



Presbyterian Church
of Aotearoa New Zealand

CHURCH MANAGEMENT SUPPORT GUIDE

**A church business resource for administration and
management**

Updated 1 July 2023
Version 8.0

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Introduction

This document is produced by the Financial Services Department (FSD) of the Presbyterian Church of Aotearoa New Zealand (PCANZ) General Assembly office and is an update of the Church Management Support (CMS) guide dated 1 July 2022, version 7.0.

The document is in four parts:

- church finance and administration
- employment of ministers and lay employees
- the responsibilities of a church council in relation to its minister
- products and services available to Presbyterian and cooperating churches.

This update draws on material contained in treasurer's newsletters, as well as material from partner organisations the Inter-Church Bureau, Christian Savings and Laurenson Chartered Accountants.

Throughout this document, Presbyterian parishes are referred to as "churches" and the PCANZ General Assembly office as the "Assembly Office." "The Church" incorporates all New Zealand Presbyterian churches, presbyteries, and the Assembly Office.

Overview: PCANZ organisational structure

PCANZ is a Church, recognised as such under the Presbyterian Church Property Act 1885. The Presbyterian Church Book of Order is its rules document. PCANZ supports some 270 Presbyterian parishes and a further 100 cooperating parishes (churches with the PCANZ and another denomination providing joint oversight). Churches are grouped into either five regional presbyteries or either a Pacific Island or Māori Synod (Te Aka Puaho). Church property is under vested ownership of the Presbyterian Church Property Trustees (PCPT) or for churches located south of the Waitaki River, the Synod of Otago and Southland. Under the [Financial Reporting Act 2013](#), PCANZ qualifies as a Tier 2 Public Benefit Entity.

The organisation is governed by an elected Council of Assembly and served by an Assembly Executive Officer who performs a CEO-type role. PCANZ employs approximately 25 full-time units, located in Wellington, Dunedin, and Auckland offices. There are around 18 functions including administration, communications, local and overseas mission, and minister training.

The total membership throughout New Zealand, which includes cooperating churches, of 30,500 and a further 11,000 associate members. According to 2013 census data, 330,000 New Zealanders consider themselves Presbyterian.

1 FINANCE AND ADMINISTRATION

1.1 Church governance and administration roles

Chapter 7 of the [Book of Order](#) defines “Church Council”, and Chapter 16, “Property and Finance”, details the key roles and responsibilities of the finance and administrative functions of a church.

1.1.1 The Church Council

The church council is responsible for the governance, spiritual oversight, and pastoral care of its members. It also has responsibility for the management of finances and property (BOO, 7.2 and 16.8), including:

- 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)).

Options for the structure of a church council are (BOO, 7.4):

- a session and a board of managers (or deacons’ court)
- a session or parish council that combines the functions of a session and either a board of managers or deacons’ court.

1.1.2 Board of Managers

The board of managers represents the administrative and financial capability of the church (BOO, 7.8–7.12). For the purposes of this document, the term ‘board of managers’ covers the role of a deacons’ court and property and finance committee.

Responsibilities include:

- management of all church finances, ensuring that the church ministry and lay employees have sufficient resources to carry out the agreed mission.
- presenting monthly and annual accounts and budget to the church council and providing regular reports on giving and finances for the church newsletter.
- arranging appropriate approvals for borrowing and property transactions, and ensuring expenditure is properly authorised.
- appointing and overseeing the church treasurer.

1.1.3 Treasurer

The treasurer has oversight of the financial administration of the parish. The role is not an elected one; it is appointed by reports to and is supported by the board of managers. The treasurer's role cannot be filled by the minister (BOO, 16.8(3)) but does not necessarily have to be filled by a member of the congregation.

Upon appointment of a treasurer, it is the board of managers' duty to ensure that:

- the treasurer is fully aware of and understands their 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 and general ledger access is updated
- the previous year's financial reports are reviewed, and the treasurer is made aware of any financial or administrative trends or issues
- PCANZ FSD is advised of the appointment, so that the treasurers' database is updated, and the treasurer is included on the mailing list for finance newsletters

1.2 Church Management Information System

The management of accounts, reports and transactional data is the responsibility of staff and volunteers associated with the church, likely to be the treasurer, with reporting lines to the church board of managers, church council and congregation. It is assumed the treasurer understands cash management and transactional coding procedures, as well as access to and the ability to use a PC-based general ledger system. Like any small business, the general ledger is a database of transactions and account lines that allows users to produce and access data on income, expenditure, assets, and liabilities.

It is the responsibility of each church to meet the financial reporting requirements of the New Zealand government (monitored by Charities Services) and the requirements of PCANZ (refer Section [1.6](#)). Each church should have adequate training procedures, data backup and access security arrangements in place.

1.2.1 Church Accounting Software

PCANZ does not specify any software package for use by churches, however we do strongly encourage parishes to use the Xero accounting package.

1.2.2 Xero

In partnership with advisor, Laurenson Chartered Accountants, PCANZ has developed a version of Xero specifically for the use of churches. Features include:

- a chart of accounts designed for church use, but with the flexibility to modify
- automated financial reporting that meets statutory accounting standards

About 200 churches have signed up for Xero and use the Laurensen agency, which offers direct support in setup, training, and reporting, as well as access to licence cost discounts available to charities. For further information, go to the [Laurensen website](#) or refer to [Xero for parish accounts](#).

1.3 Management of Receipts and Payments

1.3.1 Receipts

Income from operations may be generated from the collection of offerings and donations, the provision of goods or services, such as the hire of the church or hall, or the conducting of (income-generating) weddings and funerals, and investment income.

The church's provision of services should be agreed in advance with the customer and documented by either an invoice or receipt of payment, which should note:

- description and date(s) of services rendered
- agreed payment amounts or rates and payment terms
- the Church GST number and 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 board of managers in the form of an aged accounts receivable report. It is likely that a large part of the church's income will be in the form of cash from the sale of goods or from offerings and donations. Much of this income will be transferred by direct credit, automatic payment, eftpos or credit card transactions. Electronic funds transfer should be encouraged to minimise risk associated with the handling of cash and to create a data trail from donor to church. It is the board of managers that determines who has access to the church cash, bank accounts and credit facilities, it is presumed that the board will grant access to the treasurer, and that at least one other person is able to access funds.

When collecting cash offerings, it is recommended that at least two people are involved throughout the process. An offering roster of people who can assist with the counting of offerings may be helpful. A system of numbered envelopes (or electronic equivalent) should be assigned to a donor or family. It is essential that the donor and donated amount is kept confidential from other members of the congregation.

Donated funds should be held securely prior to transfer to the treasurer, who should:

- Record donations on behalf of the donor

The amount and donor should be recorded in a cashbook, spreadsheet, or donation management system (for example, refer to www.infoodle.co.nz), and

a cumulative record maintained. At the end of the tax year (31 March), a receipt is produced for each donor to enable them to claim tax back from the Inland Revenue under the Church's tax-free charitable status.

- 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 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 because 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 as soon as possible and not retained by the church.

- Prepare banking

Cash 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 reconciling with the bank deposit slip. All cash receipts are to be deposited in the church bank account and not used for operating expenses or any other purpose prior to banking.

1.3.2 Operating and Capital Payments

Church operating and capital expenses will include costs incurred for administration, mission, ministry, and property maintenance. Church payments may be made to suppliers, contractors, vendors, ministers and staff, Presbyteries and PCANZ. Appropriate controls should be established to minimise the risk of inappropriate payments made because of fraud or error. These include:

- Payment authorisation

Authorisation levels and processes should be put in place and agreed by the board of managers, which will designate expense authority to key members of the church and define the number and level of payment authorisers/signatories. The treasurer should regularly report accounts payable and other creditors to the board of managers.

- Separation of roles

It is recommended that the board of managers establish a system that requires two (or more) authorisers (signatories or electronic transfer authorisers), to make each payment. Where feasible, there should also be separation of the authorisation and processing of the payments.

- Security parameters set on general ledger and PC banking software
Access to the church general ledger and bank accounts (including internet banking system) should be restricted and under the control of the board of managers.
- Production and maintenance of appropriate documentation
All expenses transactions should be supported by appropriate documentation, which may include supplier invoices; employment or contractual agreements, wage, and stipend records; and employee expense claims. Inland Revenue 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

A church operating budget reflects the commitments and activities planned by the church, usually over a financial year, which will impact on operational income and expenses, both administrative and mission related. The budget should be produced annually, and actual income and expenditure recorded throughout the year measured against it. The budget is usually set using the previous year's budget and actual income and expense items, with consideration given to planned changes in activity over the coming year. Planned changes to balance sheet items (i.e. the purchase or sale of fixed assets or changes in investments and liabilities) should be documented as a separate capital budget and not included in the operating budget.

The budget may 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) may 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.

1.4.2 Approval process

The budget is usually prepared by the treasurer in conjunction with the church council. On council approval, the budget 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 it has 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

Actual income and expenditure are unlikely to exactly replicate that budgeted for, and variances should be reported. Variances may be planned or unplanned, controllable, or uncontrollable. Actual and budget variances may indicate a lack of control over either the actual cost or the budget process. These variances should be monitored and provide valuable information to the treasurer and the board of managers.

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
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 Donations and donation tax credits

1.5.1 The church as a charitable entity

In 2015 all Presbyterian churches, as well as presbyteries and synods registered as charities in New Zealand. Cooperating churches were already registered as charities prior to 2015. Charitable status means churches enjoy significant tax benefits including a waiver from paying income tax on operating surpluses, concessions from the payment of fringe benefit tax and the ability to issue tax receipts to donors that allow them to claim one third of their donations in the form of tax rebates. The Inter-Church Bureau has issued [guidelines](#) for churches as donee organisations and registered charities, which detail the benefits of charitable status.

The Charities Register is maintained and monitored by [Charities Services](#), which is part of the Department of Internal Affairs. There are requirements with which churches must comply to maintain charitable status, including the production of annual financial and non-financial reports to a specified format (refer section [1.6](#)) and the publishing of the church annual report on the Charities Register (refer 1.6.5).

As well as the publishing of reports, the [register must be updated](#) for changes in the details of the entity and its officers. Each church will have at least one certified representative who has password access to the church's published details. The church's officers will typically be the members of the church council (refer 1.1.1) and are recorded on the register. When council members are replaced, the register should be updated. The update may be done at any time (not necessarily coinciding with the posting of annual accounts) and by the certified representative or by the officer themselves. (Note, however, that whoever actions the update will require the church's user code and password for access). PCANZ advisor, Charities Law, has issued [guidelines on responsibilities and liabilities of officers of a church](#).

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

Churches should maintain a record of donations given by individuals or families. Donations are totalled at the end of the tax year (March 31) and a receipt in the name of the church is issued. Information contained on the receipt should include:

- name of the church or entity (as recorded on the Charities Register)
- charities registration number of the church
- name of the donor
- total of donations received by the church over the year.

Tax credits issued by churches are claimed by donors using the form [IR526](#). Box 4 of this form relates specifically to donations made to churches. The distinction is made between "qualifying donations" (an unconditional monetary 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 Bureau guidelines](#) define a donation that qualifies for tax receipt is one where the donor:

- 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 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 onto 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 stand-alone 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 2007](#). 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.

1.5.3 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 IRD 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).

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.

1.5.4 Tax rebates on donations for overseas mission

Refer: [IRD Fact Sheet on Wholly and Mainly](#)

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, the same guidelines for qualifying and other donations apply and the distinction should be made between donations to an overseas mission activity associated with the church, which qualify for tax credits, and those specified by the donor, which do not.

1.5.5 Payroll giving

Refer: Inland Revenue on [payroll giving](#)

Ministry of Social Development [giving to religious organisations](#)

Payroll giving is designed 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.

- 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, the same as if the donor were 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.

1.6 Statutory reporting requirements

Charitable status is contingent on compliance with reporting requirements as defined by the [Financial Reporting Act 2013](#). Under the Act all churches are defined as Public Benefit Entities (PBEs) and have a legal responsibility to:

- complete an annual report to PBE (Public Benefit Entities) standards
- publish the annual report on the Charities Register.

The Charities Services deadline for publishing reports is six months after balance date – for most churches that is 31 December. PBEs are grouped into four tiers according to annual operating expenditure:

- Tier 1: PBE with annual expenditure over \$30 million
- Tier 2: PBE with annual expenditure over \$2m and less than \$30m
- Tier 3: expenditure over \$140,000 and under \$2m per annum
- Tier 4: expenditure under \$140,000 per annum.

