([BOO](#), 16.8(7) and 16.8(9))

1.1.2 Finance and property committee

The finance and property committee represents the administrative and financial capability of the church. In this document, “finance and property committee” will be used generically to refer to board of managers, deacons’ court or finance and property committee. It is the responsibility of the finance convener and committee to:

- manage all church finances, ensuring that the church ministry and lay employees have sufficient resources to carry out the agreed mission ([BOO](#), 7.12(a)-(d))
- present monthly and annual accounts and budget to the church council and provide regular reports on giving and finances for the church newsletter ([BOO](#), 7.12(e)-(f))
- arrange appropriate approvals for borrowing and property transactions, ensuring expenditure is properly authorised ([BOO](#), 7.12 (g)-(j))
- appoint and oversee the church treasurer ([BOO](#), 7.12(2))

1.1.3 Treasurer

The treasurer has oversight of the financial administration of the parish. The role reports to and is supported by the finance and property committee, and is critical to the success of the parish and its mission and ministry functions. This role cannot be filled by the church

minister ([BOO](#), 16.8(3)). The treasurer's position is not an elected one, and the treasurer does not have to be a member of the congregation.

Upon appointment of a new treasurer, it is the finance and property committee's responsibility to ensure that:

- the treasurer is fully aware of and understands his/her responsibilities
- the church's finance records are made available, and the treasurer is given a thorough explanation of the church's financial processes, procedures and recordkeeping
- bank account signing authorities are updated
- the previous year's financial reports are reviewed and the treasurer is made aware of any financial or administrative trends or issues
- the Financial Services Department of the Church is advised of the appointment, so that the treasurers' database is updated and the treasurer is included on the mailing list for finance newsletters.

The remaining sections below, summarise the financial and administrative responsibilities and tasks of the church, which are usually the responsibility of the treasurer, although, in many cases, the workload is shared with members of the finance and property committee or other key people in the congregation, or it is outsourced.

1.2 Maintenance of general ledger

It is assumed that the treasurer or church administrator has access to and the ability to use a PC-based general ledger system. The Assembly Office does not specify any particular accounting package or chart of accounts, and it is up to each church to establish its accounting package. There are many small business accounting software programs that may be appropriate for church use, and simple accounts may be maintained on spread sheets (the Assembly Office has an integrated spread sheet that may be suitable for simple accounts and is offered to churches).

1.2.1 Xero church software

Refer: [Xero for parish accounts](#) and [Xero for parish accounts sample reports](#)

There is a common and popular small business accounting program called Xero, and the Assembly Office has developed a version for use in churches. Features include:

- Cloud-based (remote data hosting)
- chart of accounts designed for church use, but with the flexibility to modify
- automated financial and finance statistics reporting
- church membership and donation database
- payroll and ministers' stipend module

Training and data transfer for this package is supported by consultants contracted to PCANZ and implementation to Presbyterian churches is subsidised by the Assembly Office. For more information on Xero church accounting software, refer to the links above.

Regardless of the software used, it is the responsibility of each church to meet the financial reporting requirements of the Assembly Office and outside organisations (refer Section [1.5](#)). Each church should have adequate training procedures, data backup and access security arrangements in place.

1.3 Cash management

1.3.1 Operating income

Operating income is income generated from the provision of goods or services, such as the hire of the church or hall, or the conducting of (income-generating) weddings and funerals.

For these activities, the service to be performed, the rate or fee to be paid, and payment terms should be agreed and documented in advance of the event. Upon completion of the service, an invoice is issued to the customer and should include:

- description of services rendered
- payment terms
- church GST number
- church bank account information

The invoice should be coded to the appropriate income account. Any overdue invoices should be followed up with the customer and reported to the finance and property committee in the form of an aged accounts receivable report.

1.3.2 Offerings

It is likely that a large part of the church's income will come from offerings from parishioners and others. Much of this income will be transferred electronically, by direct credit, automatic payment or perhaps an eftpos or credit card machine located at the church. Electronic funds transfer should be encouraged to minimise risk associated with the handling of cash and to create a proper data trail from donor, to church.

When offerings are made in the form of cash or cheques, it is important that correct cash management procedures are in place. While it is the finance and property committee which determines who has access to the church cash, bank accounts and credit facilities, it is presumed that the committee will grant access to the treasurer, and that at least other person is required to access funds.


In addition it is recommended that at least two people are involved at any one time in the collection and recording of cash receipts. An offering roster of people who are able to assist

with the counting of offerings may be helpful. It is important that the donation amount remains confidential and is not made known to any other members of the congregation.

Once donations are collected, the treasurer should:

- Record donations on behalf of the donor

Numbered envelopes should be assigned to a specific donor or family. The amount and donor should be recorded in a cashbook and a cumulative record kept of the total each donor has given over the year. At the end of the tax year (31 March), a church receipt (refer sample below) is given to the donor to enable them to claim tax back from the Inland Revenue under the Church's tax-free charitable status (refer Section [1.9.1](#)).

| | | |
|---|---|--|
| Charities Commission Registration CC33597 |  | Presbyterian Church of Aotearoa New Zealand |
| Inland Revenue Department | | |
| This is to certify that envelope subscriber (name)..... | | |
| (no.)..... | | |
| has contributed the sum of \$..... To the funds of the..... | | |
| Church in the 12 months ended 31 March 20..... | | |
| Yours Faithfully, | | |
| | Envelope Secretary | Date |
| | | Receipt Number |
| Note to the recipient: If you wish to claim taxation rebate on all or any of the above, please ensure your name is entered above and attach this to your income tax form | | |

- Record donations as parish income

All donations should be recorded as income in the general ledger. The chart of accounts may separate donation income as follows:

- *Envelope or cash/cheque offerings.* These are untagged donations that are receipted into church accounts as income. There is no restriction on the use of these funds. They may be transferred into reserves or used to fund operational and/or mission expenses.
- *Special appeals.* These are donations received as the result of a fundraising event or appeal. They may be for the general purpose of the church or for a specific mission purpose or capital project. Donations received for a specific purpose are recorded as income but tagged for its intended use.
- *Specific purpose donations (not as a result of an appeal).* Donations received for a specific purpose outside the mission of the church are recorded as income but should be forwarded to the intended recipient soon as possible and not retained by the church.

- Prepare banking

Cash and cheques received from donors and customers should be deposited in the bank as soon as possible after the donation or payment has been received. Deposits should be supported by a banking register listing donations and payments and reconciling with the bank deposit slip. Cash receipts should not be used for operating expenses or any other purpose prior to banking.

1.3.3 Operating expenses

Church operating expenses will include costs incurred for administration, mission, ministry and property. Regardless of whether payments are made in cash, through a payroll system, by automatic payment, or an accounts payable process, appropriate controls should be set up to minimise the risk of inappropriate payments made because of fraud or error. These include:

- Payment authorisation

Authorisation levels and processes should be set in place and agreed by the finance and property committee, which will designate expense authority to key members of the church and define the number and level of payment authorisers/signatories.

To ensure transparency, the treasurer should make frequent reports of payment activity to the finance and property committee, even if not seeking payment approval.

- Separation of roles

It is recommended that payments should require at least two signatories and that the signatories are set a maximum payment authorisation level. Where feasible, there should be different people requesting the work done, authorising the supplier invoice, and processing the payment.

- Security parameters set on general ledger and PC banking software

Many general ledger packages offer access security levels that require, for example, separation of payment creation and general ledger posting functions. PC or internet banking can require two or more authorisations to enable the successful transfer of funds.

- Production and maintenance of appropriate documentation

All expenses transactions should be supported by appropriate documentation, which may include: supplier invoices; supporting agreements on mission expenses; wage and stipend records; and employee expense claims. The Inland Revenue Department requires that all documentation, including those relating to payments, is kept for a period of seven years.

1.4 Operating budget

1.4.1 Purpose and use

The church operating budget is produced annually and actual income and expenditure measured against it. The budget reflects the commitments and activities planned by the church over the coming financial year that will impact on operational income and expenses, both administrative and mission-related.

The new budget (shaded in the example below) is compared to the previous year's budget and actual income and expense items. Variances to the previous year's budget are recorded to show variances in financial performance expectations. The budget may also be phased—that is, broken down by each month of the year—to provide the readers with monthly and year-to-date budget comparisons in a monthly report. Many expense and income items (stipend, Assembly Assessment, interest income) will be the same or similar each month, but some, such as income from fundraising or expenses for building maintenance, will arise from specific events. These should be planned for and recorded in the budget phasing.

The budget must be realistic and as accurate as possible. Where information about planned activities and previous years' costs and revenues is known, this should be applied to budget assumptions.

1.4.2 Approval process

The budget is prepared by the treasurer and the finance committee, who present it to the church council. After it is approved by the church council, it still requires the approval of the congregation before it can be implemented ([BOO](#), 5.2(4)(b)). At the church council's annual general meeting (AGM), a quorum of the congregation votes on the budget and if a majority agrees, it is adopted. If a majority votes against the budget's adoption, it is up for discussion and amendment. Any congregational member can propose amendments to components of the proposed budget but cannot propose an alternative budget.

1.4.3 Budget variances

Financial forecasts over a year are unlikely to be the same as actual results, but budget variances should be explained to the finance committee and congregation. Variance may be planned and controllable (for example, the addition of an employee or decision to increase mission expenditure) or unplanned (for example, property maintenance or computer expenditure greater than anticipated). Expense variances may be linked to income variances; for example, donations received that are greater or lesser than budgeted may impact on discretionary mission expenditure. Similarly fixed expenditure (salaries, rental) that differ to the budget may indicate a lack of control over either the actual cost or the budget process. These variances provide valuable information to the treasurer and the finance committee.

Sample operating budget:

**Operating Budget
For the 20XX-XX Financial Year**

| | Prior Year Budget | Prior Year Actual | Budget |
|-----------------------------------|----------------------|----------------------|----------------|
| INCOME | | | |
| Giving | | | |
| Envelope Offerings | 75,000 | 89,553 | 90,000 |
| Loose Offerings | 12,000 | 8,888 | 10,000 |
| Special Offerings | 4,000 | 3,333 | 3,500 |
| Special Donations | 500 | 42 | 1,000 |
| TOTAL Giving | 91,500 | 101,816 | 104,500 |
| Fund Raising | | | |
| Fair | 5,000 | 4,170 | 6,000 |
| Fund Raising Events | 6,000 | 2,566 | 1,000 |
| TOTAL Fund Raising | 11,000 | 6,736 | 7,000 |
| Services | | | |
| Hall Hire | 1,000 | 2,880 | 1,000 |
| Other Services | 500 | 100 | 500 |
| TOTAL Income from Services | 1,500 | 2,980 | 1,500 |
| Interest Received | 3,500 | 5,666 | 4,000 |
| Grants Received | 20,000 | 20,000 | 10,000 |
| Sundry Income | 1,000 | 55 | 500 |
| | 24,500 | 25,721 | 14,500 |
| TOTAL INCOME | 128,500 | 137,253 | 127,500 |
| EXPENSES | | | |
| Administration Expenses | | | |
| Assembly Assessment | 8,000 | 7,500 | 9,000 |
| Office Supplies | 1,000 | 667 | 500 |
| Lay Employees | 4,000 | 7,411 | 5,000 |
| Presbytery Expenses | 2,000 | 1,500 | 2,000 |
| Telephone | 1,500 | 2,254 | 1,200 |
| Miscellaneous Expenses | 2,000 | 2,547 | 2,000 |
| Depreciation | 4,000 | 4,990 | 4,500 |
| Subscriptions | 100 | 8 | 100 |
| Communications | 3,000 | 57 | 2,000 |
| TOTAL Admin Expenses | 25,600 | 26,934 | 26,300 |
| Ministry Expenses | | | |
| Ministers Stipend | 44,000 | 45,560 | 45,000 |
| Ministers Allowance | 3,000 | 2,660 | 3,000 |
| Seniority Allowance | 4,000 | 4,100 | 4,000 |
| Car Mileage Allowance | 500 | 996 | 500 |
| Housing Allowance | 4,500 | 5,475 | 5,000 |
| Supervision | 1,500 | 125 | 1,500 |
| TOTAL Ministry Expenses | 57,500 | 58,916 | 59,000 |
| Mission Expenses | | | |
| Overseas Mission | 5,000 | 9,842 | 2,000 |
| Local Mission | 5,000 | 544 | 10,000 |
| TOTAL Mission Expenses | 10,000 | 10,386 | 12,000 |
| Property Expenses | | | |
| Cleaning | 500 | 600 | 500 |
| Insurance | 1,000 | 1,588 | 1,500 |
| Power | 1,000 | 1,200 | 1,000 |
| Repairs | 2,000 | 167 | 2,000 |
| Manse Expenses | 1,000 | 369 | 1,000 |
| Interest Paid | 200 | 225 | 200 |
| TOTAL Property Expenses | 5,700 | 4,149 | 6,200 |
| TOTAL EXPENSES | 98,800 | 100,385 | 103,500 |
| OPERATING SURPLUS/(LOSS) | 29,700 | 36,867 | 24,000 |

1.5 Financial reporting

1.5.1 Reporting requirements

1.5.1.1 Church requirements

Currently, the only requirement for churches to produce financial reports is that of the Assembly Office, which requires annual accounts and to have the report either audited or independently reviewed ([BOO](#), 16.8(8)). This is to provide a fair presentation of the financial outcome of the year's activities, and of the resources available for the work of the church. The intended recipients of finance reports are:

- the church's finance committee
- the congregation
- presbytery
- Assembly Office

The report will normally comprise of:

- Statement of Financial Performance (Profit and Loss)
- Statement of Financial Position (Balance Sheet)
- independent audit or financial review

The General Assembly's balance date is 30 June, and it is usual for churches to use the same date. The finance report, together with church statistics reports (refer Section [1.6](#)), is completed and sent to the Assembly Office by 30 November.

1.5.1.2 Introduction of statutory reporting requirements

The Government is currently considering the introduction of financial reporting requirements for non-profit organisations (NPOs), including churches, to be implemented in 2015. It has established a Crown entity called the External Reporting Board (XRB), which is considering disclosure requirements, and has categorised entities by their size in terms of annual expenditure. Most churches will fall into a category of expenditure that it is likely to require publicly reported annual statements of Financial Performance and Position, and will adopt accrual accounting procedures. The accounting standards that will be required in terms of reports and notes have yet to be confirmed by XRB, and the Inter-Church Working Party has made a submission expressing its desire to keep the standard simple. Churches will be advised when accounting standards are confirmed.

1.5.1.3 Charitable organisation registration requirements

Registration of charities is monitored by the Department of Internal Affairs. Presbyterian churches are currently covered by a single Presbyterian Church charitable organisation registration, and there is no requirement by the Department to publish Presbyterian church accounts other than those of General Assembly (refer Section [1.9.1](#)). This is not the case for

cooperating churches, as they do not come under Presbyterian Church registration. Cooperating churches must register individually and report annually in the Department of Internal Affairs web-based summary form.

1.5.2 Statement of Financial Performance (Profit and Loss)

The Statement of Financial Performance is reported annually to the congregation and gives them a view on the financial management of the church and how their donations are recorded and used. It summarises the church's income and expenditure in the period leading up to the balance date, which is usually 30 June. Each entry represents the sum of all transactions that have been coded to that line item since the beginning of the financial year. Although it is required that this report is produced annually, it is recommended that the treasurer produces it on a monthly basis and reports to the finance committee as unaudited year-to-date reports.

The example below covers the year to June 30. Each item is compared to the budget and to the previous year. This format is a suggestion only and the account groupings, like the chart of accounts, are the decision of the church. Note that the Department of Internal Affairs summary form contains the following summary accounts, and it is suggested that churches replicate these when considering income and expenditure items:

- separate items for income from grants, donations and bequests
- membership fees (this will not apply to churches)
- income from service provision. this may be donations received in exchange for (for example) wedding and funeral services
- the distinction between grants and donations paid in New Zealand and overseas
- depreciation expense (on fixed assets)

Income and expense items relate only to the operations of the church in the financial year. For example, salary and stipend expenses, donations paid and received, and administration expenses paid during the year to the balance date are recorded in this report. Income and expenditure that do not relate to the financial performance of the church, or that will benefit the church over several years (or accounting periods), are recorded in the balance sheet. These will include:

- the sale or purchase of fixed assets or property
- the transfer of funds to and from cash accounts or investments
- GST payable to or receivable from Inland Revenue

Note: There is currently no requirement for churches to accrue for operating expenses incurred but not paid, or income earned but not received at the balance date (although this may change in the future (refer Section [1.5.1.2](#)). The Statement of Financial Performance may include extraordinary items of revenue or expense. These are items which affect

financial performance but are not the result of normal church operations, for example, receipts from insurance claims and adjustments for corrections of prior period reports.

Sample Statement of Financial Performance:

**Statement of Financial Performance
For The Year Ending 30 June 20XX**

| INCOME | Note | Actual Current Year | Actual Prior Year | Budget Current Year | Budget Variance |
|---------------------------------------|-------------|--------------------------------|------------------------------|--------------------------------|----------------------------|
| Giving | | | | | |
| Envelope Offerings | | 97,628 | 66,839 | 90,000 | 7,628 |
| Loose Offerings | | 8,222 | 11,520 | 10,000 | (1,778) |
| Special Offerings | | 4,380 | 2,412 | 3,500 | 880 |
| Special Donations | | 1,440 | 4,000 | 1,000 | 440 |
| | | 111,670 | 84,770 | 104,500 | 7,170 |
| Fund Raising | | | | | |
| Fair | | 6,984 | 5,426 | 6,000 | 984 |
| Fund Raising Events | | 442 | - | 1,000 | (558) |
| | | 7,426 | 5,426 | 7,000 | 426 |
| Services | | | | | |
| Hall Hire | | 400 | 1,500 | 1,000 | (600) |
| Other Services | | 2,500 | 100 | 500 | 2,000 |
| | | 2,900 | 1,600 | 1,500 | 1,400 |
| Other Income | | | | | |
| Interest Income | | 4,944 | 3,863 | 4,000 | 944 |
| Grants Received | | 12,000 | 10,200 | 10,000 | 2,000 |
| Sundry Income | | 556 | 120 | 500 | 56 |
| | | 17,500 | 14,183 | 14,500 | 3,000 |
| TOTAL INCOME | | 139,496 | 105,980 | 127,500 | 11,996 |
| EXPENSES | | | | | |
| Administration Expenses | | | | | |
| Assembly Assessment | | 9,722 | 13,872 | 9,000 | 722 |
| Office Supplies | | 1,050 | 1,260 | 500 | 550 |
| Lay Employees | | 5,098 | 4,235 | 5,000 | 98 |
| Presbytery Expenses | | 2,400 | 2,304 | 2,000 | 400 |
| Telephone | | 1,584 | 1,176 | 1,200 | 384 |
| Miscellaneous Expenses | | 1,027 | 3,581 | 2,000 | (973) |
| Depreciation | | 5,066 | 4,793 | 4,500 | 566 |
| Subscriptions - Spanz | | 108 | 108 | 100 | 8 |
| Communications | | 2,984 | 2,023 | 2,000 | 984 |
| | | 29,040 | 33,352 | 26,300 | 2,740 |
| Ministry Expenses | | | | | |
| Ministers Stipend | | 46,922 | 43,380 | 45,000 | 1,922 |
| Ministers Allowance | | 3,139 | 3,139 | 3,000 | 139 |
| Seniority Allowance | | 4,223 | - | 4,000 | 223 |
| Car Mileage Allowance | | 672 | 373 | 500 | 172 |
| Housing Allowance | | 4,800 | 4,800 | 5,000 | (200) |
| Supervision | | 1,584 | 1,066 | 1,500 | 84 |
| | | 61,340 | 52,758 | 59,000 | 2,340 |
| Mission Expenses | | | | | |
| Overseas Mission | | 1,920 | 1,200 | 2,000 | (80) |
| Local Mission | | 13,895 | 3,078 | 10,000 | 3,895 |
| | | 15,815 | 4,278 | 12,000 | 3,815 |
| Property Expenses | | | | | |
| Cleaning | | 1,034 | 533 | 500 | 534 |
| Insurance | | 1,758 | 1,772 | 1,500 | 258 |
| Power | | 1,142 | 1,066 | 1,000 | 142 |
| Repairs | | 3,900 | 1,704 | 2,000 | 1,900 |
| Manse Expenses | | 842 | 1,474 | 1,000 | (158) |
| Interest Paid | | 226 | 121 | 200 | 26 |
| | | 8,903 | 6,670 | 6,200 | 2,703 |
| TOTAL EXPENSES | | 115,098 | 97,057 | 103,500 | 11,598 |
| TOTAL OPERATING SURPLUS/(LOSS) | | 24,398 | 8,922 | 24,000 | 398 |

1.5.3 Statement of Financial Position (Balance Sheet)

The Statement of Financial Position (or Balance Sheet) is a snapshot of the value of the church. It lists what the church owns or is owed (assets), and what it owes to other parties (liabilities). The variance between assets and liabilities is equity, or the net value of the church. Unlike the Profit and Loss Report, which measures financial performance over a period of time, the Balance Sheet is a financial position, or valuation at a specific point in time. It tells the congregation and other readers what the assets, liabilities and equity of the parish is at the balance date, which is usually 30 June.

