



ANGLICAN DIOCESE OF GRAFTON

POLICIES AND PROCEDURES

SUBJECT: CLERGY SALARY SACRIFICE		REFERENCE NUMBER GEN-011
DATE APPROVED 2 October 2025 by Bishop-in-Council		VERSION 3 Replaces previous version dated 1 September 2022
IMPLEMENTATION DATE Immediate	REVIEW FREQUENCY As required but at least 3 yearly	RESPONSIBLE FOR REVIEW Bishop-in-Council

1. PURPOSE

The purpose of this policy and procedure is to define the way in which a salary sacrifice arrangement between a Clergy Member and the Anglican Diocese of Grafton comes into existence and the process for advising the Diocesan Payroll Department of the entering into of that arrangement.

2. SCOPE

- 2.1 This procedure is applicable to all Clergy Members (Participant) who wish to enter into a salary sacrifice agreement with the Anglican Diocese of Grafton (Diocese).
- 2.2 This procedure does not apply to Anglican Diocese of Grafton employees who are not Ministers of Religion.

3. DEFINITIONS

“Diocese” – Anglican Diocese of Grafton.

“EML MasterCard” – is a purpose built salary packaging preloaded MasterCard, which provides Participants access to sacrificed funds where MasterCard is accepted. Details of the card are available from the Diocesan Payroll department.

“Maximum allowable sacrifice” – this is the maximum amount for which a Participant can divert toward their salary sacrifice amount.

“Not Permitted Expenses” include the expenses identified in Schedule B.

“Participant” – Minister of Religion who holds a current licence to perform stipended ministry duties issued by the Bishop of the Diocese of Grafton where the period of stipended service is not less than 2 weeks.

“Permitted Expenses” - include the expense types identified in Schedule A and may also include, other expenditure not listed but would otherwise be deemed to be permitted.

“Long Service Leave” – is a benefit provided to a Clergy member to provide a period of rest and rejuvenation after a period of service



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“**Sabbatical Allowance (formerly known as Supplementary Allowance)**” – is a benefit provided to a Clergy member to provide a period of rest and rejuvenation after a period of service

4. PRINCIPLES

- 4.1 The maximum allowable sacrifice from a Participant’s stipend benefit is 30%.
- 4.2 The maximum allowable sacrifice from the Participant’s allowances is 100%.
- 4.3 Salary sacrifice arrangements are optional to Ministers of Religion, who may decide to opt in at any time throughout their tenure with the Anglican Diocese of Grafton.
- 4.4 All salary sacrifice arrangements must be set up in an effective way meeting the requirements of Australian taxation legislation. This requires salary sacrifice arrangements to operate on a prospective basis i.e. an agreement between the Diocese and Participant exists before the Participant becomes entitled to a benefit payment.
- 4.5 Ministers of Religion who have entered into a salary sacrifice arrangement may use sacrificed benefits on “Permitted Expenses”. A non-exhaustive list of permitted expenses approved by the Anglican Diocese of Grafton is in Schedule A to this policy.
- 4.6 Ministers of Religion who have entered into a salary sacrifice arrangement may not use sacrificed benefits on “Not Permitted Expenses”. A list of Not Permitted Expenses determined by the Anglican Diocese of Grafton is in Schedule B to this policy.
- 4.7 Participants are required to avoid claiming a tax deduction on expenditure incurred from the sacrificed funds so that no double tax benefit is received.
- 4.8 One of the components of Long Service Leave is the Sabbatical (formerly known as Supplementary) Allowance, which is to be treated as a stipend payment and therefore allowed to be sacrificed up to the maximum allowable sacrifice from a Participant’s stipend benefit of 30%, per 4.1.
- 4.9 The Participant’s superannuation guarantee must be paid at the pre-sacrifice rate, regardless of the amount of salary sacrifice.

5. REQUIREMENTS

5.1 STEP ONE – DETERMINE WHETHER TO OPT IN TO A SALARY SACRIFICE ARRANGEMENT

- 5.1.1 Each Minister of Religion must decide whether they will opt in to a salary sacrifice arrangement.
- 5.1.2 This policy along with other explanatory information, which is available on request from the Diocesan Payroll Department payroll@graftondiocese.org.au provides all



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information explaining the way in which the salary sacrifice arrangement operates.

- 5.1.3 Each potential Participant should consider whether a salary sacrifice arrangement is right for their own personal financial circumstances. It is up to the potential Participant to seek financial advice, at their own expense, when making this decision. At no time can a member of the Diocese provide advice on the merits of entering into a salary sacrifice arrangement.
- 5.1.4 Regardless of the decision taken by the potential Participant, it must be communicated to the Diocesan Payroll Department, which is the responsibility of the Minister of Religion.
- 5.1.5 For those Ministers of Religion who 'opt in' a Salary Sacrifice Agreement must be completed and signed off prior to any benefit payment made (see section 5.3 of this document).