Almost all Presbyterian and cooperating churches record operating expenditure under \$2 million per annum, so will report to either Tier 3 or 4 accounting standards:

- Tier 3: Simple format accrual accounting (36% of Presbyterian churches)
- Tier 4: Simple format cash accounting (about 45% of Presbyterian churches).

Refer: External Reporting Board (XRB) Guidelines: [Tier 3 and 4 Reporting Standards for Not-For-Profit Entities](#)

When considering what tier a church will come into, note:

- Annual expenditure relates to operating, not capital, expenditure.
- Any trusts, societies or activities controlled by the church (for example, an op shop, mainly music group or mission activity) must be included in the calculation. If the church council or board of managers has power over the operations or the church derives financial or some other benefit, then the accounts of the trust or activity must be consolidated with that of the church to determine the tier (and the annual accounts must be consolidated).
- Churches that qualify for Tier 4 standards simple format cash accounting (i.e. have operating expenditure under \$140,000 per annum) may opt to apply Tier 3 standards (simple format accrual accounting).
- A few churches will have total expenses from church and trust operations of over \$2m and will be required to report to a Tier 2 standard.

1.6.1 Non-financial information

Refer: [Treasurers' information](#) (Non-financial Information Template) for a spreadsheet version of the report, reproduced below.

The standards require information on the activities, mission, and membership of churches. All Tier 3 and 4 churches are required to provide two non-financial reports:

- Entity Information
- Statement of Service Performance.

Entity information is simply an overview of the church. It requires a description of the legal basis, mission objective and governance structure of the church.

The Statement of Service Performance goes into a bit more detail of the activities and achievements of the church. It has two measures:

- Outputs: What do we do? This is a brief, written description of the church mission, ministry, and community activities. It includes a mission statement and an overview of the church's reliance on donated goods and services and volunteers.
- Outcomes: What have we done/achieved during the year? This is quantification or measures of the outputs.

Non-financial information in this format is new but under the [Financial Reporting Act 2013](#) it is required to provide information to the government and to the public on the activities, objectives, and achievements of PBEs that is not disclosed in finance reports. The provision of non-financial information is required to maintain the tax and other advantages that come with the charitable status of the church.

Entity information outcomes are unlikely to change year on year and once documented the templates may be used for subsequent annual reports. The suggested Statement of Service performance output measures will change annually so will require updating. The suggested measures resemble data provided in the membership statistics form (refer [1.7](#)) and you may be guided by that document.

1) Entity Information

"Who are we?" and "why do we exist"

<u>Section</u>	<u>Example</u>	<u>Note</u>
Legal Name of Entity	St Fred's Presbyterian Church	The name of the Church as it appears on the Charities Register
Other name of Entity		Optional
Type of Entity and Legal Basis	The entity is a church, established under the Presbyterian Church Property Trustees Act 1865. The rules of the church are detailed in the Presbyterian Church of Aotearoa New Zealand Book of Order. The entity is a registered charity in New Zealand.	The legal basis of the church (not a trust or a society)
Registration Number	CC 12345	Charities Services Registration Number
Entity's Purpose or Mission	The church believes it is called by God to work with others in making Jesus Christ known through: Teaching and nurturing people in Christian faith Loving service responding to human need Proclaiming the gospel Seeking to transform society Caring for God's creation	If the church has a mission statement, insert it here. The example has been lifted from the PCANZ mission statement
Entity Structure	The church is one of 273 churches affiliated to the Presbyterian Church of Aotearoa New Zealand (PCANZ). It is guided by the provisions of the PCANZ Book of Order, however the church is autonomous and governance is the responsibility of a church council, which is elected by members. The church entity incorporates the following associated Trusts and entities (list).	Overview of the structure and leadership of the church. Ensure any associated trusts or entities are noted.
Main Methods Used by the Entity to Raise Funds	- Fundraising (describe) - Donations and offerings - Investment income - Income from services and activities (describe)	Describe income activities, but do not quantify.
Entities Reliance on Volunteers and Donated Goods or Services	The church relies on volunteer's time and expertise to fulfil its mission activities (children and youth work and community support); governance (the church council is a volunteer committee), administration (treasurer and session clerk) as well as many pastoral assistance roles.	Reliance on volunteers should be described but volunteer numbers and time does not have to be quantified.
Additional Information		Optional. Insert any additional information that the readers should require to understand of the church entity

2 Statement of Service Performance

"What did we do?" and "When did we do it?"

<u>Section</u>	<u>Example</u>	<u>Note</u>																																							
Description of the Entities Outcomes	As reported in the Entity Information section, the mission of St Fred's Presbyterian Church as to provide pastoral guidance and community support to its members and others in the (central Wellington) community. In order to achieve this objective the church offers three weekly services to congregational members, although all members of the public are welcome to attend. In addition the church's runs a weekly mainly music event which is aimed at children up to the age of 6, and a weekly bible class aimed at youth in the 13-17 year age group. The church supports local and overseas mission activities by way of fundraising for projects and offering the gift of pastoral care.	Outcomes are what the church is seeking to achieve in terms of its impact on Society. Refer to the mission statement. Describe (but do not quantify) church activities.																																							
Description and Quantification of the Entities Outputs	<table> <tr> <th>Numbers at balance date:</th><th>2016</th><th>2015</th></tr> <tr> <td>Number of church members on the roll:</td><td>75</td><td>70</td></tr> <tr> <td>Number of associate members</td><td>125</td><td>115</td></tr> <tr> <td>Children in mainly music class</td><td>12</td><td>15</td></tr> <tr> <td>Youth in Bible Class</td><td>6</td><td>8</td></tr> <tr> <td>Ministry staff (full time unit)</td><td>1</td><td>1</td></tr> <tr> <td>Non-ordained employees</td><td>3</td><td>3</td></tr> <tr> <td>Volunteers</td><td>12</td><td>12</td></tr> <tr> <td colspan="3">Activities in the year to balance date</td></tr> <tr> <td>Number of services</td><td>156</td><td>156</td></tr> <tr> <td>Number of baptisms</td><td>1</td><td>2</td></tr> <tr> <td>Number of weddings</td><td>2</td><td>-</td></tr> <tr> <td>Number of funerals</td><td>-</td><td>1</td></tr> </table>	Numbers at balance date:	2016	2015	Number of church members on the roll:	75	70	Number of associate members	125	115	Children in mainly music class	12	15	Youth in Bible Class	6	8	Ministry staff (full time unit)	1	1	Non-ordained employees	3	3	Volunteers	12	12	Activities in the year to balance date			Number of services	156	156	Number of baptisms	1	2	Number of weddings	2	-	Number of funerals	-	1	Note: Outputs are the goods and services that the entity delivered during the year.
Numbers at balance date:	2016	2015																																							
Number of church members on the roll:	75	70																																							
Number of associate members	125	115																																							
Children in mainly music class	12	15																																							
Youth in Bible Class	6	8																																							
Ministry staff (full time unit)	1	1																																							
Non-ordained employees	3	3																																							
Volunteers	12	12																																							
Activities in the year to balance date																																									
Number of services	156	156																																							
Number of baptisms	1	2																																							
Number of weddings	2	-																																							
Number of funerals	-	1																																							
Additional Output Measures	The church controls two non-profit entities that are operated as Trusts: Op shop (Turnover \$8,000 to balance date) and a kindergarten (Turnover \$6,000 to balance date). Income and expenditure of these trusts is consolidated in the financial report.	Optional. Include any additional output measures that are relevant to the user's understanding of what the entity did during the financial year.																																							
Additional Information	The Mainly Music activity was established during the year	Optional. Include an explanation of the increase or decrease in outcomes compared with the previous year using factors within and outside the church's control.																																							

1.6.2 Financial reporting – Tier 3 churches

Refer: Charities Services for [Tier 3 guidelines](#) and [Tier 3 annual reporting template](#) PCANZ for the template for the [Tier 3 finance report](#) (Open the Tier 3 finance reports for excel version of the report, reproduced below.)

The reports required to be completed and posted by Tier 3 churches are:

1. Statement of Financial Performance (Profit and Loss format)
2. Statement of Financial Position (Balance Sheet format)
3. Statement of Cash Flow
4. Statement of Accounting Policies
5. Notes to Accounts

Tier 3 churches qualify to report under the simple format accrual accounting standard. Under the XRB Guidelines for accrual accounting there are specific rules that apply to the treatment of transactions, which include but are not limited to:

- Maintain Debtors and Creditors Ledger.
- Record accrued expenses/income and prepayments at balance date.
- Maintain Fixed Asset Register. Capitalise and Depreciate Assets.
- Record Land and Buildings at Valuation. You may use Rateable Value.
- Specific purpose donations received, with a “spend or return” provision, should be treated as a liability until spent.
- Do not offset income against expenditure. Report separately.
- The on-payment of donations to other organisations specified by the donor is treated as income and expenditure, unless there is a “spend or return” provision set by the donor, in which case it is treated as a liability until spent. Tax receipts cannot be issued for these donations if the purpose is not a mission initiative of the church.
- Members of the church cannot have equity. Members’ contributions towards capital projects are treated as donation income, not capital introduced.
- Treat donated goods as income and an asset if the value is known. If unknown, just include the donation in the notes.

Statement of Financial Performance

Revenue	Current Year Actual	Budget (Optional)	Prior Year Actual
Offerings			
Fundraising			
Grants and Donations			
Interest, dividends and other investment revenue			
Other Revenue (Optional)			
- Income from Services and Activities			
- Property Income			
- Other Income			
Total Revenue	-	-	-

Expenses	Actual	Budget (Optional)	Prior Year Actual
Administration			
Expenses relating to the provision of services and activities			
Local Mission			
Overseas Mission			
Other Operating Payments (Optional - List)			
Ministers Stipend Allowances and Expenses			
Staff and Volunteer Stipend Allowances and expenses			
Property Expenses			
Sundry Expenses			
Total Expenses	-	-	-
Operating Surplus or (Deficit)	-	-	-

This report is simply a summary Profit and Loss, similar to the PCANZ financial statistics form. The grouped revenue and expense items are suggestions only. Detail on each of these groups is provided in the notes to accounts (see analysis of revenue and expenses, page 21).

From 2017 a prior year comparison is required. However, the disclosure of budget information is optional, and, although churches should internally report financial performance against budget, you may be reluctant to publish this information. The same analysis and comparisons apply to the Statement of Financial Position (Balance Sheet) below.

Statement of Financial Position

Assets

Current Assets	Actual	Budget (Optional)	Prior Year Actual
Bank Accounts and Cash			
Accounts Receivable and Prepayments			
Inventory			
Investments			
Total Current Assets	-	-	-

Non Current Assets

Property Plant and Equipment			
Investments			
Other Non-Current Assets			
- Unsecured Advances			
Total Non-Current Assets	-	-	-
Total Assets	-	-	-

Liabilities

Current Liabilities	Actual	Budget (Optional)	Prior Year Actual
Accounts Payable			
Accrued Expenses			
Employee costs payable			
Unused donations and grants with conditions			
Other Current Liabilities			
Total Current Liabilities	-	-	-

Non - Current Liabilities

Loans			
Other non-current liabilities			
Unused donations and grants with conditions			
Total Non - Current Liabilities	-	-	-
Total Liabilities	-	-	-
Total Assets less Total Liabilities (Net Assets)	-	-	-

Accumulated Funds

Capital contributed by owners or members			
Accumulated surpluses or (deficits)			
Reserves			
Total Accumulated Funds	-	-	-

Statement of Cash Flows

Cash Flows from Operating Activities

	Current Year		
Cash was received from:	Actual	Budget (Optional)	Prior Year Actual
Donations, fundraising and other similar receipts			
Fees, subscriptions and other events from members			
Receipts from providing goods and services			
Interest, dividends and other investment receipts			
	-	-	-

	Current Year		
Cash was applied to:	Actual	Budget (Optional)	Prior Year Actual
Payments to suppliers and employees			
Donations or grants paid			
	-	-	-
Net Cash Flows from operating Activities	-	-	-

Cash Flows from Investing and Financing Activities

	Current Year		
Cash was received from:	Actual	Budget (Optional)	Prior Year Actual
Receipts from sale of property plant and equipment			
Receipts from Sale of Investments			
Repayment of loans borrowed from other parties			
Capital contributed from owners or members			
	-	-	-

Cash was applied to:			
Payments to acquire property, plant and equipment			
Payment to purchase investments			
Repayments of loans borrowed from other parties			
Capital repaid to owners or members			
	-	-	-
Net Cash Flows from Investing and Financing	-	-	-

Net Increase / Decrease in Cash	-	-	-
Opening Cash			
Closing Cash	-	-	-
<u>Represented By</u>			
Bank Accounts and Cash			

The Statement of Cash Flow records cash movements in and out of the church, grouped by operating activities (from the Statement of Financial Performance, adjusted for debtors and creditors in the Statement of Financial Position) and Investing and Financing activities (movements in investments, fixed assets, and liabilities). A spreadsheet template of this report is available on request from Financial Services Department, or the report can be automated using Xero for Parishes (refer [1.2.2](#)).