1.5.3.1 Current assets

Current assets are generally cash, as defined by bank accounts and petty cash, investments that are accessible or have a maturity date less than a year in advance, and receivables in the form of refunds due or funds owed to the church by debtors.

1.5.3.2 Non-current assets

Non-current assets are usually defined as being for the benefit of the church for a period greater than one year. These are typically fixed assets, such as land, buildings, furniture or computer equipment, or investments with an expected maturity date greater than one year in advance of the balance date.

Expenditure on fixed assets or property purchases or improvements may be capitalised as an asset and depreciation written off over a period of years (as opposed to recorded in the Profit and Loss report and recorded as an expense in the year in which it was incurred). The minimum amount that can be capitalised varies but generally any qualifying expenses above about \$500 can be capitalised.

A fixed asset register is maintained, which lists all assets and shows the purchase date, cost, depreciation expense, and book value. The register should reconcile with the fixed asset item in the Balance Sheet in terms of asset cost, accumulated depreciation and net book value (cost of asset less accumulated depreciation). It is an evolving report with new asset purchases recorded as additions, and assets sold or no longer in the possession of the church recorded as disposals.

Depreciation is the cost recorded in the Profit and Loss report over the expected useful life of the item. Useful life is dependent on the asset type and is generally (although not always) recorded as follows:

| | |
|---|---------------------------|
| Computer equipment: | four years (25% per year) |
| Furniture and fittings: | 10 years (10% per year) |
| Property (if depreciation is recorded): | 50 years (2% per year) |

Church land and building assets are registered in the name of the Church Property Trustees, but recorded at the latest valuation in the Balance Sheet of the church which has the benefit of the asset.

1.5.3.3 Liabilities

Liabilities are funds owed to other parties by the church at balance date. These are also separated into current and non-current categories, depending on whether they are expected to exist for a period of more or less than one year after the balance date.

Current liabilities may include accounts payable and accrued expenses, including those owed to trade creditors, Inland Revenue or ministers and other staff. All expenses incurred prior to balance date should be reported in the Profit and Loss report, even if they have not been paid at balance date. Creditor invoices received and approved but unpaid are recorded as accounts payable. If an expense has been incurred but not invoiced by the supplier, or if there is no supplier invoice (i.e. stipend or wages owed but not paid), the expense should be accrued by general ledger journal.

Non-current or long-term liabilities typically are liabilities that are not expected to be settled in the short term. For example, mortgages over property or other borrowings taken out over several years qualify as long-term liabilities.

1.5.3.4 Equity

Equity is the net value of the entity and is the difference in the value of total assets and liabilities. Typically, the operating surplus generated by the church over the year will be the difference between the opening and closing balance of equity. Any revaluation of a church building, manse or other property (excluding investment property, which is intended to generate a profit) will not be recorded in the Profit and Loss report but is recorded directly into the equity section of the Balance Sheet as a journal adjustment.

For church purposes, other than operating profit and asset revaluation, it is unlikely that there will be further items affecting the equity balance.

Sample Statement of Financial Position (Balance Sheet):

| Statement of Financial Position | | |
|--|--|--|
| As at 30 June 20XX | | |
| | 30 June 20XX (Current Year) | 30 June 20XX Prior Year |
| Equity | | |
| Equity at the beginning of the year | 904,933 | 856,111 |
| Net Surplus/(Deficit) for the year | 21,898 | 8,822 |
| Asset Revaluation Reserve | 10,000 | 40,000 |
| Equity at the end of the year | <u>936,831</u> | <u>904,933</u> |
| Current Liabilities: | | |
| Trade Creditors | 12,555 | 5,850 |
| Accrued expenses | 560 | 1,654 |
| Total Current Liabilities | <u>13,115</u> | <u>7,504</u> |
| Long Term Liabilities | | |
| Mortgage | 104,309 | 134,502 |
| Total Liabilities | <u>117,424</u> | <u>142,006</u> |
| TOTAL EQUITY AND LIABILITIES | <u>1,054,255</u> | <u>1,046,939</u> |
| Current Assets: | | |
| Cash and Bank | 20,222 | 7,214 |
| Investments | 115,678 | 118,520 |
| GST Receivable | 1,650 | 455 |
| Total Current Assets | <u>137,550</u> | <u>126,189</u> |
| Non Current Assets | | |
| Fixed Assets - Cost | 64,541 | 63,520 |
| Accumulated Depreciation | <u>(23,586)</u> | <u>(18,520)</u> |
| | 40,955 | 45,000 |
| Church Property | <u>875,750</u> | <u>875,750</u> |
| Total Fixed Assets | <u>916,705</u> | <u>920,750</u> |
| TOTAL ASSETS | <u>1,054,255</u> | <u>1,046,939</u> |

1.5.4 Independent audit/Review of accounts

It is a Book of Order requirement that the church council appoint a suitably qualified person or agency to audit or review the annual accounts of the church ([BOO](#), 5.2(4)c).

A full audit is not compulsory and the church has the option of conducting an independent financial review of the accounts. An audit will be conducted by a chartered accountant and their report will indicate whether they consider the accounts to represent a “true and fair” account of the financial performance and position of the church at balance date.

An independent review is unlikely to be as detailed (or as expensive) as an audit, and like an audit, it is not intended to guarantee the accuracy of accounts. It is intended to give the church council and, therefore, the congregation, a limited level of assurance that proper administrative and accounting processes and controls are in place, and that the finance

reports are a reasonably accurate portrayal of the financial position and performance of the church at balance date.

The “limited assurance” of audits and financial reviews is obtained by testing sample transactions that support balances as reported in the statements of Financial Position and Performance.

The following controls should be noted:

- The auditor is appointed by the congregation and should report to it through the church council
- It is not currently a requirement that the reviewer is a chartered accountant but the council should have confidence that there is adequate competence
- If the service is not voluntary, the reviewers’ remuneration is negotiated with the council. A full audit is likely to be with a chartered accountancy agency and the fee should be known to the council in advance of the audit
- If the reviewer is a member of the congregation, s/he should not be responsible for any of the treasurer’s duties or have access to day-to-day cash management
- If feasible, it is best practice that the reviewer/auditor should be changed every few years

Documentation supporting reports is kept by the treasurer and must be made available to the auditor/reviewer. Such documentation should include:

- supplier invoices with appropriate payment authorisation
- records of donations received
- bank deposit slips, bank statements and reconciliations
- wage records
- cash book (or electronic equivalent) listing expense and income transaction
- journal adjustments with supporting explanations
- bank statements, investment certificates and deposit accounts
- if required, a fixed asset register showing additions, disposals and depreciation of assets

1.5.4.1 Parish Financial Review Certificate

The [Financial Review Certificate P6](#) (see image over page) is simply a confirmation by the auditor/independent reviewer that they are satisfied with the processes that support the financial report. As noted, it is not a guarantee of report accuracy but an opinion on the processes that support the report. While it is an Assembly Office requirement that a written report from the review is completed, it does not necessarily follow that it has to be done on this form. The reviewers’ own letter or letterhead will suffice.



Presbyterian Church of Aotearoa New Zealand

PARISH FINANCIAL REVIEW CERTIFICATE (P6)

Church name: Ref:.....

Forms Completed By:

Of (if applicable):.....

Address:

Phone: Email:

I/we have undertaken an independent review of the financial accounts of the above Presbyterian Church for the period to/...../..... As a result of this review I am/we are of the opinion that the financial reports which have been presented to the Parish fairly set out the financial performance of and position at balance date.

Please note the following comments (if applicable):

.....
.....
.....
.....
.....
.....
.....

Signed: Signed:

Date: Date:

NOTES:

- 1 The review of the Parish Accounts is important to safeguard the church treasurer and council by ensuring that adequate financial records and financial reporting have been maintained. The Presbyterian Church of Aotearoa New Zealand requires all Parishes to have this form completed by the person who undertakes the review of the Parish financial records.
- 2 It is acknowledged that completion of this form does not guarantee the accuracy of the finance reports, but offers limited assurance of adequacy of reporting processes.
- 3 If the person who reviews the Parish financial records prefers to prepare their own financial review certificate rather than sign this certificate, then please attach a copy of that certificate to this form.

1.5.4.2 Statutory requirements for audit

While there is currently no requirement from the Government to have church accounts audited, the Department of Internal Affairs is currently reviewing assurance for non-profit organisations. This may result in the introduction of audit requirement for some churches, depending on their level of operational expenditure, from 2015. The Assembly Office will keep churches updated as requirements change.

1.5.4.3 Reporting procedure

On completion of the annual financial accounts and the subsequent audit/independent review process, the report is signed off by the church council and presented to the congregation. A pack of reports is sent to the Assembly Office by 30 November following the balance date. It includes:

- annual finance report and accompanying notes
- Financial Review Certificate P6
- parish membership and financial statistics forms

1.6 Church statistics

1.6.1 Membership Statistics form

Membership statistics are published by the Church and used to analyse changes in numbers, age and demographics of members, and the activities of each Presbyterian and cooperating church.

The form for Presbyterian churches has been updated to match the reporting requirements of the Charities Commission with regard to employees and volunteers. The 2013 [Membership Statistics form](#) has been revised and is reproduced over the page.



Presbyterian Church of Aotearoa New Zealand

Church Membership Statistics (Form P2) For the Year to 30 June 20XX

Parish Name: _____ Presbytery: _____

Completed by: _____ Position: _____

Email: _____ Date: _____

1 Membership

| | Female | | Male | | Total |
|----------------|--------|-----------|--------|-----------|-------|
| | Member | Associate | Member | Associate | |
| Up to 25 years | | | | | - |
| 26 to 45 years | | | | | - |
| 46 to 65 years | | | | | - |
| Over 65 years | | | | | - |
| Total | - | - | - | - | - |

2 Roll

| | |
|------------------------------|--|
| Added | |
| Removed | |
| - Death | |
| - Transfer to another Church | |
| - Other | |

3 Attendance at Worship

| | |
|---------------------|---|
| - Children under 13 | |
| - Youth 13 - 17 | |
| - Adult | |
| Total | |
| | - |

4 Baptisms

5 Dedications

6 Confirmations/Professions of Faith

| Children (under 13) | Adult |
|---------------------|-------|
| | |
| | |
| | |

7 Christian Formation

| | |
|---|--|
| - Sunday or Weekday under 13 Years | |
| - Youth Group/Bible classes (age 13-17) | |
| - Adults over 17 | |

8 Leadership / Staff

| | Paid | | Volunteer | |
|---------------------------------|--------|----------------|-----------|----------------|
| | Number | Est hours/week | Number | Est hours/week |
| - Ministers - National Ordained | | | | |
| - Ministers - Local Ordained | | | | |
| - Pastoral Care | | | | |
| - Youth | | | | |
| - Children | | | | |
| - Administration | | | | |
| - Other (please specify) | | | | |
| | - | - | - | - |

Guidelines to completing the Membership Statistics form

1. Membership

Members are persons recognised by the church as:

- having been baptised and
- having professed publicly their faith in Jesus Christ and
- having expressed their intention to live their discipleship as part of the congregation

Associate members: The list of associate members consists of persons recognised by the church as expressing their intention to be associated with the congregation.

Age of Members: This is an estimation of the age bands to which members belong.

2. Changes to the Roll

Changes to the membership role over the 12-month period to the balance date, including the addition of new members, and the removal of existing members due to death, transfer to another church or prolonged non-attendance.

3. Attendance at Worship

These figures are the *average* weekly attendance in June. Worship events include:

- regular Sunday worship
- weekday services
- youth worship events

Only include events where worship is the primary focus. This excludes funerals, weddings or worship conducted in rest homes (unless it is a regular service and the people attending are members, associates or under the pastoral care of the congregation).

Total the attendance in June and divide that number by 4.3 (the average number of weeks per month over the year). Count each time a person attends, even if they worship more than once a week. If churches hold combined services, each church should include a proportion rather than duplicate numbers.

4. Baptisms

The number of baptisms of children and adults for the year.

5. Dedications

The number of dedications, usually of children, for the year ended 30 June. This includes services which may not formally be called dedications but which involve parents or participants acknowledging God's claim on their life or the life of their children.

6. Confirmations/Professions of Faith

The number of people who, over the year to 30 June, have professed their faith or have been confirmed, leading to membership.

7. Christian Formation

This is the average weekly attendance during June. Activities which could be included in this definition are: house groups, cell groups, study groups, network courses, alpha courses, Sunday school, Bible classes, choir, lectures and study groups.

Please count a person for every event attended, even where they attend several events in a week. People who are involved in the preparation or running of an event should also be counted among those attending. Again, please total the attendance in June and divide that number by 4.3 (the average number of weeks per month over the year).

8. Leadership/Staff

This provides an indication of the human resources employed by or offering voluntary assistance to the church. The number of people in each of the listed roles is required, together with an estimate of the average number of hours worked in a normal week, over the year to 30 June, split between paid positions (including stipend, wages, salaries and allowances) or voluntary placements.

If a minister, employee or volunteer fills more than one of the listed roles, enter their primary role only. Leave the space blank if there is no placement in the listed position.

Voluntary positions may be defined as a person not on the church payroll and with no expectation of remuneration, although small gifts or koha may be given to volunteers.

1.6.2 Financial Statistics form

The [Financial Statistics form](#) is designed to form a summary of and to reconcile to the church's year-end accounts and should reconcile with the statements of Financial Performance (Profit and Loss) and Financial Position (Balance Sheet).

There is also an indication for each income line if the entry is included as accessible income for the Assembly Assessment calculation, and for each expense item if the entry is deducted from accessible income.

The form is reproduced over the page.



Presbyterian Church of Aotearoa New Zealand

Financial Statistics Form P4

For the Year to 30 June 20XX

Parish Name: _____ Presbytery: _____

Completed by: _____ Date: _____

1. Statement of Financial Performance

| Income | | Include in AA calc (Y/N) |
|--|--|---|
| Grants and Donations Received | | |
| 1 | Offerings | Y |
| 2 | Charitable Appeals | Y |
| 3 | Funds Received for Mission | N |
| 4 | Funds Received for Presbytery Approved Capital Works | N |
| 5 | Other Grants | N |
| 6 | Legacies and Bequests | N |
| Total Grants and Donations Received | | 0 |
| 7 | Property Income | Y |
| 8 | Investment Income | Y |
| 9 | Income from Services and Activities | Y |
| 10 | Sundry Income (Specify) | Y |
| Total Operating Income | | 0 |
| Expenditure | | |
| 11 | Ministry Stipend and Allowances | N |
| 12 | Ministers Housing Costs | Y |
| 13 | Other Staff costs and Expenses | N |
| 14 | Property expenses | N |
| 15 | Administration and Office Expenses | N |
| 16 | Assembly Assessment and Presbytery Levies | N |
| 17 | Special Appeals, Missions | N |
| 18 | Gain/(Loss) on Sale or Revalue of Investment Property | N |
| 19 | Sundry Expenses (specify) | N |
| Total Operating Expenditure | | 0 |
| Operating Surplus/Deficit | | 0 |

2. Statement of Financial Position

| Assets | |
|------------------------|-----------------------------|
| 20 | Land and Buildings |
| 21 | Fixed Assets |
| 22 | Cash and Investments |
| 23 | Accounts Receivable |
| Total Assets | |
| 0 | |
| 24. Liabilities | |
| 0 | |
| 25. Equity | |
| 0 | |

Guidelines to completing the Financial Statistics form

Summary Statement of Financial Position

1. Offerings

All regular giving for the general purpose of the church. Includes envelope giving and special appeals that are for the purpose of meeting church operational expenses.

2. Charitable appeals

Special appeals for charitable purposes beyond the church. This applies only to funds received for specific charitable purposes, not church operations.

3. Funds received for Mission

Grants and donations received specifically for mission purposes, including overseas mission.

4. Funds received for presbytery-approved capital works

Funds raised or received from outside parties for building purchase, construction or improvements, or maintenance projects that have a capital cost of \$5,000 or more. The project must have the prior approval of the presbytery.

Does not include transfers from reserves, or grants from the Assembly Office.

5. Other grants received

Any grants received for the purpose of funding church operations. Includes Press Go or Presbyterian Foundation grants. Does not include donations received.

6. Legacies and bequests

All legacies and bequests, general or specific, from parishioners and others.

7. Property income

Income received from the rental or hire of a manse or church building. Includes any revaluation on investment property (property owned for the purpose of generating income).

8. Investment income

Interest and dividends earned on cash, shares, term deposits and investments. Includes interest earned on Presbyterian Investment Fund deposits.

9. Income from services and activities

Includes income earned from activities such as opportunity shops and fairs, and income-generating services such as weddings or funerals.

10. Sundry income

Any other income or sundry receipts as reported in the Statement of Financial Performance that is not recorded in other income categories. Sundry income entries should be specified.

11. Ministers' stipend and allowances

Local and national ordained ministers' costs including gross stipend, seniority, reimbursing and other allowances (excluding housing allowance). For Presbyterian churches this entry will not include the church contribution to the Ministers' Beneficiary Fund because this is included in Assembly Assessment.

12. Minister's housing costs

Any housing allowances or rental costs paid to a third party or minister.