5.2 STEP TWO – DETERMINE THE AMOUNT OF BENEFITS TO SACRIFICE

- 5.2.1. An important consideration for a Minister of Religion who has decided to 'opt in' to a salary sacrifice arrangement is the amount they wish to sacrifice.
- 5.2.2. The amount nominated by a Participant must not exceed the maximum allowable sacrifice threshold for either their Stipend or Allowances.
- 5.2.3. The Participant is responsible for communicating the amount they have decided to salary sacrifice to the Diocesan Payroll Department. This communication occurs at the time of completing the salary sacrifice agreement (see section 5.3 of this document).
- 5.2.4. The sacrificed benefits nominated by the Participant are deducted from the gross amount of stipend/allowances due and are paid direct to providers of salary sacrifice benefits.
- 5.2.5. The payments of benefits noted at section 5.2.4 are made directly into the Participant's EML MasterCard (defined at section 3). The Participant then accesses these benefits by making purchases using the EML MasterCard.
- 5.2.6. The only exception to having benefits transferred direct to the EML MasterCard is where the Participant has nominated to receive benefits in the form of loan repayments or rental payments.
- 5.2.7. Benefits paid under section 5.2.6 are made directly to the financier's (loan repayments) or agent's (rental payments) bank account.
- 5.2.8. It is the Participant's responsibility to provide details about loan or rent benefits



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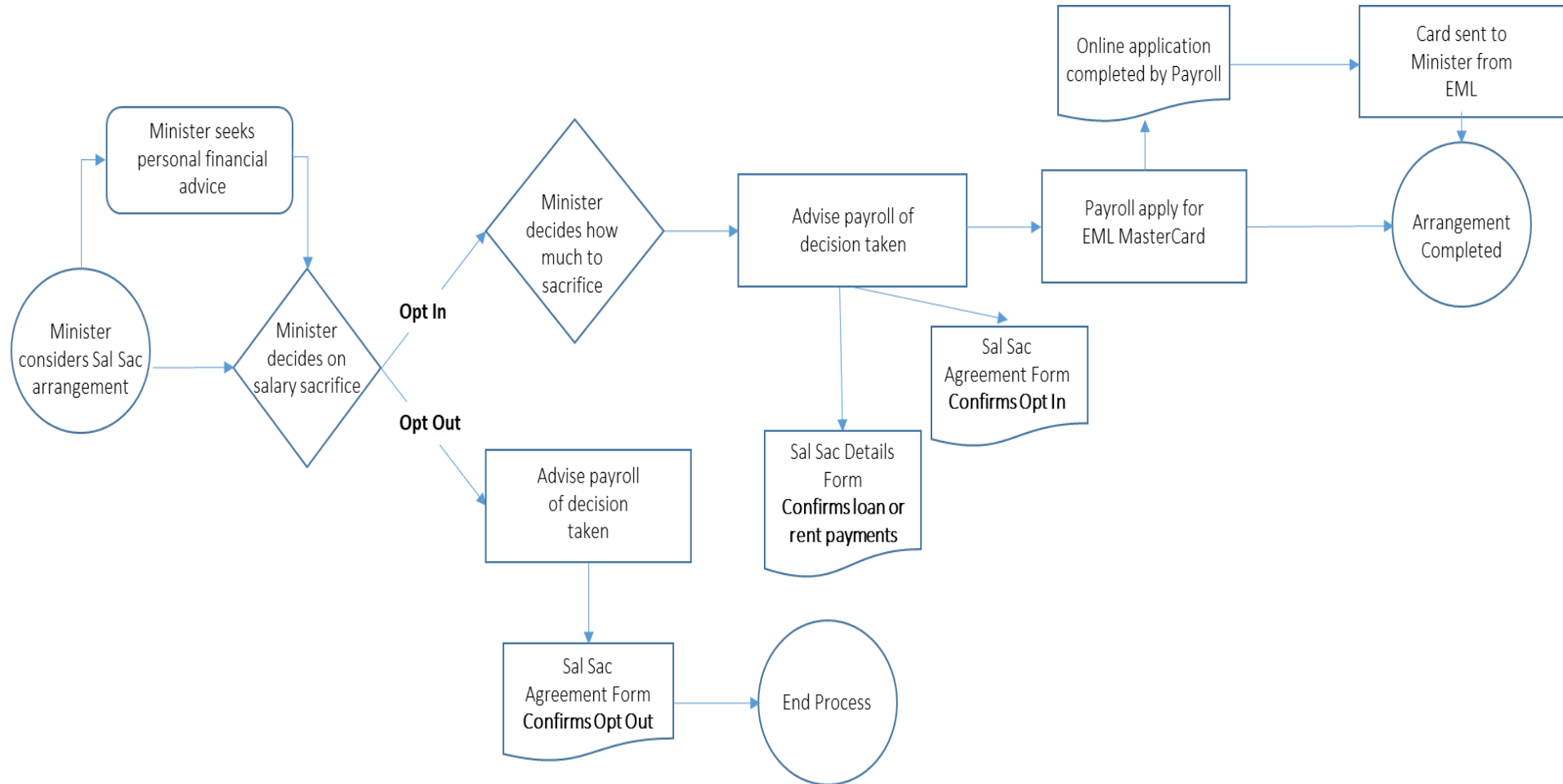
required as part of their salary sacrifice. Documentary evidence is also required to substantiate that payments are made into either a loan (loan repayment) or agent (rent payments).