Statement of Accounting Policies

Basis of Preparation	(the entity) is permitted by law to apply PBESFR -A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (not - For - Profit) on the basis that it does not have public accountability and has total annual expense equal to or less than \$2,000,000. All transactions in the Performance report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.
----------------------	--

Goods and Services Tax (GST)	(Name) is registered for GST. All amounts are stated exclusive of goods and Services Tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST
------------------------------	--

OR (delete one not applicable to entity)

Goods and Services Tax (GST)	(Name) is not registered for GST. Therefore amounts recorded in the Performance Report are inclusive of GST (if any).
------------------------------	---

Income Tax	The entity is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions
------------	--

Bank Accounts and Cash	Bank Accounts and Cash in the Statements of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 Days or less.
------------------------	--

Other Specific Accounting Policy	
----------------------------------	--

Tier 2 PBE Accounting Standards Applied (if any)	The consolidation of Trusts or activities into church accounts is an example of adoption of Tier 2 standard and should be noted here
--	--

Changes in Accounting Policies	
--------------------------------	--

This is a simple report that is unlikely to change from year to year. It reports on what tier the church is reporting to, whether it is GST registered, liable for income tax and its definition of cash. (Some entities report term deposits up to three months as cash although it is unlikely churches will do so.) It is also unlikely accounting policies will change over the year, or any Tier 2 standards will apply, but if they do that should be noted in this report.

Notes to Accounts

In addition to the Statement of Accounting Policies, there are 11 notes to the finance reports for Tier 3 entities:

- Analysis of Revenue } Detail of Financial Performance
- Analysis of Expenditure }
- Analysis of Assets and Liabilities } Detail of Financial Position
- Property Plant and Equipment }
- Accumulated Funds
- Commitments and Contingencies
- Assets held on behalf of others
- Related Party Transactions
- Events after Balance Date
- Ability to Continue Operating
- Additional Information.

Many of the Statements of Accounting policies and notes to accounts may not apply to churches and mandatory completion of all notes is not required. If there are events or transactions that should be noted, compliance should be straightforward. Refer to the XRB Guidelines or to FSD for guidance.

1.6.3 Financial reporting – Tier 4 churches

Refer: Charities Services for [Tier 4 guidance](#) and [Tier 4 annual reporting template](#) PCANZ for the template for the [Tier 3 finance report](#) (Open the Tier 3 finance report for excel version of the report, reproduced below.)

Tier 4 churches qualify to report to simple format – cash standards. This is designed for small, simple Public Benefit Entities (PBEs) (not just churches) that may not have the resources to do accrual accounting. So, Tier 4 entities report on a cash basis only and are exempt from reporting some of the more complex parts of Tier 3 entities; for example, there is no statement of cash flow, fixed asset register or accrued expenses and income required.

The reports required to be completed and posted by Tier 4 churches are:

1. Statement of Receipts and Payments
2. Statement of Resources and Commitments
3. Statement of Accounting Policies
4. Notes to Accounts

The Statement of Receipts and Payments, reproduced below, may be quite different to the way the church has traditionally reported financial performance and position. It lists operating revenue and payments (similar to income and expenditure but without any accruals) and also capital receipts and payments are on the same report. Traditional balance sheet items such as the purchase or sale of fixed assets and property, or investments made or redeemed, are reported along with traditional operating income and expenditure items.

Similarly, the Statement of Resources and Commitments requires information on receivables and payables that is not strictly cash reporting. The reports are designed to be simple and may well be so; however, it should be noted that cash accounting for Tier 4 churches is not mandatory and if your church qualifies for Tier 4, you can report under Tier 3 standards and may decide to because Tier 3 may more closely replicate the existing reporting format.

Statement of Receipts and Payments

Revenue	Current Year Actual	Budget (Optional)	Prior Year Actual
Offerings			
Fundraising			
Grants and Donations			
Interest, dividends and other investment revenue			
Other Revenue (Optional)			
- Income from Services and Activities			
- Property Income			
- Other Income			
Total Operating Receipts	-	-	-

Operating Payments	Current Year Actual	Budget (Optional)	Prior Year Actual
Administration			
Expenses relating to the provision of good and activities			
Local Mission			
Overseas Mission			
Other Operating Payments (Optional - List)			
Ministers Stipend Allowances and Expenses			
Staff and Volunteer Stipend Allowances and expenses			
Property Expenses			
Sundry Expenses			
Total Operating Payments	-	-	-
Operating Surplus or (Deficit)	-	-	-

Capital Receipts	Current Year Actual	Budget (Optional)	Prior Year Actual
Receipts from Sale of Resources			
Receipts from Borrowings			
	-	-	-

Capital Payments			
Purchase of Resources			
Repayment of Borrowings			
	-	-	-

Increase / (Decrease) in Bank Accounts and Cash	-	-	-
Bank Accounts and Cash at the beginning of the financial year			
Bank Accounts and Cash at the end of the financial year	-	-	-

Represented by:	Current Year Actual	Budget (Optional)	Prior Year Actual
Cheque account(s)			
Savings account(s)			
Term Deposit Account(s)			
Cash Floats			
Petty Cash			
Total Bank Accounts and Cash at the End of the Year	-	-	-

Statement of Resources and Commitments

Schedule of Resources

	This Year (\$)	Last Year (\$)
Bank Accounts and Cash (from Statement of Receipts and Payments)	-	-
Money Held on Behalf of Others (Optional, List)	Amount	Amount
Description		
	-	-
Money owed to the Entity (List)	Amount	Amount
Description		
	-	-
Other Resources (List)	Cost or Current Value	Cost or Current Value
Description and source of value (cost or current value required if practicable to obtain)		
	-	-

Schedule of Commitments

Money Payable by the Entity (List)	Amount	Amount
Description		
	-	-
Other Commitments (List)	Amount	Amount
Description		
	-	-
Guarantee's (List)	Amount	Amount
Description		
	-	-

Schedule of Other Information

Grants and Donations with Conditions Attached (where conditions not fully met at balance date)	Amount	Amount
Description		
	-	-
Resources Used as Security for Borrowings	Amount	Amount
Description		
	-	-

Statement of Accounting Policies

These disclosures relate to the accounting standard (tier) that applies, and to the GST and tax policies of the church. They are the same disclosures as required for Tier 3 entities. Refer to section 1.6.2.

Notes to Accounts

In addition to the Statement of Accounting Policies there are six notes to accounts:

- Analysis of Receipts } Detail on the Statement of Receipts and
- Analysis of Payments } Payments (including capital receipts and payments)
- Correction of Errors
- Related Party Transactions
- Events after Balance Date
- Additional Information

These disclosures are the same as for Tier 3 churches, although there are not as many required. Refer to section 1.6.2.

1.6.4 Automation of reporting using Xero for parishes

The version of Xero accounting software that has been written for churches automates the financial sections of Tier 3 and 4 reports:

- Statements of Financial Performance }
- Statements of Financial Performance } Tier 3 churches
- Statement of Cash Flow }
- Analysis of Revenue and Expenditure }
- Statement of Receipts and Payments }
- Statement of Resources and Commitments } Tier 4 churches
- Analysis of Receipts and Payments }

Refer: [Guidelines for producing annual accounts on Xero](#) and sample Xero report templates for [Tier 3](#) and [Tier 4](#) churches.

1.6.5 Posting the annual report on the Charities Register

Refer: Charities Services for [guidance on filing an annual return](#)

Church annual reports are posted on the Charities Register by 31 December for churches with a 30 June balance date. The process of posting is quite straight forward but in order to access the register you will need the [username and password](#) issued by Charities Services when your church registration was accepted last year. If you do not have these details you can request them from Charities Services.

You will be required to summarise financial and non-financial information and either attach an electronic version of the annual report or mail a hard copy to Charities

Services. They will charge \$51.11 for posting accounts on the website, or \$76.67 to process accounts that have been mailed to them.

All parishes are part of the PCANZ Group, and a parish may elect to not file their own individual return with the Charities Service. Many parishes have already selected this option. If your parish wishes to take advantage of this option please contact the PCANZ Assembly Office. Note that the parish will be required to maintain their own details on the Charities Services website such as officer details, parish address, parish contact details etc.

1.7 Church Statistics

The [Book of Order](#) Chapter 16 refers to property and finance matters. Section 16.8(7) states:

The church council must ensure that accounts of the congregation are prepared and reviewed or audited at least once in every year and at such other times as may be required by the congregation.

Church accounts are published on the Charities Register, and the summary statistical forms for the year to 30 June, listed below, are sent to the Assembly Office by the due date, 31 December:

- Membership statistics form
- Finance statistics form
- Independent audit or financial review.

Reports are collated by FSD and published on the PCANZ website for church [finances and membership statistics](#).

1.7.1 Membership Statistics Form

The [Membership Statistics Form](#) is used to track and analyse changes in numbers, age and demographics of members, and the activities of each Presbyterian and Cooperating parish.



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

- Ministers - National Ordained
- Ministers - Local Ordained
- Pastoral Care
- Youth
- Children
- Administration
- Other (please specify)

Paid		Volunteer	
Number	Est hours/week	Number	Est hours/week
-	-	-	-

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 fill 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.

1.7.2 Finance Statistics Form

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

The data is used to track changes in the financial performance and position of each church, and income data is used for the annual calculation of Assembly Assessment.

Note: The form indicates if the income and expense line item is included or exempt from Assembly Assessment calculation.

Financial Statistics Form

For the Year to 30 June 2022

Please refer to the guidelines for completing and forwarding this form

Parish Name:

Presbytery:

Completed by:

Date:

1. Statement of Financial Performance

Income

Included in Assembly Assessment calc (Y/N)

Grants and Donations Received

1	Offerings & Donations		Y
2	Charitable Appeals		N
3	Funds Received for Mission		N
4	Specific Funds Received for Capital Works		N
5	Other Grants		N
6	Government Wage Subsidy Received		N
7	Legacies and Bequests		N
8	Realised Capital Gain on Sale of Buildings		N
9	Property Income		Y
10	Investment Income		Y
11	Income from Services and Activities		Y
12	Sundry Income (Specify)		Y
Total Operating Income			A

Expenditure

13	Ministers Stipend and Allowances		N
14	Ministers Housing Costs		Y
15	Other Ministry Costs		N
16	Other Staff costs and Expenses		N
17	Property expenses		N
18	Administration and Office Expenses		N
19	Local Mission		N
20	Overseas Mission		N
21	Sundry Expenses (Specify)		N
Total Operating Expenditure			B

Operating Surplus/Deficit

A - B

2. Statement of Financial Position

Assets

22	Land and Buildings		
23	Fixed Assets		
24	Cash and Investments		
25	Accounts Receivable		
Total Assets			C
26	Total Liabilities		D
27	Equity		C-D

Guidelines to completing the Financial Statistics Form

1. Offerings and Donations

All regular giving for the general purpose of the church, including envelope giving, general donations and special appeals for the purpose of meeting church operational expenses.

2. Charitable appeals

Money specifically raised or received for charitable appeals beyond the parish, not for church operations.

3. Funds received for Mission

Grants and donations received specifically for local and overseas mission purposes.

4. Specific Funds received for capital works

Money received for specific presbytery approved building projects, including the purchase or construction of a building, or the refurbishment or major maintenance of a building used for parish purposes.

The parish is to have a presbytery recommendation of the building project to the Church Property Trustees (CPT) and CPT approval prior to the receipt of funds for the building project. Funds received for the project should be separately identified at collection and properly accounted for. Proposals which involve expenditure of more than \$50,000 require presbytery approval.

If the above criteria are met then all funds that are raised will be eligible whether in reasonable anticipation of construction, to meet direct project costs, or to repay a loan that funded the building.