13. Other staff costs and expenses

Expenses relating to non-ministry or lay employees, including administration staff and children and youth workers who are not ordained. Includes gross salaries, wages and allowances, staff training, expenses and reimbursement of expenses, ACC and church-funded pension expenses. Excludes unpaid and volunteer expenses (refer note 17).

14. Property expenses

Expenses relating to the maintenance and operation of church property. Includes repairs and maintenance, rates and utilities but excludes property costs incurred on behalf of a minister (refer note 12), insurance premiums (note 15) and capitalised building purchase and improvement costs.

15. Administration and office expenses

Includes office expenses, communications, computer costs, travel, depreciation, consultancy, Assembly Assessment and presbytery levies, and insurance premiums.

16. Assembly Assessment and presbytery levies

Assembly Assessment (including beneficiary fund portion) and presbytery levies paid.

17. Special appeals, mission

All expenditure for mission in New Zealand and overseas. Includes disaster relief, mission projects and contributions and expenses (excluding wages and salaries) paid to volunteer and paid mission workers including children and youth workers. Mission expense covers the on-payment of donations received for specific or general purpose mission projects, as well as grants paid from church funds. Includes grants and mission expenses paid to overseas agencies, workers or projects.

18. Gain/loss on sale or revaluation of investment property

Gain or loss on sale or revaluation of investment property. Enter any loss as a negative amount. Only includes property held for the purpose of generating income and subject to a registered valuer's report. Does not include the sale of a church or manse that is occupied by a minister or church employee.

19. Sundry expenses

Any other sundry expenses as included in the Statement of Financial Performance. Entries may include the write-down of fixed assets (excluding property used by the church, and receivables, or any other accounting adjustments or actual expenses not defined in entries 7–18.

Summary Statement of Financial Performance

20. Land and buildings

Land and property owned and operated by the Church, excluding investment property (note 22). A market valuation (Quotable Value) of building is preferred but if this is not available, a Rateable Valuation (RV) is acceptable. Do not use the insurance valuations for recording the value of buildings as this values buildings only, not land. The entry includes the value of any mortgaged property.

21. Fixed assets

All capitalised and depreciating assets (motor vehicles, computer equipment, furniture and fittings). Valuation is at net book value (cost less accumulation depreciation).

22. Cash and investments

Cash accounts and investments at the balance date. This includes deposits in the Presbyterian Investment Fund, or other financial institutions and shares. Also includes the rateable value of any investment property owned by the church for the purpose of income generation.

23. Accounts receivable

Loans and accounts owed to the church at the balance date.

24. Liabilities

Any amounts owed to third parties at the balance date. Includes accounts payable to creditors, commitments, loans and mortgages.

25. Equity

This is an accounting entry and is the variance between total assets and liabilities.

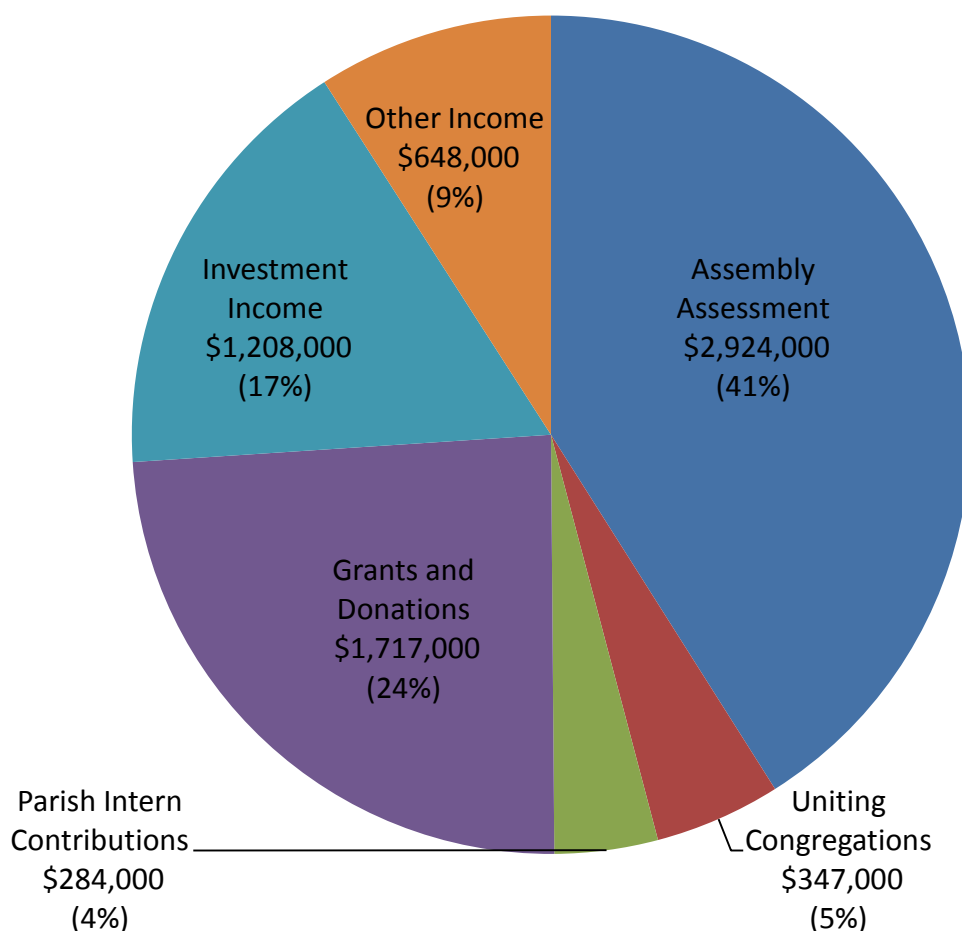
1.7 Assembly Assessment

1.7.1 Overview of use of Assembly Assessment

Assembly Assessment is the levy placed on churches to fund Assembly Office operations and the church contribution to the Ministers' Beneficiary Fund. It is a Book of Order requirement ([BOO](#), 14.11(i)) that churches pay Assembly Assessment, although there is a process in place for the Resource Sub-committee of the Council of Assembly to review billings if a church is unable to pay the full amount.

In the year to June 2012 total Assembly Assessment charged to parishes was just less than \$3 million, or 41% of the \$7.1 million total operating income. Other sources of income include interest received on Presbyterian Foundation Fund deposits, grants and donations received for specific mission or general operating purposes, contribution from parishes for interns at the Knox Centre for ministry and leadership, and sundry income including sales and advertising in *Spanz* magazine, and rental income from investment property. The breakdown of income is summarised below:

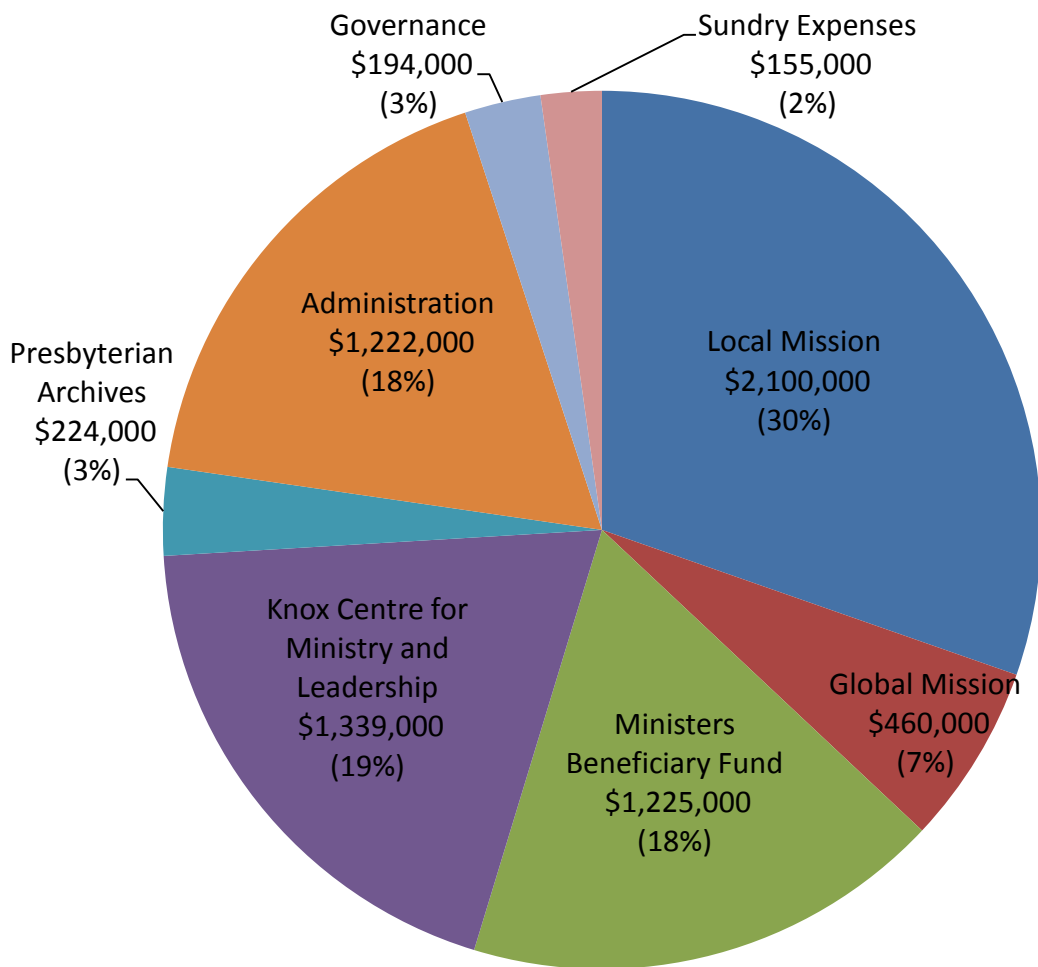
General Assembly income to June 2012



About 60% of Assembly Assessment is used to fund Assembly Office operations and the remaining 40% is used to fund each church's employer contribution to the Ministers' Beneficiary Fund. The use of Assembly Assessment is budgeted and agreed by the Council of Assembly prior to the beginning of each financial year, and variances to that budget are reported to Council by the Financial Services Department of the Assembly Office.

The Assembly Office's operational expenditure to June 2012 is shown below:

General Assembly expenditure to June 2012



The major part of the Church's expenditure is for mission and ministry. Local mission expenses include expenditure for the Assembly Office's Children (Kids Friendly) and Presbyterian Youth operations, expenditure on Global Mission initiatives, especially with the Church's mission partners in Vanuatu, Myanmar and the Church of North India, and support of the Church's Asian, Pacific Island and Māori (Te Aka Puaho) groups. Administration functions include financial services, employment and administrative support of churches, and the communications and Assembly Executive Secretary functions. Governance expense relates to the operations of the Council of Assembly, the Leadership and Resource sub-

committee, associated workgroups and the Moderator. The Knox Centre for Ministry and Leadership and the Church's archive functions are also funded. Refer to the Church's website for detail on mission and administration operations.

For the audited accounts refer to [General Assembly Finance Report to June 2012](#).

1.7.2 Assembly Assessment calculation

The church's Assembly Assessment calculation takes effect for the financial year starting on 1 July and is based on church financial and membership statistics in the period to the previous year ending 30 June. In the 2012–13 financial years, the calculation was:

Membership: \$57.00 per member

Finances: 4.16% of accessible church income.

Accessible income is total income reported as per the church's financial accounts, less deductions made for income items that are excluded from the AA calculation, which are:

- grants and donations received specifically for mission work (line 3 of Financial Statistics form)
- grants and donations received for building maintenance projects (line 4 of Financial Statistics form)
- other grants received (as defined in the guidelines relating to line 5 of Financial Statistics form)
- income from legacies and bequests (line 6 of Financial Statistics form)

In addition, the ministers' housing costs incurred by the church are deducted from income (line 12 of Financial Statistics form). This is the only expense adjustment.

An example of the church calculation follows, which is based on the previous year's membership and finance statistics.

Assembly Assessment Calculation: ABC church

Accessible income

| | |
|--|-------------------|
| Total income (as per finance report and church statistics) | \$205,150 |
| Less inaccessible income | |
| Funds received for mission purposes | (\$16,955) |
| Funds received for capital works | \$0 |
| Other grants received | (\$10,000) |
| Legacies and bequests | (\$5,000) |
| | <u>(\$31,955)</u> |
| | \$173,195 |
| Less Minister's housing expenses | (\$15,500) |
| Accessible income | <u>\$157,695</u> |

AA calculation

| | | | |
|--|-----------|---------|---------------------------|
| Accessible income* | \$157,695 | 4.16% | \$6,554.27 |
| Membership (as per prior year statistics) | 84 | \$57.00 | <u>\$4,788.00</u> |
| Calculated Assembly Assessment | | | \$11,342.27 |
| Calculated AA as % of income (\$4,778.41/\$68,340) | | | 7.19% |
| Minimum charging range | | | 7.75% |
| Maximum charging range | | | 11.25% |
| Annual levy based on charging range (excl. GST) | | | <u>\$12,221.36</u> |
| General Assembly portion | 56.00% | | \$6,843.96 |
| GST (15% of GA portion) | | | \$1,026.59 |
| Beneficiary Fund portion (non-GST) | 44.00% | | <u>\$5,377.40</u> |
| Annual levy | | | <u>\$13,247.96</u> |
| Monthly billing | | | <u>\$1,104.00</u> |

Note that there is an upper and lower limit of the Assembly Assessment charge as a proportion of accessible income. These parameters vary from year to year but the example reflects the 2012–13 parameters, which ensure that no parish is charged less than 7.75% or more than 11.25% of accessible income. In the example the calculation of \$11,342.27 is 7.19% of income, therefore outside this range. An adjustment is made to charge the minimum of 7.75%, or \$12,221.36, for the year.

1.8 Ministers' entitlements

The standard terms of call for ministers are contained in the [Conditions of Service Manual](#).

1.8.1 Ministers' stipend and allowances

The 2012–13 Stipend and Allowances calculation, with three housing scenarios, is summarised over the page.

Assumptions/Notes:

1. Notional tax of 10% of stipend (less 15% of part use of manse for church use) applies
2. Tax calculation presumes tax code "M". Includes ACC
3. Beneficiary Fund personal contributions are 5% of basic stipend
4. Housing allowance is calculated as \$400 per week (average rental)
5. Housing allowance is calculated as \$400 per week (average rental) less 15%

2012/2013 Adjusted ministers' stipend and allowance calculation (annualised)

Scenario 1: Minister living in manse (owned by church)

| Minister's Year of Service | New stipend (2% increase) | Seniority allowance as % of stipend | Seniority allowance | Notional rent (Note 1) | Gross taxable income | PAYE (Note 2) | Net stipend payable | Minister's contribution to Beneficiary Fund (Note 3) | Reimbursing allowance (non-taxable) | Manse rental | Net take-home pay |
|-------------------------------------|---------------------------|-------------------------------------|---------------------|------------------------|----------------------|---------------|---------------------|--|-------------------------------------|--------------|-------------------|
| 1 st | \$44,208 | | -- | \$3,757.68 | \$47,965.68 | (\$8,229.00) | \$39,736.68 | (\$2,210.40) | \$2,622.96 | (\$3,757.68) | \$36,391.56 |
| 2 nd to 5 th | \$44,208 | 6% | \$2,652.48 | \$3,757.68 | \$50,618.16 | (\$9,065.16) | \$41,553.00 | (\$2,210.40) | \$2,622.96 | (\$3,757.68) | \$38,207.88 |
| 6 th to 10 th | \$44,208 | 12% | \$5,304.6 | \$3,757.68 | \$53,270.64 | (\$9,906.52) | \$43,364.12 | (\$2,210.40) | \$2,622.96 | (\$3,757.68) | \$40,019.00 |
| 11 th and over | \$44,208 | 18% | \$7,957.44 | \$3,757.68 | \$55,923.12 | (\$10,747.32) | \$45,175.80 | (\$2,210.40) | \$2,622.96 | (\$3,757.68) | \$41,830.68 |

Scenario 2: Minister living in own home

| Minister's Year of Service | New stipend (2% increase) | Seniority allowance as % of stipend | Seniority allowance | Estimated housing allowance (Note 4) | Gross taxable income | PAYE (Note 2) | Net stipend payable | Contribution to Beneficiary Fund (Note 3) | ADD Reimbursing allowance (non-taxable) | Net take-home pay |
|-------------------------------------|---------------------------|-------------------------------------|---------------------|--------------------------------------|----------------------|---------------|---------------------|---|---|-------------------|
| 1 st | \$44,208 | | -- | \$20,800 | \$65,008.00 | (\$13,627.12) | \$51,380.88 | (\$2,210.40) | \$2,622.96 | \$51,793.44 |
| 2 nd to 5 th | \$44,208 | 6% | \$2,652.48 | \$20,800 | \$67,660.48 | (\$14,467.96) | \$53,192.52 | (\$2,210.40) | \$2,622.96 | \$53,605.08 |
| 6 th to 10 th | \$44,208 | 12% | \$5,304.96 | \$20,800 | \$70,312.96 | (\$15,318.16) | \$54,994.80 | (\$2,210.40)) | \$2,622.96 | \$55,407.36 |
| 11 th and over | \$44,208 | 18% | \$7,957.44 | \$20,800 | \$72,965.44 | (\$16,238.56) | \$56,726.88 | (\$2,210.40)) | \$2,622.96 | \$57,139.44 |

Scenario 3: Minister living in manse (rented from a third party)

| Minister's Year of Service | New stipend (1.9% increase) | Seniority allowance as % of stipend | Seniority allowance | Estimated housing allowance (Note 5) | Gross taxable income | PAYE (Note 2) | Net stipend payable | Minister's contribution to Beneficiary Fund (Note 3) | ADD Reimbursing allowance (non-taxable) | Manse rental | Net take-home pay |
|-------------------------------------|-----------------------------|-------------------------------------|---------------------|--------------------------------------|----------------------|---------------|---------------------|--|---|--------------|-------------------|
| 1 st | \$44,208 | | -- | \$17,680 | \$61,888.00 | (\$12,638.08) | \$49,249.92 | (\$2,210.40) | \$2,622.96 | (\$17,680) | \$31,982.48 |
| 2 nd to 5 th | \$44,208 | 6% | \$2,652.48 | \$17,680 | \$64,540.48 | (\$13,478.92) | \$51,061.56 | (\$2,210.40) | \$2,622.96 | (\$17,680) | \$33,794.12 |
| 6 th to 10 th | \$44,208 | 12% | \$5,304.96 | \$17,680 | \$67,192.96 | (\$14,319.76) | \$52,873.20 | (\$2,210.40) | \$2,622.96 | (\$17,680) | \$35,605.76 |
| 11 th and over | \$44,208 | 18% | \$7,957.44 | \$17,680 | \$69,845.44 | (\$15,160.60) | \$54,684.84 | (\$2,210.40) | \$2,622.96 | (\$17,680) | \$37,417.40 |

1.8.1.1 Basic stipend

The basic stipend is updated annually and linked to changes in the wage index, issued by the Department of Labour (refer to its quarterly [Labour Market Report](#)).

The stipend for the 2012–13 financial year is \$44,208 for a full-time ordained minister. Part-time ministers' stipends are apportioned on a *pro rata* basis of time worked.

