

This guide outlines essential considerations for managing and paying staff in organisations, including compliance with legal obligations, effective employment practices and avoiding common pitfalls. These principles are designed to help organisations support their staff effectively, minimise risks and ensure a positive and sustainable workplace culture.

Employing staff directly impacts the organisation's ability to deliver to its members and stakeholders. Proper management of employment processes, including hiring, paying and supporting staff, ensures compliance with legal obligations, enhances staff retention and fosters a positive environment. For organisations operating with limited resources, doing things right from the start avoids costly mistakes, protects the organisation's financial health and ensures the engagement of paid staff is successful.

Proper staff management and payment practices ensure compliance with Australian employment laws, reduce risks of disputes or penalties and promote fairness within your workplace. Formal employment practices enable your organisation and your workers to refer to an established legal framework that clearly defines each party's rights and responsibilities, thereby removing the ambiguity that may be present in an informal arrangement.

Key considerations

Minimum wage and awards

Every employee is entitled to at least the national minimum wage or the applicable award rate for their role. Awards are legal documents that outline pay rates, conditions and entitlements specific to different industries and job types. Organisations must ensure they correctly classify roles under the appropriate award and keep up to date with annual adjustments to pay rates.

Record-keeping and payslip requirements

Employers are legally required to maintain accurate employee records, including hours worked, pay rates, leave balances and superannuation contributions. Payslips must be provided to employees within certain timeframes and include details such as hours worked, deductions and gross/net pay. Failing to keep proper records can lead to penalties and can also make it challenging to resolve disputes down the track.

Superannuation obligations

Under the superannuation guarantee, employers have to pay super contributions of 11.5% of an eligible employee's ordinary time earnings. This minimum contribution amount will increase to 12% in July 2025. Currently, these payments must be made to the employee's nominated super fund at least quarterly. Organisations must also ensure they comply with the reporting requirements of the Australian Taxation Office (ATO).

Common pitfalls

Misclassification (employee vs contractor)

Misclassifying workers as contractors instead of employees can lead to significant penalties. The ATO provides guidance on how to differentiate between employees and contractors, using measures like mode of remuneration, control of workload and the level of integration into the business. Employees are entitled to specific benefits, such as leave entitlements and superannuation, whereas contractors are not. Always assess roles carefully and seek advice if unsure.

Underpayment issues

Underpaying employees, whether intentionally or due to misunderstanding award rates, can result in back-pay claims, penalties and damage to the organisation's reputation. Regularly review wages and entitlements to ensure compliance with current laws and awards.

Does your organisation have the skills and time to do this, or should you outsource?

Managing employment-related tasks requires time, attention to detail and an up-to-date understanding of legal obligations. For smaller organisations, these responsibilities can become overwhelming, potentially leading to mistakes. Outsourcing payroll and other human resources (HR) functions to a qualified provider can be a practical and cost-effective solution, allowing your organisation to focus on its core activities while ensuring compliance.



Recruitment and onboarding

Organisations should conduct the recruitment process in a professional manner to help prevent future problems. A comprehensive recruitment and onboarding process establishes that the relationship between the organisation and the employee is formal and important from the beginning.

Position descriptions

Create detailed position descriptions outlining key responsibilities, required skills, reporting lines, working hours and expected outcomes. This helps manage expectations and assess suitability during recruitment.

Advertising positions

Clearly communicate job roles and responsibilities to attract suitable candidates. Consider using community boards, sector-specific websites and local networks for cost-effective advertising. Make sure that the position is widely advertised so that the best candidate can be identified and your members can see that an appropriate recruitment process is being followed.

Screening and selection

Implement a thorough process, including interviews, reference checks and (if applicable) police checks or working-with-children clearances, to ensure the right fit for the role. Don't take shortcuts with the recruitment process by employing someone who you are familiar with and who happens to be available. Undertake appropriate checks for all candidates.

Employment contracts

Formalise employment arrangements with written contracts. Contracts should specify employment type, hours of work, pay, entitlements and termination conditions. Templates from reliable sources can simplify this process.

Legal obligations

Fair work compliance

Understand and comply with the Fair Work Act and applicable awards, ensuring employees receive their legal entitlements.

Workplace health and safety (WHS) requirements

Maintain a safe work environment by identifying risks, providing training and implementing safety policies. WHS laws apply to paid and unpaid workers alike when the organisation has one or more employees. Ensure you research and understand your organisation's specific WHS requirements.

Insurance

To ensure adequate insurance is in place for paid employees and other personnel, seek advice from a qualified insurance provider or broker.

Managing employment relationships

Performance management

Establish clear performance expectations and regular feedback mechanisms to address issues proactively and support staff development. Regular performance reviews provide opportunities to recognise achievements, address concerns and set future goals. Implementing a formalised process ensures consistency and fairness, reducing the likelihood of misunderstandings or disputes.

Clear reporting lines

Define reporting structures to avoid confusion and ensure accountability within the team. Clearly outlining roles and chains of command helps workers understand their responsibilities and who to approach for support or decision-making. This clarity promotes efficiency and reduces conflicts arising from overlapping duties or miscommunication.

Termination procedures

Follow fair and legal processes for ending employment. This includes providing clear warnings, offering a reasonable opportunity to improve, documenting any performance management steps taken, complying with notice periods and providing written reasons for termination. Documenting the process thoroughly protects the organisation from potential legal challenges and helps maintain professional relationships. Offering exit interviews can uncover valuable feedback to improve organisational practices.

Fair Work Ombudsman

The Fair Work Ombudsman provides comprehensive resources, including pay calculators, templates for contracts and guidance on awards and entitlements. Their free services can help organisations navigate complex employment obligations.

Local business advisors

Many local Councils and community organisations offer support for small businesses and not-for-profits, including access to HR advice, legal resources and workshops. Engaging with these services can provide tailored guidance for your organisation's specific needs.