Note: if capital funds for building works are invested, the interest income earned on those funds is assessable income.

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. Wage Subsidy received

Any funds received as part of the Government's Covid-19 wage subsidy scheme.

7. Legacies and bequests

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

8. Realised capital gain on sale of property

Any gain received on the sale of church property.

9. Property income

Total income received from the rental or hire of manses, church buildings, and any properties held for the purpose of generating income (including revaluation of investment property).

Note: total property income should be recorded and should not be netted off against property costs. Property costs should be separately disclosed under "property expenses" (see 17 below).

10. Investment income

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

Note: if capital funds for building works are invested, the interest income earned on those funds should be reported here.

11. Income from services and activities

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

12. Sundry income

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

13. 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 include the church contribution to the Ministers' Beneficiary Fund.

14. Ministers' housing costs

The gross amount of any housing allowance paid to a minister or rental expense paid to a third party and added to a minister's stipend package. This is recorded separately to other ministers' allowances as it is deducted from assessable income for calculation of Assembly Assessment.

15. Other Ministry Costs

Any costs of ministry that are not paid to the minister in the form of stipend and allowances. Include travel expenses (paid to a provider or by way of reimbursement) office or administration expenses incurred specifically by the minister (as opposed to the church office – refer note 16) and any employment costs (salary, allowance, and expenses) of non-ordained or supply ministry.

16. Other staff costs and expenses

Expenses relating to non-ministry or lay employees, including administration staff and child and youth workers. 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).

17. Property expenses

Expenses relating to the maintenance and operation of church buildings and any properties held for the purpose of generating income, including repairs and maintenance, rates, and insurance premiums. Excludes building purchase and improvement costs (which should be capitalised) and rental costs incurred on behalf of a minister.

18. Administration and office expenses

Office expenses, communications, computer costs, travel, depreciation, consultancy, Assembly Assessment and presbytery levies, and non-property related insurance premiums.

19. Local Mission

All expenditure for mission within New Zealand, including disaster relief, local mission projects and contributions and expenses excluding wages and salaries (Refer note 16) paid to volunteer and unpaid mission workers including child and youth workers. Local mission expense includes the on-payment of donations received for specific or general purpose New Zealand based mission projects, as well as grants paid from church funds.

20. Overseas Mission

Grants, donations, and mission expenses paid to overseas agencies, workers, or projects, including the on-payment of donations received for the purpose of overseas mission.

21. Sundry expenses

Any other expenditure incurred not already reflected above, including any Sunday school, youth, Bible Study, and worship costs.

22. Land and buildings

Land and property owned and operated by the Church, excluding investment property. 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 these cover buildings only, not land. The entry should include the value of any mortgaged property.

23. Fixed assets

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

24. Cash and investments

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

25. Accounts receivable

Loans and accounts owed to the church at balance date.

26. Liabilities

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

27. Equity

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

1.8 Audit and Review of Annual Accounts

1.8.1 Definitions

Linked here is an American overview of the difference between the [audits and reviews for non-profit organisations](#) and the value of having them done, even though it may not

be legally required. Please disregard the requirement thresholds as they do not apply in New Zealand. However, the definitions and application guidelines are relevant.

In summary, an audit and a review are both independent investigations of the processes, documentation and controls that support the information contained in the annual report. Both are completed by a chartered accountant or qualified auditor who will document their opinion that the report is a “true and fair” representation of the church’s financial performance and position. If the auditor or reviewer does not believe the report is a true and fair representation, they will offer a “qualified” or “adverse” opinion, stating the reasons why.

An independent financial review will generally be more limited in scope than an audit. A review will require less investigative input and therefore will be less expensive. The resulting reviewer opinion will possibly note any significant errors or misstatements in the report but will offer less surety on the true and fair representation than an audit opinion. Neither a review nor an audit will offer a guarantee that the reports are accurate.

1.8.2 Statutory Audit / Review Requirements

Similar to reporting standard tiers, the legal requirement to have annual accounts audited or reviewed is dependent on the annual operating expenditure of the church:

- PBEs including churches with annual expenditure over \$1 million per annum are required to have their annual financial statements audited.
- Churches with annual expenditure over \$500,000 per annum are required to have their annual accounts independently reviewed by a qualified accountant.

Most Presbyterian parishes will come under the \$500,000 expenditure threshold, so will not have a statutory requirement to be either reviewed or audited. However, many churches do have audits and independent financial reviews as an internal management control.

1.8.3 PCANZ Audit / Review Requirements

Section 5.2(4)(c) of the [Book of Order](#) states the congregation must:

...appoint a suitably qualified person to review or audit the accounts.

An audit is an option but is not compulsory and the church may choose to have an independent financial review. Note that unlike an independent financial review defined above, a “review” as defined in the Book of Order does not have to be done by a chartered accountant, but by a “suitably qualified” person.

If the church opts to have an audit, the auditor must be qualified. However, if a review is done and a chartered accountant is not appointed, these controls should be noted:

- The reviewer is appointed by and reports to the church council, which should have confidence the reviewer has adequate competence and experience.

- The reviewer may volunteer their service, but any paid remuneration is negotiated and agreed with the council in advance.
- If the reviewer is a member of the congregation, they should not be responsible for any of the treasurer's duties or have access to day-to-day cash management.
- It is advisable that for internal risk and control the reviewer (or auditor) should be changed every few years.

Documentation supporting reports is kept by the treasurer and must be made available to the auditor/reviewer, for example:

- supplier invoices with appropriate payment authorisation
- records of donations received
- bank deposit slips, bank statements and reconciliations
- wage records
- access to the general ledger including journal adjustments with supporting explanations
- if maintained, the fixed asset register, showing additions, disposals, and depreciation of assets.

Parish Financial Review Certificate

If accounts are audited, an audit opinion will be issued. If a review is done a [Financial Review Certificate P6](#) is completed and signed by the reviewer. This is simply an indication that the reviewer is satisfied with the processes and documentation that support the financial report. As with an audit report it is not a guarantee of report accuracy but offers limited surety to church governors.

This form is attached to the annual report for agreement by the council and by the congregation at the AGM and a copy sent to the Assembly Office as an attachment to the completed statistics forms. 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 reviewer's own letter or letterhead will suffice.

FINANCIAL REVIEW CERTIFICATE

Parish/ Trust name: Charity Number.....

Forms Completed By.....

Of (*if applicable*)

Address:

Phone: Email:

I/We.....

have undertaken a review of the financial accounts of the
..... Parish/Trust in accordance with PCANZ
ICCP (*Internal Control Checking Process*). As a result of this review, I am/we are
satisfied that the financial reports which have been presented to the Parish/Trust
meeting fairly set out the Receipts and Payments/Trial Balance for the year ended
...../...../.....

Signed..... Signed.....

Date..... Date.....

Notes:

- (1) The review of the Parish Accounts is important to safeguard the 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) The reviewer above has received approval from AES (*Assembly Executive Secretary*) in accordance with the Book of Order.
- (3) It is acknowledged that completion of this form does not guarantee the accuracy of the finance reports but offered limited assurance of adequacy of reporting processes.
- (4) If the person who reviews the Parish/Trust financial records prepares their own financial review certificate, please attach a copy of that certificate to this form.

1.9 Tax Liabilities and Rates on Church Property

Refer: [Non-Profit Organisations tab of the IRD website homepage](#) and

[Inter-Church Bureau GST, FBT and Tax Guidelines for Churches](#)

All churches are legal entities and have tax obligations. Churches should be registered with the Inland Revenue Department (IRD) and have an IRD number. Trusts and activities that are controlled by the church may have separate IRD registration or come under the church registration as a single entity.

1.9.1 Income Tax

As registered charities (refer [1.5.1](#)), churches are exempt from Income Tax on operating surpluses.

1.9.2 Pay As You Earn (PAYE)

Refer: IRD information on employer responsibility regarding [PAYE deductions](#) and [returns information](#)

On the commencement of employment, you should obtain a completed [tax declaration form \(IR330\)](#) 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. For most churches this will be the 5th of the month for PAYE deducted throughout 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.) Payments may be done manually or electronically using the IRD employer deductions form [IR345](#) as supporting documentation.

1.9.3 Goods and Services Tax (GST)

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

Inter Church Bureau guide to [Inter Church Bureau GST and FBT guideline](#)

The above link is to a document issued by the [Inter Church Bureau](#) (Formerly known as the Inter Church Working Party on Taxation) dated August 2017. It offers a guideline on church treatment of GST. 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 summarised:

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 taxpayers 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.*

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:

- sale of goods (except donated goods)
- income earned from services performed (the conducting of wedding or funeral services, or the hire of property or equipment).

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

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

GST on expenses (input tax)

GST 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 generating income from taxable supplies, and incurs costs that are associated with making those taxable supplies, then GST on those expenses may be claimed. For example, if taxable income is generated from the use of a hall hired to the public, then the GST portion of costs associated with the property may be claimed:

- repairs, maintenance, and property costs
- phone and computer costs
- capital costs on buildings (building improvements and extensions).

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

- salaries and stipends
- staff allowances
- depreciation and interest
- expenses associated with a manse or building that does not generate taxable income
- grants and donations paid.

GST returns

GST returns are usually made monthly although they may be made at two- or six-monthly intervals. It is efficient to establish an electronic return system using [GST Return Form 101](#). Accumulated input and output tax are offset to calculate the amount payable to or receivable from Inland Revenue. 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.

1.9.4 ESCT (Employer Superannuation Contribution Tax)

Refer: [IRD Guideline on ESCT calculation and payment](#) and section [3.3.5](#) (Ministers' Beneficiary Fund)

1.9.5 Tax Treatment of Cash Receipts and Koha

The basic test of the receipt of gifts of funds or koha relates to services provided by the minister (or another person). Where money is received in exchange for services provided (weddings/funerals) by a minister (or other person) then that is income and needs to be taxed.

In a situation where a minister receives a stipend or wage for a full-time job where there is an expectation that they will conduct weddings or funerals, for example, as part of that work, and pays tax on that stipend or wage, then as long as tax is paid, they have fulfilled their responsibilities to Inland Revenue. Any other money given to that person, at say a funeral or wedding could be regarded as a non-taxable gift.

Ideally a person receiving some sort of gift in these circumstances will have:

- clarified with their employer or parish how such gifts should be treated
- clarified with the giver of gifts whether the gift is intended for them personally or is a donation or gift for the church.

In a situation where a minister depended on deriving their income from gifts of payments for services provided, then this income would need to be declared.

If a beneficiary of the gift or koha was receiving an unemployment benefit, and they advertised or promoted their services for the purposes of receiving some financial benefit then that person would need to declare that gift or koha as income.

If, on the other hand, the beneficiary was invited by family or friends to conduct a wedding for which they received some money, then that money may or may not be treated as a gift depending on the circumstances. If this person was doing this regularly, or where there was any suggestion of some sort of contract (“if you conduct this service then we will pay you”) or where the person indicated an amount which they should be paid, then we move from gift to income.

In a situation where a person receives money or goods through the compassion, concern, or generosity of another and not because of any service that person has provided, then that would not be considered a payment but a gift.

There may be grey areas here – every situation involves some question about the intention of the payer and payee, the nature, and expectations of the transaction, etc., and it is in this grey area which the IRD might show some allowance for cultural subtleties. However, the IRD is going to look with concern on any situation where an individual expects payment for a service they provide and for which no income tax is paid. In a situation where a regular offering is given for services provided by a minister then it is likely the IRD will view that income as taxable. The fact that it is regularly anticipated and relates directly to the provision of a service suggests it should be declared as income.

1.9.6 Rates on Church Property

Refer: [InterChurch Bureau guideline on Local Authority rates on church property](#)
[Local Government \(Rating Act\) 2002](#)

Under the Local Government (Rating) Act 2002, church property is exempt from general rates imposed by local authorities. The Act contains conditions to this exemption:

- It applies to general rates only and does not extend to targeted rates such as water or any other specific levies.
- Church lands and buildings must be used at least 50% for the purpose of religious worship or education.

An extract from the [InterChurch Bureau guideline](#) follows:

The application of the law

It is the Church's understanding that if church land is used solely or principally for the purpose of religious worship and/or as a Sunday school or other form of religious education, then the land is fully exempt for general rates. Therefore:

(a) Places of religious worship such as churches and chapels, which meet the test set out above, are fully non-rateable.

(b) If church land is not used on a Sunday for religious education (Sunday school) but is used during the week for a mix of religious education and other community activities, then so long as the religious education activities constitute more than 50% of the use of the property by time or by space, then the property would be considered fully non-rateable.