1.8.1.2 Supply fees

Supply fees for a minister or theological student leading services, based on the FY2012–13 stipend of \$44,208, are:

| Number of Services | % of Basic Stipend | Amount (\$) |
|-----------------------------------|--------------------|-------------|
| One service | 0.52% | \$229.88 |
| Two services | 0.70% | \$309.46 |
| Two services with the same people | 1.00% | \$442.08 |

The reason there is a premium for leading the same congregation twice is that it is expected the minister would have to prepare two sermons, requiring more time input. Ministers' travel and sundry expenses are additional and negotiable with the parish.

1.8.1.3 Seniority allowance

Seniority allowance is an entitlement to all ordained ministers. It is recognition of the length of service since ordination and is calculated as a percentage of the basic stipend:

| Minister's Year of Service | FY2012–13 Basic Stipend | Seniority Allowance as % of Stipend | Seniority Allowance | Basic Stipend plus Seniority Allowance |
|-------------------------------------|-------------------------|-------------------------------------|---------------------|--|
| 1 st | \$44,208 | | -- | \$44,208 |
| 2 nd to 5 th | \$44,208 | 6% | \$2,652 | \$46,860 |
| 6 th to 10 th | \$44,208 | 12% | \$5,305 | \$49,513 |
| 11 th and over | \$44,208 | 18% | \$7,957 | \$52,165 |

1.8.1.4 Basic expense allowance

The basic expense allowance is paid as part of the terms of call, irrespective of actual expenditure incurred by the minister. The allowance for a full-time minister is currently \$2,623 per annum, broken down as follows:

- Hospitality: \$665
- Books: \$803
- Clothing (vestments): \$159
- Other expenses: \$996

Allowances for ministers working less than full-time are available upon enquiry to the Financial Services Department of the Assembly Office.

1.8.1.5 Housing allowance

As part of the ministers' terms and conditions, a manse is provided for the minister and his or her family. There are three scenarios for the provision of church accommodation:

1. Minister living in a manse owned by the church

In this scenario the manse is made available to the minister and the cost of maintenance and rates is the responsibility of the church, as it would be in a tenant-landlord relationship. The Inland Revenue does not allow the minister to receive free housing, but has made a concession that, for tax purposes, the use of the manse is valued at 10% of the minister's basic stipend, less 15% of that amount if part of the house is used for church business (i.e. a room is used as an office).

The calculation is \$3,757.68 ($\$44,208 * (10\%-15\%)$) and is added to the gross stipend as a taxable increment, and then deducted from the after-tax amount, as follows:

| | | | |
|------------------------------------|------------|---------------|-------------------------------------|
| Basic stipend | | \$44,208.00 | |
| Manse allowance | \$4,420.80 | | (10% of basic stipend) |
| Less 15% | (\$663.12) | | (If manse used for church business) |
| | | \$3,757.68 | |
| Seniority allowance | | \$7,957.44 | (Assume part use for church) |
| Gross taxable income | | \$55,923.12 | |
| PAYE | | (\$10,747.32) | |
| Net stipend | | \$45,175.80 | |
| Less manse allowance | | (\$3,757.68) | |
| Less Beneficiary Fund contribution | | (\$2,210.40) | (5% of basic stipend) |
| Plus non-taxable allowance | | \$2,622.96 | |
| Net take home pay | | \$41,830.68 | |

Note: *This concession has been reviewed by Inland Revenue and will possibly end on 1 October 2013, when an accommodation allowance equivalent to the market rental of the property will be applied. Confirmation of any tax change will be made by Inland Revenue in July 2013.*

2. Minister living in own home

In this scenario, the church is obliged to negotiate and pay the minister a housing allowance to offset the costs of his/her mortgage and operating costs. The allowance will reflect the market rental value of the property. It is recommended that if a market rental for housing allowance purposes cannot be agreed between a church and minister, the matter is referred to presbytery for consideration.

As a starting point, information on market rentals may be obtained by accessing the Department of Building and Housing [market rents database](#).

The market rental-based allowance is paid in addition to the stipend and other allowances and is therefore taxable, as follows:

| | | | |
|------------------------------------|-------------|--------------------|-------------------------------|
| Basic stipend | | \$44,208.00 | |
| Manse allowance | \$20,800.00 | | (Assume \$400 per week) |
| Less 15% | -- | | (Assume part use for church) |
| | | \$20,800.00 | |
| Seniority allowance | | \$7,957.44 | (Assume 11+ years of service) |
| Gross taxable income | | <u>\$72,965.44</u> | |
| PAYE | | (\$16,238.56) | |
| Net stipend | | <u>\$56,726.88</u> | |
| Less manse allowance | | -- | |
| Less Beneficiary Fund contribution | | (\$2,210.40) | |
| Plus non-taxable allowance | | <u>\$2,622.96</u> | |
| Net take home pay | | <u>\$57,139.44</u> | |

Note that there is no after-tax deduction of the allowance, creating a significant increase in the net pay. This is because, unlike the first scenario, it is the minister, not the church, who incurs property, maintenance and any finance costs associated with the property. It is also the reason why there is no 15% deduction for any church use of the property, as applying this would reduce the minister's net stipend.

3. Minister living in manse rented from a third party

If the manse is rented from a third party by the church and provided to the minister, the value of the rental is known (as that is the amount being paid). In this circumstance the rental value is used as the Manse Allowance amount. The 15% reduction for church use still applies. Using an example of a manse rented at \$400 per week, the calculation is as follows:

| | | | |
|------------------------------------|--------------|--------------------|--|
| Basic stipend | | \$44,208.00 | |
| Manse allowance | \$20,800.00 | | (Rental amount: assume \$400 per week) |
| Less 15% | (\$3,120.00) | | (Assume part use for church) |
| | | \$17,680.00 | |
| Seniority allowance | | \$7,957.44 | (Assume 11+ years of service) |
| Gross taxable income | | <u>\$69,845.44</u> | |
| PAYE | | (\$15,160.60) | |
| Net stipend | | <u>\$54,684.84</u> | |
| Less manse allowance | | (\$17,680.00) | |
| Less Beneficiary Fund contribution | | (\$2,210.40) | |
| Plus non-taxable allowance | | <u>\$2,622.96</u> | |
| Net take home pay | | <u>\$37,417.40</u> | |

It is acknowledged that application of this rule will disadvantage ministers as it results in a lower net stipend than the other scenarios. The Council of Assembly recognises that where a minister has no choice but to live in rented accommodation, they should not be disadvantaged in terms of net stipend. Ideally this should be negotiated as part of the ministry settlement board process, but otherwise the parish should absorb the additional cost.

Note: *The effect on minister's net stipend and other entitlements caused by the application of this rule has been communicated by the Inter Church Working Party to Inland Revenue, who are currently reviewing it. An announcement confirming or changing the rule is expected in July 2013.*

1.8.2 Ministers' Beneficiary Fund

Membership of the Beneficiary Fund is compulsory for all Presbyterian ministers, unless exemption has been applied for and approved by the Beneficiary Fund Committee. The fund is a Defined Benefit Scheme administered by AON Hewitt and contributions are made by both the minister and the employing church as follows:

| | Contribution as % of basic stipend | Amount per annum (based on FY2012–13 stipend) | Payment method |
|--|------------------------------------|---|---|
| Minister's contribution | 5.0% | \$2,210.39 | Deducted from stipend and paid to AON by the church |
| Church contribution (Presbyterian churches) | 9.7% | \$4,288.16 | Paid to Assembly Office as portion of Assembly Assessment |
| Church contribution (co-operating churches with Presbyterian minister) | 9.7% | \$4,288.16 | Paid to AON by the church |

Co-operating churches pay the employer subsidy and the appropriate Employer Superannuation Contribution Tax (ESCT) on the church contribution (not on the minister's contribution) to Inland Revenue (refer Section 1.9.4). The ESCT payment is incorporated in the IR346 PAYE payment return. Presbyterian churches do not pay ESCT as it is paid by the Assembly Office from the Assembly Assessment. Beneficiary fund payments are not subject to GST.

When a minister leaves a congregation, the church should advise AON Hewitt as soon as possible to stop the personal contribution direct debit. When a new minister is inducted, s/he should be asked if they want their personal deduction deducted from the stipend. If this happens AON Hewitt should be advised so they can activate the direct debit.

For Beneficiary Fund queries and registration information call AON on 0800 266 4636, or refer to the PCANZ [Beneficiary Fund web page](#) for more information.

1.8.2.1 Ministers' KiwiSaver contributions and the Beneficiary Fund

In 2008 the Beneficiary Fund was adapted so that a portion of contributions are KiwiSaver-compliant under the law:

| <u>Revised</u> | <u>Beneficiary Fund</u> | <u>KiwiSaver Component:</u> | <u>Total</u> |
|----------------|-------------------------|-----------------------------|--------------|
| Minister: | 3% | 2% | 5% |
| <u>Parish:</u> | <u>7.7%</u> | <u>2%</u> | <u>9.7%</u> |
| Total | 10.7% | 4% | 14.7% |

Note that for ministers ordained **before** 1 July 2008, the KiwiSaver-compliant component means there is no effect on the following:

- the amount contributed by either the minister or the parish
- the investments made by the Beneficiary Fund
- the benefits to the minister on retirement. The fund remains a defined benefit scheme, with a tax-free benefit to members regardless of the time s/he has been a member.

For ministers ordained **after** 1 July 2008, the minister/church contributions are the same as above; however, there is a difference in the benefit to the minister on retirement in that the KiwiSaver-compliant component of the scheme will be defined contribution, rather than defined benefit.

1.8.3 Reimbursement of vehicle expenses

Refer: Inter-Church Working Party on Taxation's [motor vehicle reimbursement rates guide](#)

Motor vehicle reimbursement rates are advised by the Inter-Church Working Party on Taxation (ICWPT). They are based on, but do not replicate, rates advised by the Automobile Association and Inland Revenue. Rates are recommendations only and alternative rates (or reimbursement systems) may be negotiated between the minister and the church. The current ICWPT rates are:

- up to 14,000km annual running for all purposes: reimburse at 69 cents
- up to 20,000km annual running for all purposes: reimburse at 56 cents
- up to 26,000km annual running for all purposes: reimburse at 49 cents
- for mileage beyond chosen band range: reimburse at 26 cents

Rates are for total church-related travel undertaken over the course of a year, so an estimate of mileage over a year, therefore a reimbursement rate band, should be agreed between the church and minister (or employee) in advance.

As a registered charity, mileage reimbursement for church business is not subject to Fringe Benefit tax, but reimbursement at higher rates might be. You may contact Inland Revenue or the Assembly Office for further advice.

In order to be eligible for church reimbursement of mileage, the minister (or employee) must maintain a log book recording church and private use, and ensure that only travel undertaken for church use is claimed, including:

- travel undertaken in order to fulfil the requirements of the ministry being exercised within a parish or other designated area of ministry (for example, chaplaincy)
- travel incurred in fulfilling responsibilities to the presbytery and the wider church
- travel incurred in attending in-service training events
- travel incurred while on study leave

Private usage includes driving between the manse and the church, as this is regarded as transportation prior to working.

1.8.4 Ministers' leave entitlements

Refer: [Conditions of Service Manual](#)

1.8.4.1 Annual leave

Ministers' leave entitlements are not governed by employment law, but are in accordance with the [Book of Order and detailed in the Conditions of Service Manual](#). A minister is entitled to four weeks' annual leave per year, and they have the same statutory holiday entitlement as lay workers, that is, 11 days per year.

A full-time minister's workload is calculated as 12 units, which equates to five days plus two evenings per week. However, church councils should encourage their minister to take two days off per week. Ministers are permitted to take a three-day weekend off per school term without cutting into their leave entitlement.

The annual leave entitlement is summarised below:

| | |
|---|---------------|
| Annual leave: | 20 days |
| Statutory leave: | 11 days |
| Additional leave for extra hours (1 day per quarter): | <u>4 days</u> |
| Total | 35 days |

If a minister works on a statutory holiday, s/he is entitled to a day off in lieu. Unlike a lay employee covered by the Holidays Act, a minister does not receive penal rates (time and a half) for working statutory days. When a minister is required to work on one of their usual days off, or a statutory holiday falls on that day, they will receive an extra day off in lieu.

Leave is accrued at the end of each year's service. To calculate leave, record any days the minister takes off as leave and add any days that a minister has worked on a statutory day.

For example, the Rev Smith starts work on 1 January 2013:

| | |
|------------------------------------|----------------------|
| Leave accrued to 31 December 2013 | 20 days |
| He took two weeks' leave in August | (10 days) |
| He worked Good Friday | 1 day in lieu |
| He worked Easter Monday | 1 day in lieu |
| He worked Christmas Day | <u>1 day in lieu</u> |
| Leave owed at 31 December 2013: | 13 days |

The minister's pay will not change regardless of whether s/he is working or on leave. What will change is the remaining leave s/he is owed.

On resignation, the minister may be paid out unused leave. Because ministers are not covered by the Holidays Act, the church is not legally bound to pay out any unused annual leave liability in cash at the conclusion of employment, although there is an obvious moral obligation to do so.

Using the above example, if the minister resigns on 1 February 2014, the calculation would be:

| | |
|-------------------------------------|--------------------------------------|
| Leave owed at 31 December 2013: | 13 days |
| Leave accrued 1 January–31 January: | <u>1.67 days</u> (20 days/12 months) |
| Total: | 14.67 days |

To calculate gross leave payable at resignation (using 2012–13 stipend data):

| | |
|------------------------------------|--------------------|
| Basic stipend | \$44,208.00 |
| Manse allowance | \$17,680.00 |
| Seniority allowance | \$7,957.44 |
| Gross taxable income | <u>\$69,845.44</u> |
| | |
| Taxable income / 52 weeks / 5 days | \$268.64 |
| Annual leave due (days) | 14.67 |
| Value of holiday pay payable | \$3,940.89 |

Churches are expected to arrange pulpit supply in the absence of a minister and are required to work with their minister to ensure they are taking adequate time off. The church should not pay leave in cash (except at the conclusion of employment) and should not let the leave liability accumulate too much.

1.8.4.2 Sick leave

Sick leave for ministers is available on a basis of as and when necessary. A medical certificate should be required for absences longer than one working week. Session and church councils are urged to encourage their ministers to take reasonable sick leave when required, including reasonable time for recuperation.

If a minister is goes on extended or indefinite sick leave, the church council needs to notify the presbytery/Union District Council (UDC). The presbytery/UDC will then make contact with the minister and discuss their options under the Beneficiary Fund. (After eight weeks continuous sick leave the church may apply to the Beneficiary Fund for reimbursement of payment of supply fees for a replacement minister.) Where it is unlikely a minister will be unable to return to their church, the presbytery/UDC may dissolve the pastoral tie for medical reasons. (Refer [BOO](#) Chapter 10.) However, it should be emphasised this is the absolute last step.

Note: To assist ministers with taking leave, there is holiday accommodation available at Glen Innis Station near Waipukurau.

Care of dependents

The Conditions of Service manual is silent on the issue of using sick leave to care for dependents. Where a minister needs to take time off to care for a dependent, careful consideration should be given to their request. Where the amount of leave required is longer than one week, the church may ask the minister to use their annual leave entitlement. Where the amount of leave required is significant, the presbytery/UDC should be involved to assess the minister's capacity to continue in their charge.

1.8.4.3 Study leave

All ministers, including presbytery and assembly appointees, are entitled to study leave, which is accumulated at one day for each month of accumulated service, up to a maximum of 84 days (12 weeks).

The value of study leave (number of days multiplied by the daily stipend of the minister) that has been accrued but not used should be recorded in the church balance sheet as a liability.

When a minister moves between churches his or her accumulated study leave is transferred to the new church. A minister must not be given a financial payment in lieu of study leave.

1.9 Tax

1.9.1 Tax-free status under the Charities Act

Refer: Inland Revenue for explanations of [charitable organisations](#)

As registered charities under the Charities Act 2005, all Presbyterian churches and cooperating ventures are exempt from the following taxes:

- Income Tax on operating surplus generated by churches
- Resident Withholding Tax (RWT) generated on interest income
- Fringe Benefit Tax

Cooperating ventures are currently individually registered with the charities section of the Department of Internal Affairs, so each church will have its own CC number and registration certificate.

For Presbyterian churches there is currently a single registration (CC33597) in the name of The Presbyterian Church of Aotearoa New Zealand. (Click on these links for the [Certificate of Registration](#) (see image below) and the [Inland Revenue Resident Withholding Tax exemption letter](#).)



Although this registration currently applies to all Presbyterian churches, presbyteries and church groups, the Department of Internal Affairs requires that only the audited accounts of PCANZ are published on their website in order to maintain the registration.

1.9.2 Donation Tax Credits

Tax credits are claimed by donors using the form IR526. To download, click [here](#).

Note: Box 4 of this form relates specifically to donations made to churches. The Inter-Church Working Party on Taxation has issued guidelines on receipts qualifying for tax credits. The distinction is made between “qualifying donations” (an unconditional gift to the church) and “other” receipts. These are receipts for services, supplied by the church, or for tagged donations (mission purposes nominated by the donor) that do not qualify for a tax credit.

The Inter-Church Working Party on Taxation key points are reproduced below. The full document can be accessed [here](#).

1.9.2.1 Issuing church receipts

(a) Receipts qualifying for the tax credit (Box 4 IR526)

Church treasurers can issue qualifying receipts identifying the church and the relevant Charities Commission number where the donor has:

- made an **unconditional gift** to the church

Note: The donor may make an **unconditional gift** to the church in the full knowledge that a portion of the church budget is spent supporting overseas and other causes outside the church. That is still an unconditional gift as the donor has not specifically directed how it is to be spent. In such cases the onus is on the church treasurer to ensure that the law is complied with and such outside causes are relatively minor in the context of the overall church budget. The [Income Tax Act 2007](#) requires that donee/recipient organisations use their funds ‘**wholly or mainly for charitable, benevolent, philanthropic purposes within New Zealand**’ (emphasis added) so funds going overseas must always, in total, be less than 50% of the church’s total expenditure.

- made a gift with limited directions as to how the donation is to be applied, for example, to a New Zealand-based internal church project (e.g. ‘the building fund’)
- made a donation that the donor directs be passed on to another part of the regional or national church entity (e.g. the diocesan/national budget), provided that donation would qualify for the rebate on a standalone basis
- made a donation specifically tagged to a church-related organisation with overseas purposes, which is listed on Schedule 32 of the [Income Tax Act](#). Note that to qualify, the donation must be passed on in bulk by the parish such that the donor does not receive a personalised receipt from the recipient e.g. World Vision, Caritas, Christian World Service.

Note: The above receipts, qualifying for the tax credit, should be included in Box 4 of the rebate claim form IR526.

(b) Other church receipts (excluded from a claim on form IR526)

The church may issue other 'ordinary' receipts, which are ineligible for a tax credit. Treasurers must ensure such receipts clearly state that they are 'not a tax credit-qualifying donation and therefore no claim can be made on the IR form' or words to that effect. Some examples include:

- where a good or service has been received, e.g. camp/retreat fees, wedding/funeral fees. If the church is registered for GST, such receipts will be GST inclusive
- 'conduit' or 'pass through' tagged donations, where the donor directs the donation to a person or entity that does not of itself qualify for the rebate (e.g. mission or overseas organisations not on Schedule 32, 'Fred & Sally' doing mission work overseas). (Refer Section [1.9.2.2](#) below.)