- 5.2.9. The requirements noted in section 5.2.8 are captured by the completion of a form available from the Diocesan Payroll Department.

5.3 STEP 3 - EXECUTION OF A SALARY SACRIFICE AGREEMENT

- 5.3.1 Upon the potential Participant, notifying the Diocesan Payroll Department of their intention to enter into a salary sacrifice arrangement the Diocesan Payroll Department will ensure that a documented agreement comes into existence.
- 5.3.2 The parties to the documented agreement referred to in 5.3.1 are the Participant and the Diocese. The agreement is entered into prior to the Participant becoming entitled to receive any sacrificed benefits.
- 5.3.3 The process noted in 5.3.1 ensures that the salary sacrifice arrangement is effective for the purposes of meeting taxation legislation.
- 5.3.4 The documentation noted in section 5.3.1 will be contained in the Salary Sacrifice Agreement Form and each Participant must complete this form when opting to take up a salary sacrifice arrangement.
- 5.3.5 The Salary Sacrifice Agreement Form will capture the Minister of Religion's decision to 'opt in' or 'opt out' of the salary sacrifice program and where opting in:
- The dollar amount of benefits to be sacrificed broken down into Stipend and Allowances.
 - Whether the Participant approves automatic adjustments to the amount of the sacrificed salary for changes in the underlying rates of Stipend and Allowances.
 - Confirmation that the Participant has understood their responsibilities upon entering into the salary sacrifice arrangement offered by the Diocese.
- 5.3.6 The signed and completed form must be sent to payroll@graftondiocese.org.au prior to any benefits under salary sacrifice being paid.
- 5.3.7 **No sacrificed benefits may be paid to a Participant without a signed Salary Sacrifice Agreement Form having been completed**

6. PROCESS OVERVIEW



SCHEDULE A

NON-EXHAUSTIVE LIST OF PERMITTED EXPENSES

A Participant may make purchases of the following items with benefits sacrificed as part of an effective Salary Sacrifice arrangement:

- Non-tax deductible faith based giving including tithes, church offerings and donations
- Books, journals and newspapers
- Continuing education for ministry purposes:
 - Participant's professional development costs
 - Conferences and seminars
- Costs of the motor vehicle primarily used by the Clergy member:
 - loan and leasing payments
 - purchase of vehicle
 - vehicle registration
 - vehicle insurance
 - fuel costs
 - repairs and maintenance
 - roadside assistance memberships
- Educational expenses for the Participant, the Participant's spouse, and the Participant's children, including school and university costs. Educational expenses include school fees, uniform costs, school excursions, school specific travel.
- Personal life insurance premiums
- Private health insurance premiums
- Residence expenses currently paid by the Participant:
 - mortgage repayments or rent
 - utilities
 - telephone
 - water rates and consumption
 - furniture and furnishings
 - contents insurance
 - repairs and maintenance—includes maintenance of grounds, repairs to furniture and whitegoods.
- Retirement home costs:
 - mortgage repayments (principal and interest)
 - rates
- Un-recouped medical, dental, optical and pharmaceutical expenses
- Everyday living expenses for example household groceries
- Meal entertainment expenses for example restaurant dining

SCHEDULE B

LIST OF NOT-PERMITTED EXPENSES

A Participant may *not* make purchases of the following items with benefits sacrificed as part of an effective Salary Sacrifice arrangement:

- cash withdrawals or advances, including traveler's cheques and money orders (these constitute tax evasion if not included as income in your personal tax return)
- Fines—parking, speeding, etc.
- Taxation debts, including income or withholding tax, HECS, etc.
- Centrelink debts for overpaid family allowance etc.
- Gambling or gambling services