(c) If church land is used for Sunday school on a Sunday and is not used for any other use during the week, then the property would be considered fully non-rateable.

(d) If church land is used both on a Sunday (for Sunday School) and also during the week for a mix of religious education and other community activities, and the Sunday School and RE uses combined are more than 50% of the total use by time, then the property would be considered fully non-rateable.

e) This also applies to church buildings which are used for a mixture of religious worship, religious education, and other purposes such as administration. They are also fully non-rateable if religious worship or religious education (or both together), comprise more than 50% of use by time or by space, although, as set out in the example above, the Local Authority could opt to separate out that part of the building used for administration as a different rateable part of the rating unit.

1.10 Assembly Assessment

1.10.1 Obligations of the Church

Assembly Assessment (AA) is a levy placed on churches by the Assembly Office and is used to fund the mission, leadership, governance, and mission activities of General Assembly. Refer: [2016 PCANZ General Assembly annual report](#) for details.

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.

1.10.2 Assembly Assessment Calculation

Assembly Assessment is calculated each financial year by Financial Services Department and charged to Presbyterian Churches monthly. The amount is based on General Assembly budget funding requirements approved by the Council of Assembly and the calculation uses church membership and accessible income data as reported in church statistics for the period to the previous year ending 30 June.

The 2021-2022 Assembly Assessment is:

Budget AA requirement 2021-2022	\$2,121,000
AA based on membership (50%)	\$1,060,500
Total membership (from 2020 statistics)	20,285
AA per member	\$52.25
AA based on accessible income (%)	\$1,060,500
Total assessable income	\$39,491,895
AA as a percentage of income	2.68%

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

- grants and donations received specifically for mission work (line 3 of Financial Statistics Form)
- grants and donations received for building projects (line 4)
- other grants received (line 5)
- income from legacies and bequests (line 6)
- Minister's housing expenses (line 12).

Using the formula of \$52.25 per member plus 2.68% of accessible income, the calculation for a church with (for example) membership of 84 and accessible income of \$157,695 is:

Accessible Income

Total income (as per finance report and church statistics)	\$205,150
Less items not included in the calculation	
Fund received for mission purposes	(\$16,955)
Funds received for capital works	-
Other grants received	(\$10,000)
Legacies and bequests	(\$5,000)
Ministers housing expense	<u>(\$15,500)</u>
Accessible income	\$157,695

AA Calculation

Accessible income	\$157,695	2.68%	\$4,226.22
Membership	84	\$52.25	<u>\$4,389.00</u>
Calculated assembly assessment			\$8,615.22
Calculated AA as a % of income (\$8,615.22/\$157,695)			5.46%
Maximum Charging Range			4% - 8%
Annual levy based on charging range			\$8,615.22
GST			<u>\$1,292.28</u>
Annual Levy			\$9,907.50
Monthly billing			\$825.63

Note there is an upper and lower limit (4% and 8%) of AA as a proportion of accessible income. This is to weight the calculation towards income and away from membership variables, as this is seen as a more equitable calculation.

1.11 Church property

Refer: [Church Property Handbook](#)

1.11.1 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 [BOO](#), 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 that 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 [BOO](#), 7.15(2) and 7.21.)

1.11.2 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 \$50,000, the church council must obtain the approval of the congregation, the presbytery and the Church Property Trustees or the Synod of Otago and 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 and Southland. Applications are considered in terms of how the proposal will effectively further the mission of the Church.

Building proposals that will cost over \$200,000 also require a report from the Church Architecture Reference Group (CARG) before the 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 may be requested from the Church Property Trustees.

The 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.

Sources of external funding

Borrowing

Any borrowing of over \$50,000 requires the prior approval of a congregational meeting, the presbytery and the Church Property Trustees or the Synod of Otago and 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.

Any borrowing, regardless of the amount, that is to be secured by mortgage, requires approval of the congregation, Presbytery, and the Trustees.

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.

Christian Savings (CS) is the usual source of larger church loans. The church council may contact CS to ascertain the likelihood of securing a loan before an application is made for approval to borrow. Phone CS on 09 582 0037, or write to PO Box 12 738, Penrose, Auckland 1642.

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 and 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, that are not funded from gaming.

Lottery grants and any community trust grants funded from gaming.

If 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 and Southland must first be obtained, as they will be required to co-sign the application form to the Lottery Grants Board.

Section 10 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 and Southland, whose criteria may vary slightly from those of the Church Property Trustees.

1.11.3 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 Presbytery 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](#).

1.11.4 Property insurance

Refer: PCANZ [insurance information](#)

Church property must be maintained and adequately insured

The [Book of Order](#) in Chapter 16 states that the church council is responsible for the management and administration of all property of the congregation. It must do everything necessary or appropriate for the use and management of all property associated with the life, worship and the mission of the congregation including:

- the care and maintenance of all property
- the provision of adequate insurance cover on all property.

Basic principles that apply

The Church's First Principles acknowledge that everyone who makes decisions about property or finance within the Church is a "trustee" and that these decisions must keep faith with the long-term interests of the whole Church. Parishes must always bear in mind that we are a Church with a common ministry and should not focus exclusively on local concerns.

Because insurance decisions can impact the whole Church, it is important when thinking about insurance to consider:

- the ability to reinstate Church property after a disaster; and
- protecting the value of a property for both the parish and the Church as a whole.

The [Book of Order](#) requires the Trustees to ensure the proper management of congregation property and assets by church councils in accordance with the rules of the Church. These rules are set out in the Book of Order and various other handbooks

and guidelines. This includes the proper management of property in a way so as to maintain the value of the resources for both current and future use and benefit of the whole Church.

Managing risk through insurance is an important part of the proper management of a congregation's property and assets. Under the Book of Order, a congregation must have adequate insurance on all its property.

The Trustees consider "adequate insurance" as that which covers all normally insurable property and contents risks, including fire and natural disaster (which includes earthquake), at **replacement value**. Full replacement cover is required throughout the insurance period and during any period of reconstruction following an incident. This should also include cover for demolition costs. Contract works insurance will usually be required during any period of building or major alterations.

Insuring for less than replacement value requires special permission

A decision by a church council to insure a building for less than replacement value requires the approval of the Trustees. As with any property-related matter, the decision must be supported and approved by the congregation and Presbytery before being submitted to the Trustees for approval.

The Trustees will consider specific variations to the requirement to insure at full replacement on a case-by-case basis. Applications for the Trustees' approval must be received well in advance of the commencement date for the proposed insurance arrangements.

When considering an application, the Trustees will look at:

- the long-term value of the building to the congregation; and
- the value of the building to the church as a whole if it was sold.

For this reason, the Trustees are unlikely to approve less than replacement value insurance for church buildings that have material value, simply because the current parish cannot afford the replacement insurance premium.

Note: Any approval by the Trustees to insure a building for less than full replacement value will be valid for a period of five years. Further approval will have to be obtained if the reduced cover is to continue beyond that period so that both the parish and Presbytery are aware of this decision.

Who can provide insurance cover?

While the Trustees recommend using Crombie Lockwood Limited (see below), they will accept alternative insurance cover arranged by parishes, provided the arrangements (i.e., cover type, agreed cover amounts, deductibles, policy terms and insurer) are approved by the Trustees.

These insurance responsibilities also apply to presbyteries that take over Church properties due to the dissolution of parishes and to campsite committees in respect of their buildings.

Money received from substantial losses covered by insurance claims will be held by the Trustees in parish Presbyterian Investment Fund property accounts. Insurance claim settlement proceeds will be available to the congregation to pay for reinstatement works (where appropriate) or otherwise for an approved purpose in accordance with the Supplementary Provisions.

Presbyterian Church Insurance Collective (PCIC)

The Church operates an insurance collective known as the Presbyterian Church Insurance Collective (PCIC) for the placement of all insurances applicable to congregations and the Church.

The brokers for the PCIC are Crombie Lockwood (New Zealand) Limited. Crombie Lockwood provides full administrative support including the management of the church's property insurance database, valuations, billings, and claims, together with insurance packages tailored to the needs of individual parishes. The PCIC provides congregations with access to insurance cover for properties on terms acceptable to the Trustees and, given the purchasing power of the congregations as a combined purchaser, at competitive rates.

The PCIC is managed by a registered charitable trust known as the Presbyterian Bureau Services Trust Board (PBST). The trustees of PBST are appointed by the Church Trustees. The PBST operates under the oversight of the Church Trustees.

Participation by congregations in the PCIC is not mandatory. The decision as to the cover to be taken and the insurer lies with the church council (subject to satisfying the Trustees that the cover taken is adequate). Premium payment options offered through the Church's insurance brokers, Crombie Lockwood (NZ) Limited, may assist parishes with cash flow issues.

However, participation in the PCIC is strongly recommended as the 'one for all' ethos underpinning the PCIC does allow congregations to acquire insurance cover on good terms over the medium-to-longer term. The PCIC also provides a level of risk-sharing that allows cover to be placed at reasonable rates and, following a good year, allows surpluses to be carried over as a subsidy for subsequent years' premiums.

The PCIC also arranges liability and other insurances for the church, which includes public liability and professional indemnity covers arranged on a whole-of-church basis. Property cover for full replacement value taken through the PCIC does not need the Trustees' approval. Property cover taken through the PCIC for less than full replacement only requires the Trustees' approval as to the type and/or amount of cover taken.

Property cover taken outside of the PCIC needs Trustees' approval as to all aspects of the cover including cover type, agreed cover amounts, deductibles, policy terms and insurer.

Insurance checklist:

1. If all property is insured for full replacement:
 - ☐ Are you certain **all** your property (buildings and contents) is included?
 - ☐ Are you insuring through the PCIC?

If the answer to both of the above is yes, nothing further is required.
2. If you are insuring all your property for full replacement but not through the PCIC:
 - ☐ Are you certain **all** your property (buildings and contents) is included?
 - ☐ Have you sent the alternative policy details to the Trustees for their approval at least one month before the placement of cover is required?
 - ☐ Have you received Trustees' approval?

If the answer to each of the above is yes, nothing further is required. If not, these checkpoints must be attended to.
3. If you are not insuring all property for full replacement:

Have the following approvals been obtained:

 - ☐ Congregation
 - ☐ Presbytery
 - ☐ Trustees

☐ Are all these approvals less than 5 years old?

If the answer to each of the above is yes, nothing further is required. If not, these checkpoints must be attended to.

For further information, contact:

Russell Garrett, Executive Officer – **Church Property Trustees**
(04) 381 8296; russell@presbyterian.org.nz

Steve Walsham of **Crombie Lockwood Ltd**
(09) 357 4883; steve.walsham@crombielockwood.co.nz

2 EMPLOYMENT OF 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. For guidelines on recruitment, employer responsibility, employee terms and conditions, recruitment processes and employment contracts, refer to the [Employment New Zealand](#) website.

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. Refer to the link for a [job description and person specification template](#).

2.2.2 Advertising

It is possible that candidates may come from within the church, however if a vacancy is advertised there are several options available to the church:

- General Assembly publications and website: list your non-ministerial vacancy under "Jobs" on the PCANZ website (email: webmaster@presbyterian.org.nz)
- Recruitment agencies: this may appear an expensive option, 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. The Assembly Office can advise on preferred agencies.
- [Work and Income New Zealand](#) offers a free service that matches qualified unemployed people to the jobs that employers list with them.

The church is responsible for the advertisement's content. 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 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 the selection process and timetable, notified those 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, may breach the [Privacy Act 1993](#).

2.2.4 Interviews

All short-listed candidates 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 licence, 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 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 Reference checks

After the interviews and before any employment offers are made, references should be checked. Reference checks 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 should be respected, although at least one reference should be obtained before any offer of employment can be made. The PCANZ website contains a list of [suggested reference check questions](#) you may refer to.

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](#) and additional [guidelines](#)

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 well-being of others. It also shows that the church has done its due diligence should a problem arise.

All church 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.

It is PCANZ policy that all church workers who are paid to work with children, youth and families **must** undergo a police check prior to their appointment and that follow-up checks are made for all child and youth workers every two years. 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](#).

To initiate the police check a pack should be completed and sent to the 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 licence or if one is not available, the applicant's passport.

The Assembly Office will pass the request to the [New Zealand Police Vetting Service](#), 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 1993](#) 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
- 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 2000](#).

On appointment, the successful applicant should be offered a [Letter of Offer](#) to consider, which 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.