Note: There may be instances of 'conduit' or 'pass through' donations where the recipient organisation does qualify for the rebate but the donor will receive a receipt directly from such an entity.

1.9.2.2 Tax rebates on donations for overseas mission

Refer: Inter-Church Working Party on Taxation guidelines on [tax rebates on overseas mission donations](#)

As noted above, if the mission activities of the church are "wholly or mainly...within New Zealand", but some mission expense is for overseas activities, donors qualify for donation tax credits. However, distinction should be made between the overseas mission activities of the church and those specified by the donor. Please note point 4(i) of the above document:

Where a donation given to a parish is tagged by the donor specifically for overseas purposes, it will not be eligible for a tax credit since the parish is simply a conduit through which that donation is being made.

1.9.2.3 Payroll giving

Refer: Inland Revenue on [payroll giving](#); Ministry of Social Development brochure on [giving to religious organisations](#)

Payroll giving was introduced by the Government to simplify the tax credits on donations available to donors, and to make the credit available as the donation is paid. Essentially donors will arrange with their employer to deduct donations from their gross wage or salary, and the tax credit is calculated on the PAYE payable to Inland Revenue. Please note:

- The employer will pay the donation directly to the church.

- The donor’s employer must offer this service to the donor and file their PAYE returns electronically
- The tax credit on PAYE is 33.33% of the donation, that same as if the donor was claiming the credit annually. This amount is deducted from PAYE payable by the donor to Inland Revenue
- Only donations to registered charities qualify
- Tax receipts should not be issued to donors who use this payment method

Please refer to the Inland Revenue link above for details on how the calculation is made, and refer donors to their employers if they wish to investigate payroll giving

1.9.3 PAYE (Pay As You Earn)

Refer: Inland Revenue information on employer responsibility regarding [PAYE deductions](#)

All churches must deduct PAYE from ministers’ stipends and staff salaries and pay Inland Revenue. The church must register with Inland Revenue and obtain an IRD Number.

- On the commencement of employment, obtain a completed [tax declaration \(IR330\)](#) from each employee.
- PAYE on stipend and wages is calculated using [tables](#) supplied by Inland Revenue.
- Remittance must be made to Inland Revenue before the due date, usually the 5th of the month for PAYE deducted during the preceding month. (Only churches with an annual turnover of \$500,000 or more are required to file returns on the 5th and 20th of each month.) Payment to Inland Revenue may be done manually or electronically using the [form IR345](#) as supporting documentation. Refer Inland Revenue for [returns information](#).

1.9.4 ESCT (Employer Superannuation Contribution Tax)

Refer: Inland Revenue information on the [2010 changes to ESCT](#)

All church contributions to ministers’ and employees’ superannuation schemes (including KiwiSaver) are subject to ESCT. The rate payable on the contribution depends on the total gross salary or stipend and allowances (including seniority and housing allowances) of the minister or employee, as follows:

| Gross annual wage/salary/stipend | ESCT rate on employee contribution |
|----------------------------------|------------------------------------|
| \$0–\$16,800 | 10.5% |
| \$16,801–\$57,600 | 17.5% |
| \$57,601–\$84,000 | 30% |
| \$84,001 and over | 33% |

For example, the rate paid on the Ministers' Beneficiary Fund contributions (assuming total gross stipend and taxable allowances between \$57,600 and \$84,000 per annum) is \$55.26 per month allowances as follows:

| | | Minister's (*employee) contribution (5%) | Church (employer) contribution (9.7%) |
|---|-------------|---|--|
| Basic stipend (per annum) | \$44,208.00 | \$2,210.00 | \$4,288.00 |
| Basic stipend (per month) | \$3,684.00 | \$184.20 | \$357.35 |
| ESCT (30% of gross stipend and allowances) | | \$55.26 | |

Note:

- The calculation of the gross minister's contribution is on the basic stipend, but the ESCT tax rate is based on gross stipend and allowances
- The employer contribution to ministers' (not employees) beneficiary and pension funds is collected and paid by Assembly Office through Assembly Assessment, so no action is required by Presbyterian churches. (This does not apply to co-operating churches, which pay the Beneficiary Fund employer contribution directly to the Beneficiary Fund administrator, AON)
- Refer to Section [1.8.2](#)

1.9.5 GST (Goods and Services Tax)

Refer: Inland Revenue information on [GST for non-profit organisations](#)

1.9.5.1 The GST "rules" for churches

Refer: Inter-Church Working Party on Taxation's guide to [GST rules for churches](#)

The following is an extract from a guideline for GST as applicable to churches, as advised by the Inter-Church Working Party on Taxation, dated September 2010 (refer to link above). This document is not intended as a definitive explanation of GST but as a supplement to publications issued by Inland Revenue. The key points are reproduced below:

The following package was agreed with the Government and where necessary, incorporated into the provisions of the Goods and Services Tax Act 1985.

- (a) Church entities could voluntarily register for GST. This was not compulsory but was highly recommended since, without registration, church entities, having paid GST on the goods and services purchased, would be unable to claim those amounts back. In other words, they would have become tax payers for the first time in breach of the Government's "no worse off" commitment.

- (b) When a church entity is registered, it would list its principal taxable activity as “the advancement of religion”.

Note: It is vitally important that registration is made on that basis since “the advancement of religion” is a catch-all for a church entity’s activities. Registration under a more restricted heading, e.g. “hall rental”, would restrict the scope of the input tax that can be claimed to only those input taxes associated with the hall building.

- (c) GST would not apply to unconditional gifts and donations received by church entities since such gifts are neither “goods” nor “services” as those terms are interpreted in the Goods and Services Tax Act.
- (d) In order to claim, and continue to claim, GST refunds, church entities would, however, also need to undertake “taxable supplies” and pay GST on a “continuous” or “regular” basis (even though the taxable activity of “the advancement of religion” is continuous).

This test is satisfied if the church entity concerned **returns GST on wedding or funeral fees** or on goods or services sold on a regular basis, even if that supply is infrequent, and even if it is a small amount of money. For example, this test, which is a prerequisite of the continuing ability of a church entity to receive GST refunds on a continuous basis, is satisfied if Christmas cards or calendars are sold just once a year; or the Church hall is hired out on a regular basis, or Christian publications are sold on a weekly or monthly basis.

1.9.5.2 GST on income (output tax)

GST is charged on “taxable supplies” provided by a church to a third party. Taxable supplies include the provision of goods and services, for example:

- sale of other goods (except donated goods and services)
- income for services performed (for example, the conducting of wedding or funeral services (unless the income is given as a donation), or the hire of property or equipment

In most cases, a large portion of church income would not qualify as taxable supply and would be not be subject to GST, for example:

- donations received
- interest on investments
- sale of donated goods and services

1.9.5.3 GST on expenses (input tax)

The GST content of expenses may be claimed on expenses incurred in providing services other than those for which the income is “exempt”.

If the church is GST-registered, is making taxable supplies, and incurs costs that are associated with making those taxable supplies, then GST on those expenses may be claimed, for example:

- repairs, maintenance and property costs (on halls that are hired out)
- phone and computer costs
- capital costs on buildings that are hired out (i.e. building improvements and extensions) except dwellings such as manses

Expenses that do not have GST cannot be claimed. These include:

- salaries and stipends
- staff allowances
- depreciation and interest
- grants and donations paid

GST incurred on capital expenditure—for example, capital building works (other than dwellings), or the purchase of office or computer equipment—may be considered a legitimate GST input tax deduction. Again, the expenditure must not be for the principal purpose of making exempt supplies. As a guide, GST on capital expenditure should be related to the taxable income on which GST is paid.

1.9.5.4 GST returns

Refer: Inland Revenue [GST return](#) form

GST returns are usually made monthly (although they may be made two- or six-monthly). Accumulated input and output tax are offset to calculate the amount payable or receivable. If GST on taxable expenditure (input tax) exceeds GST on supplies made (output tax), then the balance will be a calculated GST refund receivable from Inland Revenue.

GST returns are subject to Inland Revenue audit, so documentation in the form of church invoices and supplier invoices and receipts should be kept for a period of seven years. Note that documentation is not required where the expenditure does not exceed \$50.

1.10 Church property

Refer: [Church Property Handbook](#)

1.10.1 Property responsibilities of the church council

The property responsibilities of the church council are set out primarily in [Book of Order](#) chapter 16.3, and the supplementary provisions for chapter 16. In major property matters, the church council can act only on the authority of the congregation itself, that is, a congregational meeting must be called (refer [Book of Order](#) 5.2(4)(d)).

In practice, it is appropriate for approval for property expenditure to be sought at the annual meeting, as part of gaining approval for the next year's budget. (The budget, as well as the financial statements, must be approved at the annual general meeting.) Unbudgeted major expenditure will require approval by a separate congregational meeting.

The property responsibilities of the church council are normally delegated to a board of managers or a property/finance committee. The board of managers has the status of a committee which is subordinate to the session/parish council. The board of managers or property committee must give weight to the views of the minister or local ministry team, and the session/parish council may reverse or alter any decision of the managers. If the session makes a decision that affects the board of managers, it must formally advise the managers. (Refer [Book of Order](#) 7.15(2) and 7.21.)

1.10.2 Major building proposals

Before proceeding with any proposal relating to property (alter/extend/buy/sell/lease or use capital funds for these purposes) which will cost more than \$20,000, the church council must obtain the approval of the congregation, the presbytery and the Church Property Trustees or the Synod of Otago & Southland. Application forms are available directly from the Trustees or the Synod. Church councils are encouraged to discuss their property proposals with the Trustees Office while projects are still at the concept stage, when advice can be given on how best to proceed to obtain the necessary approvals.

The process for a church council to obtain property or financial approvals is set out in the [Property Handbook](#), or (for southern parishes) in the procedures of the Synod of Otago & Southland. Applications are considered in terms of how the proposal will effectively further the mission of the Church.

Building proposals which will cost over \$100,000 also require a report from the Church Architecture Reference Group (CARG) before presbytery can consider an application. It will save time if the church council contacts the nearest CARG regional group early in the process. Contact details are in the PCANZ Yearbook.

General Assembly has a policy that all property expenditure should serve the mission of the Church, and congregations will be asked to justify the cost of their proposals in these terms.

1.10.2.1 Sources of external funding

Borrowing

Any borrowing of over \$5,000 requires the prior approval of a congregational meeting, the presbytery and the Church Property Trustees or the Synod of Otago & Southland. Generally, the congregation is expected to have at least 50% of the total project cost in hand, or pledged, before borrowing will be approved.

Even if the borrowing is not to be secured by way of a mortgage e.g. if church members offer interest-free, unsecured, loans, these approvals must still be obtained.

Presbyterian Savings & Development Society (PSDS) is the usual source of larger church loans. The church council may contact PSDS to ascertain the likelihood of securing a loan, before an application is made for approval to borrow. Phone PSDS on 09 520 4743, or write to P O Box 26 210, Epsom, Auckland 1344.

A loan will be secured against one of the congregation's properties, e.g. church or manse. Because title to all Presbyterian property is registered in the name of either The Presbyterian Church Property Trustees or The Otago Foundation Trust Board, the trustees of one of these bodies must sign the mortgage documents.

See the [Property Handbook](#) for details of the general procedures. Contact the Church Property Trustees trustees@presbyterian.org.nz or the Synod of Otago & Southland synod.otago.southland@xtra.co.nz for advice and application forms.

Community trusts

Church councils do not require approval from the higher courts of the Church to seek grants from community trusts.

Lottery grants

Approval is not required for church councils to apply for local lottery grants schemes for amounts under \$5,000. If, however, a church council wishes to apply to the Lottery Grants Board for major funding, for example, for a building project, the approval of the congregation, the presbytery and the Church Property Trustees, or the Synod of Otago & Southland must first be obtained, as they will be required to co-sign the application form to the Lottery Grants Board.

Section 9 of the [Property Handbook](#) sets out the criteria for approval by the Church Property Trustees. Building project applications will be considered only if most of the use of the building will be for groups or organisations that are not part of the congregation. Alterations to a church are not generally given approval, unless it has a heritage value that is supported by the community.

Southern Presbytery congregations should contact the Synod of Otago & Southland, whose criteria may vary slightly from those of the Church Property Trustees.

1.10.3 Proceeds from the sale of church property

When a congregation sells a property, the capital (net proceeds after costs have been deducted) is held by the Church Property Trustees in the Presbyterian Investment Fund. (This does not apply to Southern Presbyterian parishes.)

The income from the invested funds may be used for any purpose the church council wishes, but use of the capital is restricted and requires an application to the Trustees. Email trustees@presbyterian.org.nz for application forms. The general restrictions on the use of capital funds are set out in the [Property Handbook](#).

1.10.4 Property insurance

Church councils are required to carry adequate insurance on all property. If a church council wishes to insure a property for demolition cover only, approval must first be obtained from the Church Property Trustees or the Synod of Otago & Southland.

Properties that are used as security for a loan from PSDS must have full replacement insurance.

1.10.4.1 Presbyterian Insurance Group

Refer: PCANZ [insurance information](#) and AON [Insurance and Risk Management Guide](#)

The Presbyterian Insurance Group is a committee of representatives of Assembly Office, churches, the Church Property Trustees, Presbyterian schools and Presbyterian Support.

These organisations have a combined property and other asset sum insured of about \$2 billion and uses this large portfolio to leverage competitively priced premiums from London-based insurers. Premiums are paid to insurers and recharged to Insurance Group customers annually. The renewal for liability insurance is in August and material damage (property) insurance is in October.

Note that although churches are required by the Church Property Trustees and Synod of Otago & Southland to have adequate insurance for church assets, they are not required to use the Presbyterian Insurance Group for that cover, and are able to choose an alternative insurer if the church council decides.

The brokers for the Presbyterian Insurance Group are AON New Zealand Limited. They do the annual negotiation with insurers for premiums, and are the point of contact for churches and other customers when insurance claims. Their portal for Presbyterian customers is [here](#). To access the site, the username is *parishes* and the password is *john316*.

The administration of the Presbyterian Insurance Group is done by the Financial Services Department in Assembly Office. For matters relating to asset additions, disposals and changes in value, as well as premium recharges and payments, please refer to Margaret Fawcett at margaretf@presbyterian.org.nz

2 EMPLOYMENT OF STAFF AND LAY WORKERS

2.1 Employment legislation

The church's recruitment, selection and employment practices must comply with the regulations and responsibilities set out in New Zealand [employment law](#) and other relevant legislation, not only because it is legally obligated to do so, but because it is the best way to manage the risks involved in this relationship. Risks are anything that could potentially damage the church (and Church) or cause problems for it and its members; these could range from a rejected candidate seeking legal action to remedy alleged discrimination, to a protracted dispute with an employee regarding the terms and conditions of his/her contract.

There are two key pieces of legislation relating to employment. The [Employment Relations Act 2000](#) highlights the importance of 'good faith' behaviour as the foundation of the employment relationship, and the value of having the rights and obligations of both employers and employees clearly set out. This act also raises other issues to consider such as immigration, health and safety, human rights, skills development, disclosure and privacy. The [Human Rights Act 1993](#) sets out the prohibited grounds of discrimination, outlines what constitutes discrimination in employment, and outlaws discrimination on a variety of grounds, such as age, gender, ethnicity, marital status, sexual orientation, disability, religious, ethical and political beliefs, and so on.

For church purposes these documents are references only. For simple and accessible legislation refer to:

- the [Human Rights Commission website](#), which contains information on the rights and obligations contained in employment legislation
- the [National Equal Opportunities Network](#), which promotes best practice in equal employment opportunities. It has developed [pre-employment guidelines](#) aimed at ensuring equality and fairness for all job applicants

2.2 Recruitment

2.2.1 Job description and person specification

The church as an employer should provide every employee with a job description that describes the work to be undertaken. This will document the role's tasks, responsibilities, working arrangements, training and hours. It should also contain a person specification, which details the skills, knowledge, experience, and qualifications required to fulfil the role. It is important not to include requirements that could be perceived as discriminatory under the Human Rights Act 1993.

These documents should be written in plain language and be made available to prospective employees prior to applying for the position. A job description and person specification template can be found [here](#).

2.2.2 Advertising

As a church it is likely that employees may come from within the church, possible in a volunteer position. If a vacancy has to be advertised to the wider Church or community, either for an administrative or mission role, there are several options available to the church:

- General Assembly publications and website: Place an advertisement in the PCANZ magazines, *Spanz* and *Candour* (email: spanzadvertising@presbyterian.org.nz) or list your non-ministerial vacancy under “Jobs” on the PCANZ website (email webmaster@presbyterian.org.nz)
- For the placement of youth ministry positions, visit the jobs page on the Presbyterian Church Youth Ministry website: <http://www.pym.org.nz/test/jobs/>
- recruitment agencies: this can appear costly, but an agency can reduce the amount of time required to review and short-list applications, as well as help clarify the church’s needs, appropriate pay levels and the level of experience available and required
- Work and Income New Zealand’s [free service](#) that matches qualified unemployed people to the jobs that employers list with them
- targeted journals, magazines and websites e.g. profession-specific publications
- shoulder-tapping i.e. directly approaching potential applicants, provided the employee is not encouraged to break any employment obligations, such as giving the correct period of notice and compliance with restraint-of-trade clauses

All job advertisements and announcements should be based on the job description and person specification. An advertisement should be concise and designed to attract maximum interest whilst allowing self-elimination of less suitable candidates.

The church is responsible for the advertisement’s content. The deliberate misrepresentation of information can constitute a breach of the [Fair Trading Act 1986](#).

The advertisement should include the following information:

- **Job title:** A meaningful title that can be understood by people
- **Job structure:** An explanation of how the role fits within the church
- **Work type:** Information about the position’s hours, permanent or fixed-term status, full-time or part-time, and any flexibility regarding location or job sharing
- **Environment:** A description of the job’s location and setting (e.g. small/large team, lively/quiet, environment etc.)
- **Role:** A description of tasks and responsibilities

- **Person description:** A short and specific description of the qualifications, key skills, relevant experience and personal qualities required
- **Salary/benefits/training/opportunities**
- **Closing date:** The closing date must allow sufficient time for applicants to receive relevant information and submit an application
- **Method of application:** How to apply and/or where to get more information about the role
- **Contact person**

2.2.3 Job applications

Once a potential applicant has responded to an advertisement or approach from the church, the person specification and job description of the role should be made available to them. Applicants should also be informed of selection process and timetable, notified that successful applicants may be subject to police vetting, and given any other relevant information. Respondents should be invited to apply in writing giving an overview of their skills and experience, the reasons for their interest in the role, and attaching their Curriculum Vitae (CV).

Completed applications should be kept in a secure location to protect the privacy of applicants. Disclosing details of an application without consent, even by accident, is likely to breach the [Privacy Act 1993](#).

2.2.4 Interviews

All shortlisted candidates should be interviewed should be informed of the interview process in writing (by email is acceptable), which should include:

- the date, time and location of the interview
- names and posts held by the person/s conducting the interview
- information about any tasks or types of assessment that they will be required to undertake
- advice to bring evidence of personal identification, e.g. passport, driver's license, etc., and of ability to work in New Zealand, if required
- an invitation to bring a support person or whānau group to the interview, as desired.

Interviews must be consistent across all candidates. The same primary interview questions should be put to all candidates. Follow-up questions will depend on the candidate's responses. Questions based on information provided by the application form should be tailored to each individual. In areas of high health and safety risks, or where the candidate will be responsible for the health and safety of others, e.g. looking after children, the interview should test the candidate's attitude towards health and safety issues.

Candidates must be provided an opportunity to ask questions of the panel about the position, the church and related areas. They should also be asked if they have read and understood the information received—in particular, the job description, person specification and information on health and safety. Notes of each interview should be made and kept in a secure and confidential place for a minimum of 12 months following the end of the selection process.

At the end of the interview, the candidate should be asked if s/he has any particular needs that would require attention if appointed to the position. Where a candidate has identified her/himself as being disabled, it is prudent to enquire about her/his disability in case reasonable accommodation as required by [Human Rights Act 1993](#) has to be made.

At the conclusion of the interview, the candidates should be informed of the timetable for appointment, who will contact them with the result, and how they will be told. It is important that the outcome is conveyed directly to the individual, either verbally or in writing.

It is sometimes appropriate to ask job applicants to undergo tests in order to assess whether they are suitable for a job. Tests cannot be used as a primary selection process. If assessment tests are to be used, they should be of limited duration and be a genuine assessment of the applicant's capabilities to perform the key tasks of the job. For example, it would be reasonable to have the skills and knowledge of the church treasurer or office administration staff tested. In such cases, it is best to outsource these tests to an appropriate consultant.

2.2.5 References

After the interviews and before any employment offers are made, references must be checked. Reference checks should seek to verify the employment information the applicant has provided, as well as assist with determining if the applicant is a good fit for the position and of good character.

It is advisable to obtain the applicant's written consent to gather information from their referees or other sources and applicants' requests not to have referees contacted stage should be respected, although at least one reference should be obtained before any offer of employment can be made. See the list of [standard questions to ask of referees](#) on the PCANZ website.

Successful applicants' references should be retained in their personnel file. Unsuccessful applicants' references should be retained for 12 months (in case of challenges to the appointment), after which time they should be destroyed.

2.2.6 Police checks

Refer: PCANZ website for [information on police checks](#)

All new employees should undergo a police check if they are made an offer of employment. If the offer is made prior to the results of the police check being known, the offer should be conditional and is subject to the result of the police check. PCANZ policy is that a follow-up check is made for all child and youth workers every two years.

A police check is one way that a church can minimise, though not necessarily eliminate, the likelihood of its staff, members and property being put at risk by individuals whose behaviour may be detrimental to the safety and wellbeing of others. It also shows that the church has done its due diligence should a problem arise.

It was agreed at the 2006 General Assembly that everyone who is paid to work with children, youth and families **must** undergo a police check prior to their appointment. It is strongly advised to undertake police checks for volunteers. Ministers are also required to undergo police checks in order to obtain a [Certificate of Good Standing](#) (refer Section [3.4.1](#)).

To initiate the police check a pack should be completed and sent to Assembly Office:

- the [application form](#) (completed by the church)
- the police check [consent form](#), which is completed by the person being vetted
- photographic identification in the form of the applicant's driver's license or if one is not available, the applicant's passport.

Assembly Office will pass the request to the Licensing and Vetting Service of the New Zealand Police, and will record the response and inform the church. The [process](#) should be completed in less than one month. Note that the Police Vetting Service will only process consent forms that are signed within the last three months.

In order to meet the obligations of the [Privacy Act](#) and to safeguard the integrity of the process, police check results will only be sent by post, not email or fax.

If the police check reveals that a person has criminal convictions, it need not automatically preclude the person from being appointed. The decision about an individual's suitability for a position remains with the church, which should consider the following when assessing the results of vetting:

- the nature of the offence and relevance to employment
- the length of time since the crime was committed
- their age and maturity now as compared to when the crime was committed
- the seriousness of the crime, e.g. length of sentence, use of a weapon
- the circumstances at the time

- if there is a pattern of crime, e.g. a short spate may indicate a “phase” but a regular pattern may indicate continuing inappropriate behaviour
- any explanation the person makes regarding the conviction(s)

Note: If there is any doubt about the best course of action, advice may be sought from the Assembly Office.

2.2.7 Employment offers

Particular care must be taken when making an offer of employment. It is essential to maintain a record of the offer and acceptance, including correspondence and draft agreements. Verbal agreements can be legally enforceable, so documentation is essential in the event an employee makes a claim of unfair bargaining, as defined in the Employment Relations Act.

On appointment, the successful applicant should be offered the following documents to consider:

1. Letter of Offer

The [Letter of Offer](#) should include:

- the title of the position
- the commencement date
- the position’s full-time or part-time status
- rate of pay
- the date the offer expires
- anything else specific to the position

2. Advice Notice

The [Advice Notice](#) documents that the employee has been given the legally required information regarding seeking advice and information on his/her Individual Employment Agreement. To avoid any problems, it is required that the employee sign the Advice Notice.

3. Individual Employment Agreement

If the offer of employment is accepted, both parties must sign the Letter of Offer and the Individual Employment Agreement (refer Section [2.3.1](#) below). The employee must be given a copy of the signed documents and the originals retained in his/her personnel file.

If the offer is declined, as an employer, the church must retain the “intended agreement”.

2.2.8 Job start and induction

It is important to make the new employee feel at ease and welcome in their new workplace, and to ensure adequate help or training in the early stages of employment to optimise their performance. Induction should occur on the first day at work. Welcoming arrangements should be made before s/he arrives, which will include the person being told who to report to, where and when. Induction should include:

- introductions to other staff members and a tour of the facilities and location
- an overview of how PCANZ, the Church and the church work
- a health and safety briefing, including hazards within the workplace, workplace evacuation plan, and introducing the new employee to the health and safety representative
- information about:
 - attendance and breaks
 - reporting requirements, such as who to contact in the case of absence or in an emergency in the workplace
 - probation or trial period details and the support and guidance during that period (if applicable) (Section [0](#))
 - the performance feedback and review process (Section [2.4](#))
 - the Internet and email policy (Section [0](#))
 - disciplinary and grievance procedures (Section [2.4.2](#))
 - reimbursement of business expenses (Section [2.3.3.2](#))

2.3 Terms and conditions

2.3.1 Individual employment agreements

An Assembly Office template for an employment agreement can be found [here](#). This should be considered as a guideline only, as agreements vary considerably depending on the type, terms and conditions of the appointment. Please refer to the Assembly Office if guidance is required, or refer to the Ministry of Business, Innovation & Employment's [employment agreement building tool](#).

The employment agreement forms the legal basis of the employment arrangement. The following is an extract from the Ministry of Business, Innovation & Employment website; it lists mandatory and recommended clauses that should be included in an employment agreement.

2.3.1.1 Mandatory clauses

In order for an individual employment agreement to meet the minimum requirements by law, it must contain at least the clauses listed below, or a derivation thereof.

The text below may not reflect the nature of your agreement (i.e. you may be on an hourly rate rather than a salary, or may be part-time rather than full-time).

Employer & Employee

Example - Individual Employment Agreement

The parties to this employment agreement are:

1. ***[insert employer's name]***, the "Employer"; and
 2. ***[insert employee's name]***, the "Employee".
-

Position

Example - Position

The Employee is being employed as [insert title of position].

Duties

Example - Duties as set out in the job description

The Employee shall perform the duties set out in the Job Description attached to this agreement.

Place of Work

Example - Fixed Place of Work

The parties agree that the Employee shall perform their duties at [insert location of Employer's premises].

Working Hours

Example - Full Time Hours of Work

The Employee's hours of work shall be [insert number] hours per week on [insert days], between the hours of [insert start and finish times].

Types of Pay

Example - Annual Salary

The Employee's salary shall be \$[insert figure] per annum, which shall be paid [insert pay period:daily:weekly:fortnightly:twice a month:monthly:quarterly:annually] on [insert day on which payment will be made] [insert payment method:into a bank account nominated by the Employee:by cheque:in cash].

Public Holidays

Example - Payment for work on a Public Holiday

The employee shall be entitled to be paid for the time actually worked on a Public Holiday [PENAL RATE]

Rights in contracting out situations

Example - Employed in industry listed above

Restructuring due to transfer

Example - Employer to provide information and consider comments in restructuring situations

In the event that all or part of the work undertaken by the employee will be affected by the employer entering into an arrangement whereby a new employer will undertake the work currently undertaken by the employee, the employer will meet with the employee, providing information about the proposed arrangement and an opportunity for the employee to comment on the proposal, consider and respond to their comments.

Negotiations with new employer

Example - Employer to require offer of similar position in restructuring situations

The employer will negotiate with the new employer, including whether the affected employees will transfer to the new employer on the same terms and conditions, and will include in the agreement reached with the new employer a requirement that the employee be offered a position with the new employer at the same or similar terms of employment.

No transfer or employment

Example - Employer to activate redundancy provisions if employee not transferred to the new employer

Where the employee either chooses not to transfer to the new employer, or is not offered employment by the new employer, the employer will activate the redundancy provisions of this agreement.

Resolving Employment Relationship Problems

Example - Short Form

If any employment issues arise, those should be raised with the Employer as soon as possible so that they can be resolved. If the matter is not resolved either party can seek assistance from the Department of Labour's mediation service. If the issues are not resolved at mediation, they may be referred to the Employment Relations Authority.

If the issue is a personal grievance, the Employee must present that grievance within 90 days of the event giving rise to the grievance, or after further time if allowed by the Employer or where the Employment Relations Authority grants an extension of time.

If the employee's employment agreement contains a trial period clause, they may not raise a personal grievance on the grounds of unjustified dismissal. The employee may raise a personal grievance on other grounds as specified in sections 103(1)b-g of the Employment Relations Act, and in the trial period clause of this agreement.

2.3.1.2 Points to consider

The following points are not mandated in the employment agreement, but should be considered for insertion.

a. Trial and probation periods

Refer: Ministry of Business, Innovation & Employment [guidelines on trial and probation periods](#)

As part of the employment agreement, the church can choose to have either a trial period or a probation period. If a trial or probation period is used, it must be agreed to in good faith, i.e. considering and responding to any issues raised, and detailed in writing as part of the employment agreement.

Trial period

The church can employ new employees on a trial period of up to 90 calendar days. A trial period can only be with an employee who has not previously been employed by the church. A trial period allows the church to assess how the new person performs and/or fits in. It is a useful tool if the church is unsure and wants to give the person a chance. If there have concerns about the employee's performance during the trial period, then they should be discussed with the person as soon as they arise.

An employee who is given notice of dismissal before the end of a trial period cannot raise a personal grievance on the grounds of unjustified dismissal. However, the person can raise a personal grievance on other grounds, such as discrimination or harassment or an unjustified action by the employer that disadvantaged the employee. Mediation services can be accessed if any employment-relationship problem arises during the trial period, or if the person is dismissed.

A trial period does not affect the employee's entitlements to holidays and leave.

Probation period

The difference between a trial period and a probationary period is that a probationary employee is, in effect, a permanent employee with all the rights that go with it who is waiting to be confirmed in the position. A probation period does not affect the employee's right to be treated fairly and reasonably, and if there are performance issues, the same performance management processes as for a permanent employee would be used.

A probationary period provides the time for the employee to have a structured engagement with the role, clarifying expectations and managing performance accordingly. Performance expectations should be set out at the beginning of the probationary period. Good performance should be recognised and recorded. Where performance is not up to expectation, concerns should be discussed with the person. Reasonable guidance and assistance to support him/her to improve his/her performance should be given. If specific

training or support has been promised, this should be provided, especially if it is intended to improve performance. Any review or feedback commitments made at the beginning of the probation period should be adhered to strictly.

b. Use of church technology

It is recommended that there are clear expectations regarding the acceptable use of technology. An individual's employment agreement provides the appropriate medium for spelling out what is and what is not acceptable.

Below is an example of an optional clause, "Other Employment Obligations – Use of Internet and Email", that can be inserted in each employee's agreement:

Use of Internet and Email

The Employee will have access to email and the Internet in the course of their employment. The Employee shall ensure that at all times their use of the email and Internet facilities at work meets the ethical and social standards of the church. Whilst a reasonable level of personal use is acceptable to the Employer, this must not interfere with the Employee's employment duties or obligations, and must not be illegal or contrary to the interests of the Employer. The Employee shall also comply with all email and Internet policies issued by the Employer from time to time.

c. Privacy and confidentiality

The privacy and confidentiality of the employer-employee relationship or the relationship between the employee and a third party should also be referred to in the employment agreement. The following clauses should be included in a church employment agreement:

Privacy Obligations

The Employer and the Employee shall comply with the obligations set out in the Privacy Act 1993. The Employee must not breach the privacy of any member of the Presbyterian Church of Aotearoa New Zealand, the congregation or anyone seeking fellowship or services from the church in the course of their employment.

Confidential Information

The Employee shall not, whether during the currency of this agreement or after its termination for whatever reason, use, disclose or distribute to any person or entity, otherwise than as necessary for the proper performance of their duties and responsibilities under this agreement, or as required by law, any confidential information, messages, or data acquired by the Employee in the course of performing their services under this agreement. This includes, but is not limited to, information about the Presbyterian Church of Aotearoa New Zealand and the congregation business.

d. Misconduct

Misconduct may be defined as misconduct and serious misconduct (refer Section [2.4.2](#)).

It is recommended that church employment agreements include an optional clause that identifies and lists conduct that the agreement says amounts to “serious misconduct”:

Termination for serious misconduct

Notwithstanding any other provision in this agreement, the Employer may terminate this agreement summarily and without notice for serious misconduct on the part of the Employee. Serious misconduct includes, but is not limited to:

- theft
- dishonesty
- harassment of a work colleague or customer
- serious or repeated failure to follow a reasonable instruction
- deliberate destruction of any property belonging to the Employer
- actions which seriously damage the Employer's reputation
- serious or repeated breaches of privacy and/or confidentiality clauses

If an employee engages in a type of misconduct that is listed in the clause of their employment agreement, that doesn't necessarily mean that serious misconduct has automatically occurred. In every case, the church must consider all the facts and the person's response before deciding whether serious misconduct has occurred.

e. Redundancy

Refer: Ministry of Business, Innovation & Employment information on [redundancy](#)

Unless an employment agreement states that the church must pay redundancy compensation, there is no legal obligation to make such a payment. However, an employee is entitled to negotiate for such a payment. If a church agrees that redundancy compensation should be due, it is best practice to have this agreement placed in writing.

In determining whether a redundancy is genuine and fair, there are two issues to look at: the reasons for the redundancy, and the procedure used to carry out the redundancy. If an employee believes that they were made redundant for reasons that were not genuine or that the redundancy process was unfair, they can challenge it by raising a personal grievance.

2.3.1.3 Casual and fixed-term employment

Refer: Ministry of Business, Innovation & Employment for definitions of [casual employment](#) and [fixed-term employment agreements](#)

Casual employment can be defined as where an employee is employed when and as needed, and where there is no particular expectation of continuing employment. Casual

work can be viewed as a series of employment engagements which are complete in themselves, whereas on-going employment is a continuing pattern of regular and continuous work.

A fixed-term individual employment agreement can be entered into only if there is a genuine operational need based on reasonable grounds for seeking a fixed-term, such as temporarily replacing an employee who is absent on long-term sick leave or parental leave; the work in question relates to a one-off project, is seasonal or is funded for a specific period. A fixed-term employment arrangement is usually for up to a period of 12 months, but there may be circumstances in which the term may be longer. Please seek advice from the Assembly Office if you require guidance. A clause outlining the reasons for and the period of the fixed-term agreement must be included in the employment agreement.

Failing to comply with requirements relating to casual and fixed-term employment agreements could affect the church's ability to end the employment without notice or at the expiry of the fixed term by entitling the employee to treat the employment as continuing.

For casual employees, where the person's employment is irregular or intermittent, and for a fixed-term contract of less than 12 months, for which it is not feasible to provide for four weeks' annual leave, the employee can be offered holiday pay on a "pay as you go" basis if the employee agrees. This needs to be explicitly provided for in the employment agreement, be no less than 8% of the hourly rate, and must be shown as a separate item in the employee's pay slip. See the [Ministry of Business, Innovation & Employment](#) for detailed information on the calculation of holidays and leave.

As of 1 July 2011, employers are required to retain a signed copy of the employment agreement or the current signed terms and conditions of employment. The church must retain the "intended agreement" even if the employee has not signed it. Employees are entitled to a copy on request.

2.3.2 Staff leave

Meeting minimum employee entitlements is essential, not only to comply with employment legislation—[Holidays Act 2003 Act](#) and [Holidays Amendment Act 2010](#)—but also to fulfil the Church's values and obligations as an employer.

New Zealand law on holidays and leave is based on three key concepts:

- Public holidays are for the observance of days of national, religious, or cultural significance, which all employees should be entitled to take as leave, where possible. Where it is necessary for an employee to work on a public holiday, that work should be specially rewarded.
- For the purposes of rest and recreation, all employees are entitled to enjoy four weeks' paid annual holidays ("annual leave") each year.

- The employment relationship is both financial and human. Therefore, after a period of employment, it is reasonable to expect that employers will support employees with sick leave and bereavement leave when required.

For public holidays, alternative holidays, sick leave and bereavement leave, an employee is entitled to be paid either their [relevant daily pay \(RDP\) or average daily pay \(ADP\)](#).

2.3.2.1 Public holidays

Employees are entitled to a paid day off on a [public holiday](#) if it would otherwise be a working day. These public holidays are separate from and additional to annual holidays, and there are two groups of holidays, with slightly differing entitlements applying to each:

- Christmas and New Year: Christmas Day (25 December), Boxing Day (26 December), New Year's Day and the day after (1 and 2 January).
- All other holidays: Waitangi Day (6 February), Good Friday and Easter Monday (dates variable), ANZAC Day (25 April), Queen's Birthday (first Monday in June), Labour Day (fourth Monday in October) and Provincial Anniversary Day (date determined locally).

The public holidays over the Christmas and New Year period have special arrangements:

- If the holiday falls on a Saturday or Sunday and that day would not otherwise be a working day for the employee, the holiday is transferred to the following Monday or Tuesday, so that the employee still gets a paid day off if the employee would usually work on these days.
- If the holiday falls on a Saturday or Sunday and that day would otherwise be a working day for the employee, the holiday remains at the traditional day and the employee is entitled to that day off on pay.
- An employee cannot be entitled to more than four public holidays over the Christmas and New Year period, regardless of their work pattern.

The church and staff can agree to [transfer the observance of a public holiday](#) to another working day to meet the needs of the church or individual employees.

Employees are entitled to at least time and a half if they work on a public holiday. If staff normally work on the day that the public holiday falls, they are also entitled to an alternative day's holiday on pay ("day in lieu"). For staff who do not work the public holiday (and the day would otherwise be a working day), they are entitled to be paid for the public holiday at the rate of their "relevant daily pay". If staff are employed to only work public holidays, they will not be entitled to an alternative holiday. However, they would be entitled to be paid time and a half. The concept of what would otherwise be a working day is key to determining an employee's entitlement regarding public holidays. The question to ask is "Would the individual have worked on that day anyway?"