2.2.8 Advice Notice

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

2.2.9 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 they arrive. The induction process should include:

- an introduction to church lay and pastoral staff and a tour of the facilities
- a health and safety briefing, including hazards, evacuation plan, the health and safety representative (refer section [2.6](#)).

2.3 Employment Terms and Conditions

2.3.1 Individual employment agreements

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

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

2.3.2 Trial and probation periods

Refer: Ministry of Business, Innovation and Employment guidelines on trial and probation periods

As part of the employment agreement, the church may choose to use a probation period. If the church has fewer than 20 employees, it may choose to use a trial period. If a probation or trial period is being considered, there are important requirements that must be met.

Trial period

Trial periods may be used only for new employees who have not worked for the church before and must be part of the employment agreement before the employee starts work. The length of the trial period must be defined and cannot be more than 90 days. The notice period for dismissal must be included in the employment agreement. The church may dismiss the employee during the trial period, without giving any reason. An employee cannot raise a personal grievance for unjustified dismissal, although they can for other things like unlawful discrimination or harassment. If dismissal is being considered, advice should be sought before the expiry of the trial period.

Probation period

A probation period can be used for a new employee or an existing employee who is changing jobs. It is a period of time that allows the church, as an employer, to assess an employee's skills and performance. It can be any reasonable period of time, but it must be a defined period and be recorded in the employment agreement. A probation period is paid and does not limit the rights and entitlements of the employee. If there are any performance issues during the probation period, the church must follow a fair process. This includes affording the employee natural justice by telling them what is wrong and supporting their improvement. They should be given an opportunity to improve. If the probation period ends and the employee still is not performing to the

required standard, they may go through a proper employment process that leads to the employee's dismissal. Advice should be sought if dismissal is a possibility.

2.3.3 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," which 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.

2.3.4 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.

2.3.5 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:

- dishonesty or theft
- 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 does not 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.

2.3.6 Redundancy

Refer: Ministry of Business, Innovation and 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.

2.3.7 Casual and fixed-term employment

Refer: Ministry of Business, Innovation and 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. These 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 and Employment](#) for detailed information on the calculation of holidays and leave.

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.

2.3.8 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 an employee normally works 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 an employee is employed to work only on 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?"

2.3.9 Staff leave entitlements

Meeting minimum employee entitlements is essential, not only to comply with employment legislation – [Holidays Act 2003](#) 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 \(ADP\)](#).

Annual leave

Refer: Ministry of Business, Innovation and 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.

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.

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.

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 they 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 their average weekly earnings over the year before the annual holidays. If the employee has previous entitlements that have not 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 they become entitled to while on parental leave.

2.3.10 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, 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.

2.3.11 Overtime

Refer: Ministry of Business, Innovation and Employment: [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.

2.3.12 Expense reimbursement

Employees are entitled to reimbursement by the church of all expenses reasonably and properly incurred in the performance of their duties. Where practical, expense reimbursement claims should 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 [3.3.7](#)). Note that these rates are intended as a guideline only.

2.3.13 Allowances

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

Unlike ministers who have housing, seniority, and reimbursing allowance entitlements under the conditions of employment, 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.

2.3.14 Kiwi Saver

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

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

The employee has the choice of:

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

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 they need 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 their 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 suitable 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 wrongdoing. 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.

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. 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 2000](#). It is recommended that advice is sought from the 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 [WorkSafe New Zealand](#)

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. Managers must be clear about the type and level of training people need to do their job. One method of doing this is to list essential training for each role and the team.

Managers will have to decide what the most effective method is for volunteers to develop their skills within the resources available. 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. 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 the most appropriate way to assess their training and what impact it has on the volunteer's ability to do the job better.

2.5.4 Volunteer Payments and 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.

Tax on honoraria and expense reimbursement

When honoraria are paid to a volunteer it is subject to PAYE at 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

Refer: [Inter Church Bureau – Health and Safety in Churches](#)

[WorkSafe New Zealand](#)

The [Health and Safety in Employment Act 1992](#) (HSE) has been updated and amended to the [Health and Safety at Work Act 2015](#) (HSWA), which came into effect on 4 April 2016. This Act introduces liabilities to churches and individuals for non-compliance to requirements to introduce health and safety plans and policies in workplaces.

The immediate responsibility for health and safety compliance in churches falls to the church itself – leaders, governors, and workers. This responsibility is recognised by PCANZ, which offers a helpdesk advisory facility, and by the Inter Church Bureau, which in 2016 ran a series of workshops and produced a comprehensive booklet. The booklet is contained in the above link and sections are reproduced:

1.0 INTRODUCTION

Health and safety in employment is existing law and you will be taking what you do now and formalising these steps and lifting the bar. The new legislation has highlighted the need for accountability, and we are providing this booklet to ensure you can pick up and run with the requirements.

The Inter Church Bureau believes that an effective health and safety management system is the key to a successful church: ethically, morally, spiritually, legally, and financially. Through an active commitment to legislation compliance and most importantly, ensuring our workers and Church people are safe, we will continuously look for opportunities to improve our performance and system. Everyone has a role to play for making our workplace safer. This booklet enables you to bring health and safety to the forefront of your Church and assist with your role in keeping everyone safe.

This booklet is a living document for you to use, amend, and update to ensure you are working towards keeping your health and safety up to date and to help you identify what needs to be done.

A glossary of terms and definitions is here in this booklet, and as a resource for later when you need to refer to all the new definitions and terminology, however, some of the key changes are included below for your review. Also, a specific Risk Analysis and Management System (RAMS) is covered in the appendix of this booklet to assist with the H&S requirements for Youth Group camps or events held at your site or using other facilities. Please refer to this for detail.

This booklet takes you through the health and safety “must haves” for your churches:

- 1. Health and Safety Statement*
- 2. Training and Induction*
- 3. Systems for Risk Management*
- 4. Health and Safety Policies*
- 5. Emergency Management*
- 6. Incident Management*
- 7. First Aid Requirements*
- 8. Contractors and Subcontractors*

- 9. *H&S Meeting Minutes*
- 10. *Building Safety Checklist*
- 11. *Annual H&S Review Plan*

1.1 Key Changes

The Health and Safety in Employment Act 1992 has been amended and updated to the new Health and Safety at Work Act 2015 (HSWA) and comes into effect 4 April 2016.

Under the 2015 Act, responsibility and liability is spread more widely and there is more accountability. Everyone involved in the business has responsibility for other people involved in the business.

What does 'everyone involved in the business' mean?

- *The business itself is known as, the Person Conducting a Business or Undertaking (PCBU). A PCBU will usually be an organisation, not a person. The PCBU and its officers have the primary duty to ensure employees, and others affected by its work, can work in a safe and healthy environment.*
- *Officers (e.g., Board or Trust Members)*
- *Workers*
- *Other people who come to the workplace (e.g., visitors and congregation).*

PCBUs (PERSON CONDUCTING A BUSINESS OR UNDERTAKING) must actively identify and manage risk (e.g., by identifying and managing hazards, holding regular H&S audits, provide training and education, first aid facilities.)

PCBUs must actively involve workers in H&S matters (e.g., through training sessions, or in team meetings.

WorkSafe New Zealand recommends that you:

- *identify H&S hazards and risks and take steps to prevent these from happening.*
- *make sure your H&S policies are led by management, understood by all workers, and reviewed regularly.*
- *hold regular H&S training sessions*
- *engage your team in H&S matters that affect them*
- *support all officers (e.g., Trust or Board Members) to get up to date with H&S issues and key risks*
- *report and monitor H&S goals*
- *review any incidents regularly*
- *carry out frequent H&S audits and inspections.*

1.2 Definitions

PERSON CONDUCTING A BUSINESS OR UNDERTAKING (PCBU)

Whether the person conducts a business or undertaking alone or with others and whether or not the organisation or undertaking is conducted for profit or gain.

Your church is a PCBU – it is an undertaking, an enterprise conducted with a degree of organisation, systems, and continuity, but is usually non-profit making or non-commercial in nature. The PCBU has a duty to consult; this means it must consult, cooperate, and coordinate activities for those involved with it.

Also, as PCBU, the Church is known as the Duty Holder, which gives them the overall responsibility to ensure the safety of the workplace.

OFFICER

All members of the church leadership team would be an “Officer” of the organisation (Church), as they participate in making administrative and financial decisions that have the ability to significantly influence the management of the church.

Officers are members of the church who hold positions on the Trust Board, General Assembly, Executive Committee, Council or Conference (depending on the name of the governing body in your church). Officers can also be those holding senior leadership positions as well as Youth Leaders, Youth Pastors, and Ministers.

Q: Who is an “officer” under the Act?

An officer is a person who holds a very senior leadership position and has the ability to significantly influence the management of a church. Organisations can have more than one officer.

Q. Do volunteer officers have a duty of due diligence?

Officers (Councils, Board Members, Trustees,) have a duty to carry out due diligence to ensure the church meets its health and safety obligations. An officer can be held liable for a failure to meet this duty.

The duty of due diligence includes:

- *taking reasonable steps to keep health and safety knowledge up to date*
- *understanding the PCBU’s operations and the risks associated with those operations*
- *ensuring and verifying that the PCBU has appropriate resources and processes to meet its duties.*

NB: It is important to note that the church as PCBU still has a duty of care to ensure, so far as is reasonably practicable, the health and safety of its workers. This is a separate and different duty to the duty of due diligence for individual officers.

WORKER

A worker is a person who carries out any work for a PCBU including work as:

- *an employee*
- *a contractor or subcontractor*
- *an employee of a contractor or subcontractor*
- *an employee of a labour hire organisation*
- *an outworker (including a homeworker)*
- *an apprentice or a trainee*
- *a person gaining work experience or on a work trial*
- *a “volunteer worker.”*

VOLUNTEER ASSOCIATIONS

The new Health and Safety at Work Act 2015 does not apply to volunteer associations. These are defined as incorporated or not incorporated volunteer organisations that do not employ anyone. A church without any paid staff (pastoral or administrative) would qualify as a volunteer association. If your church employs any staff, then it qualifies as a PCBU, and must comply with the legislation.

Q. Is a volunteer association a PCBU if it is run by volunteer workers?

If an organisation falls within the definition of a volunteer association, then it is not a PCBU. Whether the volunteers meet the test of a ‘volunteer worker’ or not is irrelevant. You can only have a volunteer worker if you are defined as a PCBU under HSWA.

Q: How do I keep my volunteer workers safe?

The key to excellent health and safety management is good planning and effective communication.

The Act sets out a number of steps that can be taken to help keep people safe. In particular, these steps focus on:

- *providing and maintaining a safe working environment, particularly by identifying hazards and managing them*
- *providing and maintaining facilities for the health and safety of persons at work*
- *ensuring that plant, machinery, and equipment in the place of work is designed, made, set up, and maintained to be safe for persons at work*
- *ensuring that systems of work do not lead to persons being exposed to hazards in or around their place of work*
- *providing people with information about the hazards that they may come across in their workplace*
- *providing people with training and supervision; and*
- *developing procedures for dealing with emergencies that might arise while persons are at work.*

VOLUNTEER WORKER

A “volunteer worker” is a volunteer who carries out work in any capacity for a PCBU:

- with the knowledge or consent of the PCBU as well as
- on an ongoing and regular basis; and
- is an integral part of the business or undertaking.

Note: If you are a volunteer working for the church, or directed by your church, you are a volunteer worker.

A “volunteer worker” does not include a volunteer undertaking any of the following voluntary work activities:

- participating in a fundraising activity
- assisting with sports or recreation
- assisting with activities for an educational institute outside the premises of the educational institution
- providing care for another person in the volunteer’s home.

PRIMARY DUTY OF CARE (AS REQUIRED OF A CHURCH AS PCBU)

Before we get into the legal definition of the Duty of Care for the Church as the PCBU, we want to take a moment to remember and focus on our people.

Our people are the reason we are here. We share the same faith, values, and beliefs. Health and safety come into this too, and we have a moral and spiritual obligation to take care of our people.

If we work on these beliefs and educate ourselves in the legal definitions, we can then educate our people, which will lift our standards and our conscious awareness of our duty of care to our people, those we serve, and those who visit us.

Everyone has some duty of care and as the leaders here today, we have accepted this and look forward to learning and understanding how to enhance our duty of care.