2.3.2.2 Annual leave

Refer: Ministry of Business, Innovation & Employment guidelines on [annual leave](#)

Employees are entitled to four weeks' paid holidays a year, which is available on the first and subsequent anniversaries after commencement of work. Of the four weeks' annual leave, staff must be given the opportunity to take at least two weeks continuously. This statutory holiday entitlement can be increased with further weeks as negotiated between the employee and the church.

Staff can ask in writing to [cash up](#) up to one week of their annual holidays each year. For staff leaving before they complete a full year of employment, their annual holiday pay would be 8% of their gross earnings, less any holiday pay already received.

As an employer, the church can require staff to take annual holidays during a closedown period, e.g. Christmas and New Year, providing the church gives at least 14 days' notice. If a closedown period includes public holidays, then staff are entitled to paid public holidays if they would be otherwise working days for them.

2.3.2.3 Sick leave

[Sick leave](#) can be taken if the individual is sick or injured or their spouse or partner is sick or injured, or if a person who depends on the individual for care is sick or injured. After six months, employees are entitled to five days' paid sick leave. After that, the entitlement is to five days' sick leave for every 12 months of service. Any unused sick leave must be carried over and added to the next year's entitlement. Under the law, the maximum amount of sick leave that can be accumulated is 20 days. However, sick leave can accumulate to more than 20 days where the church and the individual agree.

The church can request proof of the illness, such as a medical certificate. However, if the church does ask for proof within the first three days of the sick leave, it is the church that is responsible for any costs the individual might incur to gain this proof. Note that the church cannot insist that staff visit a particular medical practitioner.

2.3.2.4 Bereavement leave

After six months' employment, staff are entitled to paid [bereavement leave](#): three days on the death of a spouse/partner, parent, child, sibling, grandparent, grandchild, or spouse/partner's parent, and one day if the church accepts that the individual has suffered a bereavement involving another person not included above.

2.3.2.5 Parental leave

Paid [parental leave](#) is funded by the Government, not the church. Staff may be entitled to parental leave if they have worked for the church for an average of at least 10 hours per week, and at least one hour in every week or 40 hours in every month, for either the six or

12 months before the expected due date of the baby or the date when s/he will assume care of a child they intend adopting. Staff who meet the eligibility criteria are entitled to 14 weeks' paid parental leave, some or all of which can be transferred to a spouse/partner if they also meet the six-month criteria.

If the individual becomes entitled to annual holidays during parental leave or in the following year, that holiday pay is paid at the rate of his/her average weekly earnings over the year before the annual holidays. If the employee has previous entitlements that haven't been used, then the normal pay provisions still apply to that leave. Following the Holidays Amendment Act 2010, the employee may either take the holidays or cash up a maximum of one week of the annual holidays s/he become entitled to while on parental leave.

2.3.2.6 Time in lieu

Time in lieu is the term for employees subsequently able to take off the equivalent time in the event of working extra hours to that agreed in the employment contract (as opposed to being paid for additional hours as overtime). The use of time in lieu is at the manager's discretion and may be done on a casual and informal basis, or quite formally. In general this is a useful strategy, although it will need to be managed carefully.

When allowing time in lieu to be claimed, accumulated and used by an employee, the church should ensure that:

- the boundaries and rules are clearly understood by the employee
- there is a consistent approach to the use of time in lieu across the church or clear reasons why it might differ between employees
- accumulated time in lieu is monitored. Consider if it suggests that the workloads need to be adjusted or that additional staff resource is required
- there is a limit on how much time can be accumulated
- there is a fixed period in which the time in lieu should be taken
- time in lieu is taken before any annual leave entitlement

2.3.3 Other employee entitlements

2.3.3.1 Overtime

Refer: Ministry of Business, Innovation & Employment for information on [overtime entitlements](#)

When employees work more than their normal hours, they are entitled to be paid for the work that they do beyond their normal hours, i.e. overtime. The hours to be worked should be agreed between the church and the employee prior to the work being done. There are no legal requirements to pay overtime above the normal rate of pay after working a certain number of hours in a day or a week. As this is a matter for negotiation between the church and an employee, the church will need to consider whether specific overtime rates will be

paid. If so, the best practice would be to include any agreed overtime rates in the employment agreement clause titled “Overtime” under Wages/Salary/Allowance.

2.3.3.2 Expense reimbursement

Employees are entitled to reimbursement by the church of all expenses reasonably and properly incurred in the performance of their duties. All expense reimbursement claims must be supported by receipts. The type, circumstances and limits of expense claims should be agreed in advance.

Vehicle mileage reimbursement should be at the same rate as that offered to ministers (refer Section [1.8.3](#)). Note that these rates are intended as a guideline only.

2.3.3.3 Allowances

Refer: Ministry of Business, Innovation & Employment for information on [allowances](#)

Unlike ministers who have housing, seniority and reimbursing allowance entitlements under the conditions of employments, lay employee allowances are largely limited allowances paid in lieu of reimbursement of expenses. For example, if an employee is travelling overnight, the church may negotiate a fixed allowance, for example \$50 to cover sundry expenses. This amount is expedient as allowances above \$50 do not require receipts for GST purposes.

2.3.3.4 KiwiSaver

Refer: Inland Revenue for employer obligations regarding [KiwiSaver](#)

Since 1 July 2007, employees have had to register with Inland Revenue for KiwiSaver. Any new employee (including staff and ministers transferring between churches) must be registered as a member of a KiwiSaver scheme, and any existing employee has had the option of joining a KiwiSaver scheme.

The employee has the choice of:

- whether or not to join or remain in a KiwiSaver scheme
- how much their contribution will be (2%, 4% or 8% of their wage/salary)
- who their KiwiSaver registered provider will be

If the employee does not nominate a provider, default service providers may be assigned by the church, or if the church does not have a preference, Inland Revenue will assign the provider to an employee. The default providers include: ASB Group Investments Ltd; AMP Services (NZ) Ltd; ING (NZ) Ltd; Mercer Human Resources Consulting Ltd; Tower Employee Benefits Ltd.

Although churches do not have to nominate a provider, employees should be advised to investigate options, as service levels, costs and investment performance will vary between providers. For example, default providers may only offer conservative investment strategies and may not have ethical investment policies.

2.4 Performance management

Refer: Ministry of Business, Innovation & Employment for employer information on [performance management](#)

It is not the intention of this section to attempt to coach or train church leaders in staff and performance management. It is recognised that church employment may be informal and voluntary and there are a wide range of administrative mission and ministry roles to be filled, under many different circumstances. Attempting to extract premium performance from employees is beyond the scope of this document.

Having said that, there are requirements under law that the church as an employer must consider. Acting in good faith has benefits to the church in performance management as well as employment relations.

2.4.1 Performance management cycle

Performance management ensures that the employee has a clear direction on what s/he needs to be achieving and it provides opportunities for the manager to give timely and constructive guidance. Performance management should be an annual cycle coinciding with the commencement of employment. It will cover five phases:

1. Set expectations and development plan

Setting expectations is the focus of the first formal meeting. Each employee needs a clear direction on what his/her responsibilities are as well as good understanding of what is expected. Any gaps in knowledge and skills should be picked up here and written into a development plan. The key tool for the manager to use is the individual's job description and its related competencies.

2. Regular informal reviews and feedback

To be effective, regular times should be diarised to enable quality time and discussion between the employee and manager. These discussions should, amongst other things, explore workload, raise issues, and provide or access support as required. A minimum of once a month would be best practice for these reviews.

3. Mid-year formal review meeting

Mid-year is a good time for both parties to take stock of progress, targets and activities. A two-way discussion should clarify what needs to be done and what support or development is required. Issues should be raised, and barriers and solutions should be explored as part of this open and honest feedback session.

4. Regular informal reviews and feedback

Continue to track progress at the minimum of monthly intervals.

5. Performance review

The formal annual performance review will assess the previous 12 months and be informed by monthly reviews.

2.4.2 Disciplinary matters

Misconduct is intrinsically linked to a disciplinary process requiring specific actions and considerations. As an employer, the church must have a good reason for suspecting misconduct, it must deal with misconduct fairly, and it must follow the correct process when disciplining an employee.

The purpose of any disciplinary action is to prevent the inappropriate behaviour or misconduct recurring. The focus is not on punishment, but the corrective action required to change the employee's behaviour, and to give the person a reasonable opportunity to do so.

Misconduct means some form of wrong doing. It is a behaviour that is inconsistent with the mission, values and ethics of the Church. Usually it will involve deliberate wrongdoing, but there may be circumstances where an individual acts so carelessly that it amounts to misconduct, i.e. gross negligence or recklessness. There is no precise definition and it depends on the circumstances, which may include but not be exclusive to:

- disobeying or having no regard for instructions
- failing to report accidents or damage to property
- behaving in a manner that may cause unreasonable distress to other staff
- being absent without authorisation
- falsifying of documents/records or timesheets for personal gain
- having consistent problems with work performance

Serious misconduct involves serious wrongdoing and should be defined in the individual employment agreement. It is behaviour that is so serious that it jeopardises the employment relationship. Serious misconduct is behaviour that is sufficiently serious to justify dismissal **without notice**. There is no precise definition and it depends on the circumstances, which may include:

- assaulting a colleague or theft or misuse of church property
- criminal conviction that may affect the work or bring the church into disrepute
- anything that severely damages trust and confidence

Whether conduct is serious misconduct is a matter of degree. Generally if the person's conduct deeply impairs or destroys the church's basic trust and confidence in the employment relationship, then dismissal is an option.

It is essential that the correct disciplinary process is followed and that the employee is afforded all rights and protections under the Employment Relations ACT. It is recommended that advice is sought from Assembly Office prior to embarking on a disciplinary process.

2.5 Volunteers

2.5.1 Definition

A person is defined as a volunteer if they provide work for an organisation and they neither expect nor receive any reward (except the reimbursement of work-related expenses) for their work.

For a wide range of support material and information on volunteering refer to [Volunteering New Zealand](#).

2.5.2 Health and safety obligations

Refer: Section [2.6](#); and Occupational Health and Safety and Department of Labour [2010 factsheet](#)

In addition to its obligations as an employer, the church owes its volunteers a general duty of care under common law. As an unpaid worker, a volunteer is still entitled to Health and Safety considerations as defined under the [Health and Safety in Employment Act 1992](#) and as applicable to paid employees. The church is liable for the negligence or other civil wrongs of a volunteer, who is acting in the course of their activities on behalf of PCANZ. For example, the church may be liable for the negligent conduct of a volunteer driver while they are delivering church supplies and conducting church business; however, PCANZ will not be liable for the volunteer's conduct when they are driving home at the end of the day.

When engaging volunteers the church should exercise all reasonable care. When vetting such roles, it would be prudent to ensure that the individual is registered by the appropriate professional body and adequately qualified to undertake the role.

2.5.3 Training and development

Training is an investment in staff aimed at developing their skills and abilities to do the job well. Training can be expensive and funds are always limited, which means managers have to be clear about the type and level of training people actually need to do their job. One method of doing this is to list the core essential training for each role and the team.

Managers will have to decide what the most effective method for volunteers to develop their skills within the resources available is. However, it is important that a training budget for volunteers is identified so that volunteers can access appropriate training either in-house or through external courses.

Any training and development activity should produce what is intended for it to achieve. Managers can assess this by asking participants for their impressions of the training, and by observing what, if any, impact it has in the workplace.

The person responsible for the volunteer must decide what the most appropriate way to assess their training is and what impact it has on the volunteer's ability to do the job better.

2.5.4 Volunteer payments and expense reimbursement

Volunteers by definition are unpaid, but they may either be reimbursed for any expenses they have incurred from their voluntary activities or receive an honorarium for their services.

2.5.4.1 Honorarium

Refer: Inland Revenue guidelines on [honoraria](#)

An honorarium is a fee paid for a nominally free service and is usually in the form of a one-off service fee that may be negotiated between the church and the volunteer or simply an expression of appreciation by the church. It is important to note that on-going work by volunteers cannot be remunerated by honoraria and that if the volunteer has an expectation of payment, a paid employment arrangement must be entered into.

2.5.4.2 Reimbursement of expenses

Volunteers should not incur financial costs directly associated with carrying out activities to fulfil the role they were engaged to do. The church has responsibility to reimburse all volunteer (and staff) for expenses incurred in their role. Procedures and available forms for claiming reimbursement and expenses should be clearly communicated to all staff. Refer Section [2.3.3.2](#) on staff reimbursement. Note that the church should not pay petrol or other vouchers in lieu of wages.

2.5.4.3 Tax on honoraria and expense reimbursement

The following tax rules for volunteers apply:

- When honoraria are paid to a volunteer it is subject to PAYE at a rate of 33%.
- The reimbursement of expenses, whether in cash or in kind (for example, gift vouchers), is exempt from tax. This includes the reimbursement of travel from the volunteer's home to "work" and back.
- If a volunteer is paid both honoraria and reimbursements of expenses and the payment does not distinguish between the two, the entire payment is considered to be an honorarium and is taxable under PAYE rules (i.e. at a rate of 33%).
- Where applicable, GST may be claimed by the church on expense reimbursements (but not honoraria) paid to volunteers.

2.6 Health and Safety in Employment

2.6.1 Overview

This section provides general information and guidance on employers' responsibilities under New Zealand's health and safety legislation. It details the essential elements for leading and managing health and safety successfully, and defines what must be achieved. It does not prescribe the detail of how this should be done, as this will vary between each church and service area workplace. New Zealand's legislation recognises this variation, by providing a framework for employers (with the help of employees) to address health and safety in the way that is most appropriate for each workplace.

2.6.2 Employers' responsibilities relating to health and safety in employment

Employers are legally required to create a safe and healthy workplace for their employees. The [Health and Safety in Employment Act 1992](#) (the HSE Act), which builds on the [Employment Relations Act 2000](#), requires employers and others in the workplace to control hazards so that people are not harmed as a result of work. It states:

Every employer shall take all practicable steps to ensure the safety of employees while at work; and in particular shall take all practicable steps to—

- (a) provide and maintain for employees a safe working environment; and
- (b) provide and maintain for employees while they are at work facilities for their safety and health; and
- (c) ensure that plant used by any employee at work is so arranged, designed, made, and maintained that it is safe for the employee to use; and
- (d) ensure that while at work employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working, or use of things—
 - (i) in their place of work; or
 - (ii) near their place of work and under the employer's control; and
- (e) develop procedures for dealing with emergencies that may arise while employees are at work

2.6.3 Church responsibilities under the HSE Act

As employers, church managers are responsible for providing a safe working environment and workplace, and ensuring that all staff and volunteers maintain safe practices by providing them with adequate training and supervision. Managers should take [“all practicable steps”](#) to:

- systematically identify and manage hazards
- provide suitable protective clothing and equipment to staff and volunteers and ensure it is worn

- make clear to employees and volunteers their responsibilities to use safety equipment provided and to wear protective clothing (where a hazard cannot be eliminated)
- provide safety information to staff and volunteers
- provide training and supervision so that work is done safely
- develop procedures for dealing with emergencies that may arise in the workplace
- record all workplace accidents and illness and report those that cause “serious harm”
- provide opportunities for staff and volunteers to participate in health and safety matters
- investigate reported hazards and incidents and put safeguards in place
- check that contractors or self-employed workers have systems in place to manage their own health and safety at work

Workplace

The HSE Act defines a workplace as being (not necessarily part of a building or structure) where any person is to work, is working for the time being, or customarily works for gain or reward. This includes places like lunchrooms, forecourts and corridors that people may pass through in the course of their work.

A vehicle used by staff doing church business is also included as a place of work, even if the person owns the vehicle. Travel to and from work is typically considered a private activity, except in some limited circumstances.

Unpredictable happenings

Church managers are only required to manage hazards that are known, or that it is reasonable to expect to be known about. However, church managers are expected to understand those things that are commonly known within our fraternity. They must do what is “reasonable”, which means doing what a reasonable and prudent person would do in the same situation. Ultimately, what is “reasonable” is determined by the standards and practices of the industry and society generally. Note: This does not reduce the necessity to regularly and systematically review hazards and processes and to put in place systems for managing them.

Visitors or guests

The health and safety of visitors or guests is the responsibility of the member of staff who invited them. It is important that this is considered when arrangements are made for groups of people to visiting the premises who not familiar with the emergency procedures. ‘Visitors’ also applies to members of the congregation who come to the church to worship.

2.6.3.1 The church's Health and Safety Plan

In order to meet its obligations under the HSE Act, the church should establish a [health and safety policy](#) and [plan](#) to ensure safety measures are met. It is important to ensure that responsibility for each action is assigned and a response date set. A budget might be included (if necessary) and a time frame for completion should be set.

Step One: Review

- Hold regular meetings with staff to identify all the hazards (known and potential) in the workplace. Being a continuous improvement cycle, this will require returning regularly to the review step to monitor both planning and action steps.
- Investigate any incidents that have occurred and review your injury management and emergency readiness.
- Add suggested improvements to the planning step.

Step Two: Plan

- Decide how the hazards identified at the review meeting will be managed. Priorities here are:
 - **Eliminate** the hazard if possible. For example, replace a toxic chemical with a non-toxic substitute or replace a noisy machine with a quieter one.
 - If you can't eliminate the hazard, then **isolate** it. For example, fit protective guards around dangerous machinery parts.
 - If you can't eliminate or isolate the hazard, then **minimise** it. For example, require people to wear protective ear-muffs, hard hats, goggles, masks and boots when working in dangerous areas.
- Include a process for monitoring the health and safety of employees exposed to hazards.
- Use the planning step to cover issues such as training and supervision, emergency readiness and injury management

Step Three: Action

- Use the information from the review and planning to draft an action plan

2.6.3.2 Identification of hazards

Refer: PCANZ [Hazard Management Register](#)

Church managers are required to examine all aspects of the workplace to identify and then systematically assess hazards. It is recommended that hazards are systematically documented (refer link above for register template) as a means of ensuring all aspects of the workplace are addressed. Engaging staff in hazard-management activities will make the process more manageable.

Risk includes, but is not limited to, risk of physical injury to employees, contractors and visitors. The HSE Act broadly defines a hazard as any potential or actual source of harm. It may be an activity, arrangement, circumstance, event, occurrence, phenomenon, process, situation or substance. A hazard includes a situation where a person's behaviour may be an actual source of harm to the person or another person.

Examples of potential workplace hazards

Buildings and surroundings

- Floors and floor coverings
- Steps, stairs and ladders
- Cleaning materials and flammable liquids
- Electrical equipment, tools and wiring
- Trees
- Church grounds

Work environment

- Repetitive tasks
- Excessive noise
- Insufficient training
- Undiagnosed injury or illness
- Workplace too hot or cold

Behavioural issues

- Workplace bullying
- Physical or sexual abuse risk
- Unachievable performance expectations

2.6.3.3 Tackling hazards

Church managers are required to take "all practicable steps" to eliminate or manage each significant hazard. The manager's plan should consider whether it is practicable to eliminate each hazard, or how it will be managed.

In essence, church/service area managers are required to do as much as is reasonably practicable to eliminate, isolate or minimise any hazard. There will not be a simple answer for every hazard and a judgement will need to be made, considering:

- the nature of the harm that could be caused
- the probability of that harm occurring
- the availability of information on managing the hazard
- the cost and availability of safeguards

The Ministry of Business, Innovation & Employment has a free resource, [Hazard Handler](#), which provides practical information about how to identify and handle both generic and industry-specific health and safety issues. (The template that best fits churches is called General Small Business.) It also has references to further resources.

2.6.4 Safety in Youth Ministry

Refer: Presbyterian Youth Ministry resources on [safety](#)

In November 2011, the Presbyterian Youth Ministry revised a guideline on workplace safety specifically for church staff or volunteers working in youth mission (refer link above). The document is divided into four key areas:

- physical safety
- psychological safety
- sexual safety
- spiritual safety.

It is recommended that this text is referred to when considering a Health and Safety plan for the church.

2.6.5 The role of unions under the HSE Act

Unions are required to act in good faith to help resolve health and safety issues.

The rights of unions under the Health and Safety in Employment Act flow from the rights of registered unions to represent their members, which are granted under the Employment Relations Act. Union delegates represent members collectively on health and safety matters and may enter the workplace (subject to notice requirements) to deal with health and safety and other issues.

If staff wish, their union can assist or represent them in developing a system of participation and in any employment-relationship problem that emerges while seeking to agree on a system.

However, the legislation covers the entire workforce whether they are collectively represented or not. Therefore, when establishing systems, processes, representatives or a committee it is important for church/service area managers to consider the interests of staff who are not in the union.

3 CHURCH COUNCIL RESPONSIBILITIES TO MINISTERS

3.1 Overview

This part provides information about the responsibilities of the church council in relation to its minister (with the exception of ministers' entitlements, for which refer to Section [1.8](#)).

3.1.1 Regulations and guidelines

The relevant regulations and guidelines for church councils in relation to their responsibilities to ministers are spread through several Church publications:

- Chapter 10 of the [Book of Order](#) sets out the requirements for calling a minister to a congregation
- Section 2.6 of the [Conditions of Service Manual](#) (a supplementary provision to the Book of Order) sets out an extensive list of the terms and conditions under which a minister is called to a congregation
- [Guide for Ministry Settlement Boards](#) gives advice about the process of calling a minister to a congregation and has advice for church councils and interim moderators during a ministry vacancy.

3.1.2 Definitions

| | |
|----------------------|---|
| Church council | The governing body of a congregation. The most common forms are a session and board of managers or a church council that combines the functions of both. Other forms of organisation are possible, provided they fulfil the functions set out in Book of Order Chapter 7. |
| Congregation | A body of church members, associate members, and other persons who unite for worship, life, and mission. A congregation may meet in more than one place of worship. 'Congregation' has replaced the words 'parish' and 'charge'. |
| Congregational rolls | The separate rolls that church councils must keep (and review annually) of people who have been received as members or recognised as associate members of the congregation. |
| Member | <p>A person who has publicly professed his or her faith in Jesus Christ, and has been accepted by the church council as a full member of the congregation. The word member is also often used in a more general sense to mean all those who are on the rolls of the congregation.</p> <p>An <i>associate member</i> is a person recognised by the church council as actively taking part in the life of the congregation, but who has not publicly professed his or her faith. An associate member is not eligible to be an elder. The word member is also often used in a more general sense to mean all those who are on the rolls of the congregation.</p> |

| | |
|---------------|--|
| Minister | <p>An ordained minister of word and sacrament within the Presbyterian Church or received into the Church from another denomination. The minister is under the authority of the presbytery, and not the church council. Employment law does not apply to ministers inducted to a congregation.</p> <p>A <i>national ordained minister</i> (NOM) in good standing, or a licentiate (a person who has completed their ministry training but has not yet been ordained), may be called and inducted to any congregation within the Church.</p> <p>A <i>local ordained minister</i> (LOM) in good standing may be inducted only to his or her home congregation, and is not usually eligible to be called to another congregation.</p> <p>An <i>amorangi</i> is a minister who has been ordained for self-supporting (non-stipendary) ministry within Te Aka Puaho.</p> |
| Office bearer | <p>A member of a church council, board of managers or deacons' court. (Deacons are different to managers in that they are ordained to the position and must be full members.)</p> |

3.2 Oversight of the congregation during a ministry vacancy

A congregation that is unable to support or attract an ordained minister may choose to have a local ministry team, comprised of lay leaders from within the congregation who have been trained and commissioned by the presbytery to share ministry tasks in the congregation.

When a congregation no longer has a minister, or a local ministry team, the presbytery must appoint an interim moderator and a ministry settlement board, even for congregations that think they can no longer attract a minister or afford to pay a minister.

3.2.1 Interim moderator

Refer: [Guide for Ministry Settlement Boards](#) for general hints for interim moderators

The interim moderator's appointment comes into effect once the pastoral tie with the outgoing minister is dissolved. The interim moderator may be a minister (often a retired one) or an elder who is a member of the presbytery.

The interim moderator has oversight of the congregation during the ministry vacancy, and his/her primary responsibility is to ensure that ministry of the word and sacrament is available to the congregation. The church council cannot expect the interim moderator to conduct worship personally, but the interim moderator and church council should together arrange rosters for the conduct of worship services.

Members of the congregation who conduct worship services on an occasional basis are generally expected to donate their time, but if a minister or external lay preacher is engaged to do this, s/he should be paid the standard casual supply fee. (Refer Section [1.8.1.2](#) for details of supply fees.)

The interim moderator chairs the meetings of the church council. S/he may appoint one of the members of the church council to moderate a particular meeting, but a meeting quorum should include a minister. (Refer [Book of Order](#) 7.16(8) for quorums.)

The interim moderator usually chairs congregational meetings. If s/he is unavailable, the meeting may be chaired by a member of the church council or a member of presbytery, but only if they have been appointed by the presbytery moderator. (Approval can usually be obtained quickly by phone or email.) Congregational meetings in connection with filling the vacancy are called by the church council, at the request of the ministry settlement board convenor, and such meetings are chaired by the settlement board convenor.

The church council should reimburse the interim moderator for expenses incurred, such as vehicle use. Undertaking interim moderator responsibilities is considered part of an active minister's commitment to the work of the presbytery, and so the minister is not paid for it. However, there may be occasions when the interim moderator (particularly if s/he is a retired minister or an elder) commits much more time than is usually expected, and some form of payment may be considered.

3.2.2 Supply ministry

During a ministry vacancy, the church council may appoint a lay person or a minister (including retired ministers and those from other denominations) to a short-term (supply) position, but such appointments are generally restricted to a maximum of one year and require the approval of the ministry settlement board and the presbytery.

The requirement for ministers to have a current Certificate of Good Standing does not apply to ministry appointments of fewer than three months, or to pulpit supply on a casual basis.

A non-Church minister has the status of a lay person. Before appointing a non-Church minister or a lay person, the church council must obtain a current police check (refer Section [Q](#)). A fixed-term employment agreement must be signed by church council representatives and the appointee **before** a non-Church minister or lay person takes up the appointment. The employment agreement must not be an open-ended one.

Presbyterian Church ministers do not enter into employment agreements, but it may help to have a memorandum of the supply minister's duties.

There is no set scale of remuneration for supply appointments that cover more than taking Sunday services.

3.2.3 Transition ministry

Refer: [Book of Order](#) 5.3, 5.10, 7.16, supplementary provisions for BOO Chapter 10; [Guide for Ministry Settlement Boards](#); Part 2 of this manual, on employment

The ministry settlement board may discern the need for intentional transition ministry, which is for a longer period than supply, and has a different intent. The church council may be asked to make a transition ministry appointment, subject to the approval of the presbytery. Transition ministry requires specific training in this field. The Assembly Office keeps a list of qualified transition ministers.

3.2.4 Finding a new minister

3.2.4.1 Role of ministry settlement board

The primary responsibility of the ministry settlement board (a mix of presbytery and congregational members) is to review the life of the congregation and to make recommendations regarding the future of the congregation, whether or not calling another minister is contemplated. If worship attendance is fewer than 40 per week, the presbytery must investigate whether the congregation should be closed. In practice, the ministry settlement board may be asked to undertake this task for the presbytery.

If a minister gives long advance notice of his/her intention to retire from the congregation, the ministry settlement board may begin its work while the outgoing minister is still in office, though s/he must not be involved in any way, even informally. A new minister cannot be formally called until the pastoral tie with the outgoing minister is dissolved.

There is no bar to a congregation calling a minister who has technically retired.

3.2.4.2 Calling a non-Church minister

Refer: [Book of Order](#) Chapter 10; [Guide for Ministry Settlement Boards](#); [PCANZ website](#) for information on Receptions guidelines and Mutual Recognition of Ministry agreement with Methodist Church

A congregation may not call a minister who is not on the Church ministerial roll (and who does not have a current Certificate of Good Standing), other than Methodist ministers, who are covered by a mutuality of ministry agreement between the Presbyterian Church and the Methodist Church of New Zealand.

If a minister of another denomination wishes to be appointed to a Presbyterian congregation, s/he must first apply for reception to the ministerial roll. This is not granted automatically and, even if a non-Church minister is accepted, the receptions process may take a year or more, depending on the minister's denomination and the extent of further theological training required.

Church councils contemplating calling a minister from overseas should bear in mind that one of the criteria for application for reception is that the minister is expected to have already been active in a PCANZ congregation for at least one year before applying for reception. Obtaining the appropriate visa can also be a very lengthy matter. The Assembly Office can advise further.

If the Assembly Personnel Work Group indicates that a non-Church minister can be added to the ministerial roll within a few months, it may be possible for the church council (in consultation with the ministry settlement board and presbytery) to appoint such a person to a supply position in the interim, in anticipation of a call being issued.

3.2.5 Status of lay people

Under no circumstances may a lay person be appointed to fill the role of minister on anything other than a temporary, short-term, supply basis. Lay-supply appointments cannot be renewed beyond one year in total. “Lay minister” (or “pastor”) is not a status recognised by the Church, and a lay person’s name cannot be added to the ministerial roll.

3.3 Terms and conditions for ministers

Section 2.6 of the [Conditions of Service Manual](#) sets out the standard terms and conditions under which a congregation calls a minister. This has numerous sub-sections, and church council members are encouraged to become familiar with these.

The terms and conditions of a minister’s appointment cannot be altered simply by agreement between church council and minister. The presbytery approves the terms before the minister is inducted, and the presbytery has to approve any subsequent change.

3.3.1 Office support

The minister is automatically entitled to secretarial assistance as required, the provision of a computer and printer (which remain the congregation’s property), computer consumables and internet connection (with appropriate adjustments for private use), phone rental and work-related toll costs. The church council may arrange with the minister to share mobile phone costs.

3.3.2 Allowances and reimbursements

Refer: Section [1.8.1](#) for detail on ministers’ entitlements

The church council must reimburse ministry-related car travel. The minister is obliged to keep a detailed mileage record, and to submit this in support of a reimbursement claim. If the minister incurs extra mileage in relation to interim moderator duties for another congregation, s/he may ask the congregation concerned for reimbursement.

Unless the minister lives in the manse, the stipend package will include a housing allowance or the provision of a rented house. Unlike the manse, these options are taxable at the full rate. The setting of an appropriate housing allowance can be a cause of tension between church council and minister, and it is prudent to ask for independent advice from the presbytery. Some presbyteries have a set scale for housing allowances. The Department of Building & Housing's [Market Rents national database](#) is a useful starting point for deciding on an appropriate housing allowance.

3.3.3 Beneficiary Fund

Refer: Section 1.8.2 for information on the Ministers' Beneficiary Fund

A minister in receipt of a stipend (full- or part-time) must join the Beneficiary Fund, unless granted an exemption by the Beneficiary Fund Committee. Joining the fund is the minister's personal responsibility, as is the payment of personal contributions. Application packs are given to ministry interns, and are also available from the Church Property Trustees (email trustees@presbyterian.org.nz).

The new minister may ask the church council to deduct his/her personal contributions from stipend payments, in which case the treasurer will be given a direct debit form for Aon Hewitt, which manages the Beneficiary Fund on behalf of the Church Property Trustees. When the pastoral tie is eventually dissolved, the treasurer must remember to cancel this direct debit authority, and to advise Aon Hewitt. The direct debit authority can be reactivated once the next minister is inducted, but only if the new minister personally requests this.

If the minister changes from full-time to part-time stipend within the same congregation, both the minister and the treasurer must advise Aon Hewitt, so that the minister's personal contributions are adjusted on a pro rata basis, and his/her ministry service record is adjusted.

3.3.4 Burnett Loan Fund

Refer: PCANZ website for information on the [Burnett Loan Fund](#)

A minister in financial need, and who is a Beneficiary Fund member, may seek a special grant from the Beneficiary Fund Committee, or apply for a loan from the Burnett Loan Fund. This is the minister's personal business, but arrangements may be made for the church council to deduct loan repayments from the stipend. The minister will provide a direct debit form for the Church Property Trustees.

3.4 Ministry development

Refer to the [Ministry Development Programme](#) for the requirements which apply to congregations as well as to ministers. The Ministry Development Programme has the status of a Book of Order supplementary provision.

3.4.1 Certificate of Good Standing

Unless a minister has a current Certificate of Good Standing, s/he may not transfer to another presbytery, or be inducted into a new congregation, or remain on the marriage celebrant register. For ministers to be of good standing, they must be able to show that they have been reviewed every three years, have fulfilled the development requirements of their ministry review, received regular and adequate supervision, are not the subject of disciplinary procedures, have received a Police clearance and have completed a Church-approved ministry ethics and risk management course.

Where a minister of a congregation has not held a Certificate of Good Standing for more than five years, a commission of the presbytery will determine whether the ministry settlement should be terminated and the minister be removed from the ministerial roll.

3.4.2 Minister review

Some members of the church council will be asked to participate in their minister's three-yearly review, which is conducted by an external, trained reviewer, at no cost to the congregation. (The minister is personally liable for any additional costs such as selecting a reviewer who lives more than 25km away.)

3.4.3 Supervision

Refer: [Supervision Guidelines](#)

Ministers are required to have regular (monthly is recommended) intentional and external supervision.

The church council is expected to pay reasonable costs associated with supervision, including the cost of travel and the cost of the supervisor being a fully trained professional.

3.4.4 Ministry development requirements

Ministers are expected to undertake on-going ministry development throughout their active ministry. Reviewers will recommend courses that would be suitable for the minister, and ministers are free to make their own suggestions. The church council can expect to be consulted on training, as it is responsible for any training costs for the minister.

As a guide, ministers should attend at least one week's training every two years.

3.4.5 Congregation reviews

Refer: Section 4 of the [Ministry Development Programme](#)

The former “quinquennial visitations” have been replaced by congregation reviews, which should be conducted by the presbytery at five-yearly intervals. Rather than a ‘state of the nation’ approach, the focus is now on an in-depth analysis of what the congregation could be doing to meet the needs of its community.

Reviews are now also required when there is a ministry vacancy and where the last review is more than three years old. There is no charge for congregation reviews.

3.5 Other recognised ministry positions

Refer: [BOO](#) 9.46–9.48 and [Supervision Guidelines](#)

A church council may appoint people to carry out recognised ministries and functions other than that of ordained ministry and eldership. Such appointments typically include youth and/or family workers and pastoral visitors. Whether or not the position is a paid one, there should be a clear position description. If the position is a paid one, an employment agreement is required (refer Section [2.3.1](#)).

An ordained minister cannot be appointed to another recognised ministry position. (Any appointment of an ordained minister to a congregational position must be done through a ministry settlement board.)

All paid ministry staff in the Church are required to have regular, intentional and external supervision, and supervision is also encouraged for volunteers. It is recognised that cost may be a significant deterrent, and it is recommended that mentoring relationships be developed at the discretion of the church council.

3.6 Complaints and disputes

Ministers are not subject to employment law; complaints and disputes concerning ministers are dealt with through Church procedures. As well as ministers, the complaints procedures apply to elders, other office bearers, church workers (other than for employment disputes), church members and associate members.

The Church seeks to ensure that each congregation provides a safe environment. Procedures have been developed to enable individuals and the Church to respond responsibly to inappropriate or unethical behaviour by a minister, office bearer, church worker or church member. The generic term used for inappropriate or unethical behaviour is “conduct unbecoming.”

To avoid the possibility of bias, or conflict of interest (real or perceived), formal complaints must be dealt with through the national Church's complaints procedures, which provide for independent assessment of the matter. They cannot be dealt with by the church council.

Informal complaints, disputes and grievances may be referred to a presbytery pastoral resolution committee, which offers a neutral forum in which to resolve the matter. This process is for concerns that are unlikely to amount to conduct unbecoming, but may allow for informal resolution, where mediation is not possible.

Chapter 15 of the [Book of Order](#) sets out the process to be followed if an individual or church council considers that conduct unbecoming has occurred and they wish to lodge a formal complaint.

The process for pastoral resolution committees is set out in the [Book of Order](#) Chapter 8 supplementary provisions.

The PCANZ Complaints Officer & Book of Order Advisor offers advice on the processes for complaints and disputes. Contact Heather McKenzie: 0800 424 872 or heather@presbyterian.org.nz

3.6.1 Responsibilities of the church council

The church council **must**:

- keep on public display the notice provided by the presbytery that explains what to do if there are concerns about unethical behaviour by a member of the church and who to contact
- refer to an official contact person any individual who seeks to make a complaint
- treat complaints in confidence
- contact the Police if anyone alleges unlawful offending by a member of the congregation, particularly of a serious sexual nature or involving children
- ensure that all church council members understand their obligations under the Church's [Code of Ethics](#) (also clause 2.11 of the [Conditions of Service Manual](#)).

The church council **may**:

- lay a complaint of unethical conduct against a minister, church worker or church member
- refer other complaints of a nature that do not involve unbecoming conduct to the presbytery's pastoral resolution committee.

The church council **cannot**:

- conduct its own investigation and pass judgment on an individual (whether minister, elder or member)
- suspend or dismiss an elder
- remove a member from the congregational roll without following due process.

3.6.2 Resolution of disputes

Mediation is the preferred first option when any dispute arises within the congregation (or within the church council), but if this has not worked, the matter may be referred for pastoral resolution either to the presbytery moderator, or to the presbytery's pastoral resolution co-ordinator. The process is a confidential one.

If a presbytery is of the view that irreconcilable differences have arisen within a church council, or between a church council and its congregation, the presbytery may dissolve the church council and appoint a temporary one to act until the presbytery has arranged for a new church council to be elected.

A church council has the power to remove a person from the roll of the congregation. However, this must not be done until the conditions set out in [Book of Order](#) 4.10 have been followed. This ensures that natural justice is done.

A church council does not have the power to remove an elder, for disciplinary or any other reasons. Only a national Church disciplinary commission may do this. An elder is ordained for life, and is elected to office by the congregation. Unless a term was specified at the time of election, the term of the serving elder is open-ended. If an elder's conduct is considered to be unbecoming, the church council may lodge a formal complaint about the person.