LEGAL DEFINITION OF DUTY OF CARE

- (1) A PCBU must ensure, as far as is reasonably practicable, the health and safety of –
 - (a) workers who work for the PCBU, while the workers are at work in the undertaking; and
 - (b) workers, whose activities in carrying out work are influenced or directed by the PCBU, while the workers are carrying out the work.
- (2) A PCBU must ensure, so far as is reasonably practicable, that the health and safety of other persons is not put at risk from work carried out as part of the conduct of the undertaking.

- (3) *Without limiting subsection (1) or (2), a PCBU must ensure, so far as is reasonably practicable –*
- (a) *the provision and maintenance of a work environment that is without risks to health and safety; and*
 - (b) *the provision and maintenance of safe plant and structures; and*
 - (c) *the provision and maintenance of safe systems of work; and*
 - (d) *the safe use, handling, and storage of plant, substances, and structures; and*
 - (e) *the provision of adequate facilities for the welfare at work of workers in carrying out work for the business or undertaking, including ensuring access to those facilities; and*
 - (f) *the provision of any information, training, instruction, or supervision that is necessary to protect all persons from risks to their health and safety arising from work carried out as part of the conduct of the business or undertaking; and*
 - (g) *that the health of workers and the conditions at the workplace are monitored for the purpose of preventing injury or illness of workers arising from the conduct of the business or undertaking.*

WORKPLACE

In the HSWA, a workplace means a place where work is being carried out or is customarily carried out for the business or undertaking and includes any place where a worker goes or is likely to be while at work.

In the church scenario, this would mean work around/in church premises, and when out administering social services to people in their homes or elsewhere. This could also relate to your schools, childcare centres, youth camps, Church halls and/or op shops.

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.

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

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

A person who has publicly professed their 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.

An *associate member* is a person recognised by the church council as actively taking part in the life of the congregation, but who has not publicly professed their 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.

Minister

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.

A *national ordained minister* (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.

A *local ordained minister* (LOM) in good standing may be inducted only to their home congregation and is not usually eligible to be called to another congregation.

An *amorangi* is a minister who has been ordained for self-supporting (non-stipendiary) ministry within Te Aka Puaho.

Office bearer

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.)

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 their 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, they should be paid the standard casual supply fee.

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

The interim moderator usually chairs congregational meetings. If they are 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 is 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 they are 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 lay person, the church council must obtain a current police check. A fixed-term

employment agreement must be signed by church council representatives and the appointee **before** a 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

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 their intention to retire from the congregation, the ministry settlement board may begin its work while the outgoing minister is still in office, though they 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.

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, they must first apply for reception to the ministerial roll. This is not granted automatically and, even if a non-Church minister is accepted, the reception 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 Ministers' entitlements

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

Also refer [Inter Church Bureau Guide to Clergy Allowances, Honoraria and Koha](#) (update August 2017)

Below are minister's stipend, allowance, and tax scenarios, along with a summary of church stipend, tax, and beneficiary payments. The analysis has scenarios for different seniority allowance entitlements, and is in two parts:

- For a minister living in a church owned or rented manse
- For a minister living in their own home

Assumptions and notes apply to both scenarios.

2023-2024 Ministers Stipend and Allowance Calculation (Annualised)

Scenario 1: Minister living in manse owned by parish or rented by parish from a third party on the minister's behalf.

	Minister's Years of Service				Notes
	1st	2nd - 5th	6th - 10th	11 and over	
Seniority Allowance (% of Basic Stipend)	0%	6%	12%	18%	
Prior Year Basic Stipend (2022/23)	56,340.43	56,340.43	56,340.43	56,340.43	
Labour Cost Index Adjustment at 31 Mar 2023 - 4.3%	2,422.64	2,422.64	2,422.64	2,422.64	Note 1
Revised Basic Stipend from 1 Jul 2023	58,763.07	58,763.07	58,763.07	58,763.07	
Seniority Allowance	0.00	3,525.78	7,051.57	10,577.35	
Gross Stipend plus Seniority Allowance	58,763.07	62,288.85	65,814.64	69,340.42	
Notional Rent (assume rented accommodation) - 10%	5,876.31	6,228.89	6,581.46	6,934.04	Note 2
Gross taxable income	64,639.38	68,517.74	72,396.10	76,274.46	
PAYE	-13,400.40	-14,622.84	-15,918.24	-17,257.20	Note 3
Net Stipend payable	51,238.98	53,894.90	56,477.86	59,017.26	
Less Ministers contribution to beneficiary fund (5% of Gross Stipend and Seniority allowance)	-2,938.15	-3,114.44	-3,290.73	-3,467.02	Note 4
Less adjustment for notional rent	-5,876.31	-6,228.89	-6,581.46	-6,934.04	
Plus reimbursing allowance	2,623.00	2,623.00	2,623.00	2,623.00	
Net Stipend and Allowances	45,047.52	47,174.57	49,228.67	51,239.20	
Payable by the Parish					
Net stipend payable to the minister	45,047.52	47,174.57	49,228.67	51,239.20	
ESCT Rate:	30%	30%	30%	30%	Note 5
Plus Beneficiary Fund:					
5% personal contribution deducted from stipend	2,938.15	3,114.44	3,290.73	3,467.02	
Parish contribution 5% less ESCT	2,056.71	2,180.11	2,303.51	2,426.91	
Payable to Beneficiary Fund	4,994.86	5,294.55	5,594.24	5,893.93	
Paid to IRD:					
PAYE	13,400.40	14,622.84	15,918.24	17,257.20	
ESCT	881.44	934.33	987.22	1,040.11	
	14,281.84	15,557.17	16,905.46	18,297.31	
Total Cost to Parish	64,324.22	68,026.29	71,728.37	75,430.44	

Notes and assumptions:

- 4.3% average wage index increase in the year to 31 March 2023.
- Notional Tax of 10% of Stipend. No deduction for proportion of manse used for church purposes. This will not vary by region.
- PAYE calculation presumes tax code "M". For other tax codes, please refer to the appropriate PAYE tables.
- Beneficiary Fund minister contributions are 5% of stipend (including Seniority Allowance) i.e. NOT based on taxable income
- The ESCT rate may change if the minister has income from other sources - it is based on their total taxable income for the previous year.
- Housing allowance in Scenario 2 above calculated as \$500 per week (assumed market rental). This is an example only, allowances will vary by region. Please use a figure that provides an accurate reflection of what is appropriate for your manse in your area.

Scenario 2: Minister living in own home

	Minister's Years of Service				Notes
	1st 0%	2nd - 5th 6%	6th - 10th 12%	11th and over 18%	
Seniority Allowance (% of Basic Stipend)					
Current Stipend	56,340.43	56,340.43	56,340.43	56,340.43	
Labour Cost Index Adjustment at 31 Mar 2023 - 4.3%	2,422.64	2,422.64	2,422.64	2,422.64	Note 1
Revised Basic Stipend from 1 Jul 2023	58,763.07	58,763.07	58,763.07	58,763.07	
Seniority Allowance	0.00	3,525.78	7,051.57	10,577.35	
Gross Stipend plus Seniority Allowance	58,763.07	62,288.85	65,814.64	69,340.42	
Housing Allowance (Example Only)	26,000.00	26,000.00	26,000.00	26,000.00	Note 6
Gross taxable income	84,763.07	88,288.85	91,814.64	95,340.42	
PAYE	-20,188.44	-21,405.72	-22,623.12	-23,840.40	Note 3
Net Stipend payable	64,574.63	66,883.13	69,191.52	71,500.02	
Less Ministers contribution to beneficiary fund (5% of Gross Stipend and Seniority allowance)	-2,938.15	-3,114.44	-3,290.73	-3,467.02	Note 4
Plus reimbursing allowance	2,623.00	2,623.00	2,623.00	2,623.00	
Net Stipend and Allowances	64,259.48	66,391.69	68,523.79	70,656.00	
Payable by the Parish					
Net stipend payable to the minister	64,259.48	66,391.69	68,523.79	70,656.00	
ESCT Rate:	33%	33%	33%	33%	Note 5
Plus Beneficiary Fund:					
5% personal contribution deducted from stipend	2,938.15	3,114.44	3,290.73	3,467.02	
Parish contribution 5% less ESCT	1,968.56	2,086.67	2,204.79	2,322.90	
Payable to BF	4,906.71	5,201.11	5,495.52	5,789.92	
Paid to IRD:					
PAYE	20,188.44	21,405.72	22,623.12	23,840.40	
ESCT	969.59	1,027.77	1,085.94	1,144.12	
	21,158.03	22,433.49	23,709.06	24,984.52	
Total Cost to Parish	90,324.22	94,026.29	97,728.37	101,430.44	

Notes and assumptions:

1. 4.3% average wage index increase in the year to 31 March 2023.
2. Notional Tax of 10% of Stipend. No deduction for proportion of manse used for church purposes. This will not vary by region.
3. PAYE calculation presumes tax code "M". For other tax codes, please refer to the appropriate PAYE tables.
4. Beneficiary Fund minister contributions are 5% of stipend (including Seniority Allowance) i.e. NOT based on taxable income
5. The ESCT rate may change if the minister has income from other sources - it is based on their total taxable income for the previous year.
6. Housing allowance in Scenario 2 above calculated as \$500 per week (assumed market rental). This is an example only, allowances will vary by region. Please use a figure that provides an accurate reflection of what is appropriate for your manse in your area.

3.3.1 Basic Stipend and Seniority Allowance

The basic stipend increases to **\$58,763.07**, for full-time ministry from 1 July 2023. This represents 4.3.0% LCI (Labour Cost Index) adjustment as advised by the [Labour Cost Index](#) published by the Department of Statistics for the March 2023 quarter.

Seniority Allowance.

Seniority allowance, an increment to the stipend based on length of service, will also increase by 4.3% from 1 July 2023:

Ministers' years of service	Basic stipend	Seniority as percentage of stipend	Seniority Allowance	Gross Stipend
1 year	\$58,763.07	Nil	\$0.00	\$58,763.07
2 to 5 years	\$58,763.07	6%	\$3,525.78	\$62,288.85
6 to 10 years	\$58,763.07	12%	\$7,051.57	\$65,814.64
11 and over	\$58,763.07	18%	\$10,577.35	\$69,340.42

Beneficiary Fund Personal Contributions

Minister's contributions to the revised Beneficiary Fund are now calculated at 5% of the gross stipend. The amount deducted from gross stipend and payable to the fund will vary depending on the seniority entitlement to the minister:

Ministers' years of service	Gross stipend	Contribution to Beneficiary Fund
1 year	\$58,763.07	\$2,938.15
2 to 5 years	\$62,288.85	\$3,114.44
6 to 10 years	\$65,814.64	\$3,290.73
11 and over	\$69,340.42	\$3,467.02

Housing Allowance

[Refer InterChurch Bureau guideline on taxation on rented clergy housing](#)

Under the Ministers terms and conditions, the church must provide or finance a manse for the minister and their family. There are two scenarios for the provision of church accommodation.

Ministers living in a manse supplied by the church (either church owned or rented from a third party).

In this scenario, the manse is made available to the minister and the cost of maintenance, rates, and or rent is the responsibility of the church, as it would be in a tenant landlord relationship. For tax purposes, Inland Revenue rules allow for a valuation of the housing at 10% of the minister's gross stipend.

Ministers' years of service	Gross stipend	Notional taxable housing allowance
1 year	\$58,763.07	\$5,876.31
2 to 5 years	\$62,288.85	\$6,228.89
6 to 10 years	\$65,814.64	\$6,581.46
11 and over	\$69,340.42	\$6,934.04

This amount is referred to as notional taxable housing allowance. This is added to the gross amount, tax is then calculated on this amount. This amount is then deducted from the after-tax amount to satisfy IRD tax requirements.

Notional housing allowance may be reduced if any portion of the house is used for church business. For example, if one room of the manse is used as an office for church business and that room makes up 10% of the floor area of the house, then 10% may be deducted from the notional housing allowance. If the manse is not used for church business, then no discount can be calculated.

Minister living in their own home

For a minister living in their own home, a market rental valuation for a property in close proximity to the parish is used for calculating the housing allowance. Please note that the housing allowance is taxable. The amount used in our analysis is \$500 per week (or \$26,000 per annum). This is an example only as rental values will vary depending on the region. However, please check your local rental values and apply the local rate to your calculations.

Pulpit Supply Fees

Adjusted supply fees for a minister or theological student leading services are based on Gross Stipend. Pulpit supply fees paid to a lay person or elder are at the discretion of the parish. Pulpit supply fees should not exceed the rates to a PCANZ minister or theological student.

Ministers' years of service	Gross stipend	1 service (0.52% of gross stipend)	2 services (0.7% of gross stipend)	2 services - same congregation (1%)
1 year	\$58,763.07	\$305.57	\$411.34	\$587.63
2 to 5 years	\$62,288.85	\$323.90	\$436.03	\$622.89
6 to 10 years	\$65,814.64	\$342.24	\$460.70	\$658.14
11 and over	\$69,340.42	\$360.57	\$485.38	\$693.41

Reimbursing Allowances (unchanged)

Reimbursing allowances will remain unchanged at \$2,623.00 per annum as follows:

Allowance component	Amount per annum
Hospitality	\$665.00
Books	\$803.00
Clothing (Vestments)	\$159.00
Other Expenses	\$996.00
	\$2,623.00

Deductions from stipend

Many ministers have loan repayments or IRD or Kiwi saver / superannuation deductions made from their stipend. These are not included in the analysis but should be considered after P.A.Y.E. has been deducted from the gross taxable income.

Part Time Ministry

When a minister works a percentage of full time, neither the ESCT nor the PAYE can simply be multiplied by that percentage, they MUST be recalculated in each separate case.

3.3.2 Ministers' Beneficiary Fund

The Beneficiary Fund has as its objective the support of ministers of the Church both in service and in retirement. The fund is managed by the Presbyterian Beneficiary Fund Trustee Limited.

All National Ordained Presbyterian ministers in receipt of a stipend (full or part-time) must join the Beneficiary Fund. Joining the fund is the minister's personal responsibility, as is the payment of personal contributions. Application packs are available from the Church Property Trustees (email trustees@presbyterian.org.nz).

Ministers' Change of Status

When a minister leaves a congregation, the church treasurer should advise the Fund administrator, Melville Jessup Weaver (MJW) to stop the personal and employer contribution direct debit. When a new minister is inducted, if the minister changes from full-time to part-time stipend within the same congregation, both the minister and the treasurer should advise MJW so that the minister's personal contributions are adjusted on a pro rata basis, and their ministry service record is adjusted.

For Beneficiary Fund queries and registration information call MJW on 0800 266 787 or for information about the changes to the fund, go to the PCANZ [Beneficiary Fund webpage](#) or call Church Property Trustees on 04 381 8290.

3.3.3 Kiwi Saver

Refer: [KiwiSaver](#) website

Ministers are entitled to opt to join a Kiwi Saver (or another superannuation scheme) in addition to membership of the beneficiary fund. However, as the church is already paying an employer contribution to the fund, it is under no obligation to also contribute to another scheme.

3.3.4 Motor vehicle mileage rates

Motor vehicle reimbursement rates are advised by the IRD. Rates are recommendations only and alternative rates (or reimbursement systems) may be negotiated between the minister and the church.

Note that the tables include Hybrid and Electric vehicles.

Any person wishing to use the kilometre rate to calculate in the first table must maintain a logbook or be able to provide other evidence that establishes the church use of the vehicle for an income year (that is income tax year – 31 March).

The following are the rates per kilometre that apply from 1 July 2023 and assume a logbook IS being kept:

Kilometre Rates – With logbooks maintained		
Vehicle Type	Tier One Rates (Up to 14,000km)	Tier Two Rates (Above 14,000km)
Petrol or Diesel	95 cents	34 cents
Petrol Hybrid	95 cents	20 cents
Electric	95 cents	11 cents

In the absence of records as set out in the preceding paragraph, the use of the Tier One rates will be limited to the first 3,500km of business kilometres. The Tier Two rates will be used for the kilometres travelled for employment purposes above the 3,500km threshold.

Kilometre Rates – With logbooks NOT being maintained		
Vehicle Type	Tier One Rates (Up to 3,500km)	Tier Two Rates (Above 3,500 km)
Petrol or Diesel	95 cents	34 cents
Petrol Hybrid	95 cents	20 cents
Electric	95 cents	11 cents

The IRD Commissioner's kilometre rates are calculated on a GST inclusive basis. However, input tax cannot be claimed on the estimated allowances paid to reimburse

an employee. GST input tax may only be claimed on an actual basis with the appropriate tax invoice being held at the time of claiming.

Rates are for total church-related travel undertaken over the course of the year, so an estimate of mileage over a year, therefore a reimbursement rate band, should be agreed between the church and the 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) should maintain a logbook 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
- 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.

Please note that in nearly all cases (there are limited exemptions to this general rule), travel between the home and place of work is considered private use and therefore the information set out here does not relate to that travel. Private usage includes driving between the manse and the church, as this is regarded as transportation prior to working.

3.3.5 Ministers' leave entitlements

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](#). Ministers are 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 ministers 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, they are 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 fall 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 2020:

Leave accrued to 31 December	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	13 days

The minister's pay will not change regardless of whether they are working or on leave. What will change is the remaining leave they are 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 obligation to do so.

For example, if Rev Smith resigns on 1 February, the calculation would be:

Leave owed at 31 December (as above)	13 days
Leave accrued 1 - 31 January (20 days / 12 months)	<u>1.67 days</u>
Total	14.67 days

To calculate gross leave payable at resignation (using 2021–2022 stipend data and assuming notional housing allowance and 18% seniority allowance eligibility):

Total Gross Stipend – assume 18% seniority allowance	\$64,545.35
Daily rate (total gross / (52 weeks / 5 days))	\$248.25
Annual Leave days owing (above)	14.67
Value of holiday pay (due days * daily rate)	\$3,641.85

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 and should not let the leave liability accumulate too much.

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 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.

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 accrued study leave (number of days multiplied by the daily stipend of the minister) should be recorded in the church balance sheet as a liability.

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

3.3.6 Burnett Loan Fund

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

An active minister in financial need, and who is in receipt of a stipend, may 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

Refer: [Certificate of Good Standing](#)

Unless a minister has a current Certificate of Good Standing, they 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

Refer: Section 3 of [Ministry Development Programme](#)

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. The cost of the review, including the reviewer and incidental expenses, is met by the congregation.

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 ongoing 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 and 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 coordinator. 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.

4 PRODUCTS AND SERVICES AVAILABLE TO PRESBYTERIAN AND COOPERATING CHURCHES

As outlined in this document, the administration responsibilities faced by churches are significant and the risks associated with employment, reporting and tax compliance lies with churches. Unlike some other denominations PCANZ does not have the resources to assume administrative responsibility on behalf of churches. However, the Assembly Office can advise of several options for support and guidance that are available.

4.1 General Assembly Products and Services

Refer: PCANZ [Treasurers' information page](#)

4.1.1 Employment matters

PCANZ has a helpdesk facility that can offer advice on the recruitment and employment of ministers, lay employees and volunteers. This advice extends to payroll, health and safety policies and plans, police checks and employment contracts. Please contact Kate Wilson at kate@presbyterian.org.nz or call 04 381 8291.

4.1.2 Finance and administration

The editor of this document, Camila Farias, is available to offer direct advice on finance and administration. Email camila@presbyterian.org.nz or call 027 224 2491.

4.1.3 Treasurers' newsletters

Financial Services Department of PCANZ issues a monthly treasurers' newsletter to update readers on changes to statutory requirements, product offers and advises on General Assembly matters. Readership is not limited to treasurers and currently numbers about 380. Please advise FSD if you wish to be added to the mailing list. [Back copies of the newsletter](#) are posted on the PCANZ website.

4.1.4 Online Church Directory

The publications page of the PCANZ website contains an [Online Church Directory](#), which lists General Assembly, presbytery, and parish details as well of that of key contacts.

4.1.5 Presbyterian Foundation Grants

The [Presbyterian Foundation](#) page of the website contains information about the criteria and application process for Presbyterian Foundation grants. Established by the 1996 General Assembly, The Presbyterian Foundation is a trust fund created from donated funds from which interest is distributed for the benefit of churches to:

- provide monies for the ongoing regional and other mission of the Church, and
- facilitate the development of innovative mission opportunity that is conceived at a local and regional level.

Available interest income allows for the distribution of about \$100,000 in grants per year. Applications are considered by a Presbyterian Foundation committee and grants are made annually in November.

4.1.6 Press Go

[Press Go](#) is a church funding and advisory service that is managed by a Press Go enabler and overseen by a committee consisting of members of Council of Assembly, Resource Sub-committee, the Assembly Executive Secretary, and outside consultants. Since its inception in 2008, Press Go has facilitated grants to churches totaling some \$1.75m for mission and capital projects and facilitated a further \$300,000 in loans through partner organisation, Christian Savings.

Refer to the [Press Go webpage](#) for information on criteria and application process.

4.2 General Assembly Partner Organisations

4.2.1 Inter Church Bureau

Refer: [Inter Church Bureau website](#)

The Inter Church Bureau (ICB) (formerly known as the Inter Church Working Party on Taxation) is a committee of denominational representatives tasked with investigating, explaining and (occasionally) influencing legislation and statutory requirements that impact on churches in New Zealand. Much of the material contained in the document is based on guidelines issued by ICB (for example, Workplace Health and Safety guidelines) and ICB has made submissions to select committees and legislators during the drafting of legislation on financial reporting standards and tax on clergy housing.

4.2.2 Christian Savings

Refer: [Christian Savings website](#)

Over the past two years Christian Savings have become a valuable partner for PCANZ, both for the investment of reserves and the provision of property and investment advice and plans. Formerly known as Baptist Savings, Christian Savings rebranded in 2016 to reflect their support of churches from all denominations. With a range of loan and deposit options available to churches, Christian Savings is compliant with the Financial Market Authority's regulations as deposit takers and have grown to the extent that they are now New Zealand's largest Christian deposit taker, and the only remaining non-bank charitable deposit taker licensed by the Reserve Bank of New Zealand.

In addition to church loans and deposits, an important part of Christian Savings service is the provision of advice and guidance to churches on property and investments, strategic planning, and building project feasibility and management.

4.2.3 Laurenson Chartered Accountants

Refer: [Laurenson Chartered Accountants](#)

Laurenson Chartered Accountants are PCANZ Xero agent (refer section [1.2.2](#)). About 200 PCANZ or UCANZ parishes that use Xero take advantage of the charities license pricing available with this agency, as well as the set-up and support offered by Laurenson. In addition, PCANZ office has an offer to underwrite guidance offered by Laurenson in the production of annual accounts during the transition to the new accounting standards. This offer is open to Presbyterian and cooperating churches regardless of whether the applying church uses Xero or not.

4.2.4 Church and Trust Accounting Services Limited (CATAS)

Refer: [Church and Trust Accounting Services website](#)

CATAS is experienced in church finance and administration services tailored to the requirements of the church. Services include church payroll, accounting and financial reporting using Xero accounting software, and it offers a comprehensive advisory service. CATAS charges at an hourly rate and payment plans may be made on a monthly basis or as costs are incurred.

CATAS is affiliated to the Baptist church, but its services are offered to churches of all denominations.

4.2.5 CSC Buying Group

Refer: [CSC \(Christian Supply Chain\) Buying Group website](#)

CSC Buying Group New Zealand offers product price discounts and member benefits to churches and ministers. There are a range of price offers from many suppliers under the following categories:

- Automotive
- Building and Maintenance
- Food Service
- Hygiene and Safety
- Office Requirements
- General.

A full catalogue of supplier discount offers can be accessed [here](#). Please go to the CSC website above for details and application for membership.

As an alternative, churches, ministers, church staff and parishioners are entitled to price discounts offered by suppliers listed on a CSC-issued Presbyterian Church member discount card:



There is no application process or fees. Cards can be obtained on enquiry to PCANZ [General Assembly office](#).

4.2.6 Nice 1

Refer: [Nice 1 website](#)

Nice 1 is the agency that manages bulk pricing discount offers on church power schemes. In 2016 Presbyterian churches were offered participation in an online survey of church power use, with a view to bulk purchasing from power providers at a cost saving. That exercise resulted in responses from 196 churches, who achieved an average of 21% projected power cost savings in 2017.

The offer of participation remains open to churches and now expanded to include church staff and parishioners. Refer to the [Nice 1 website](#) for further detail.

4.2.7 Infoodle

Refer: [infoodle.com](#)

Infoodle is an online tool designed specifically to support the administration of churches, charities, and community groups. As a cloud-based product it integrates with Xero and has modules for managing events, membership, donation tracking and forms. There is a 14-day free trial offer and close backup and support. Go to the [website](#) for further information.