



# Hit the Ground Running: Employing Your First Employees

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Businesses that are thinking about taking on new employees in the New Year should consider some of the key elements of a productive employment relationship.

Whilst each situation is different, here are the top 5 questions we consider to be useful to ask:

## 1. WHAT TYPE OF EMPLOYMENT RELATIONSHIP OR ENGAGEMENT IS APPROPRIATE FOR YOUR SITUATION?

For instance, if your business owns valuable intellectual property or confidential information, it may be best to engage your works as employees so that you can have maximum benefit from clauses directing ownership and control over these pieces of valuable information.

Typically, it is harder to restrict contractors from using this information post engagement.

## 2. DO YOU NEED A FULLTIME EMPLOYEE? OR IS A PART TIME OR CASUAL ARRANGEMENT MORE APPROPRIATE?

When businesses start up, often the parties are wary of committing to any long term agreement – and for good reason.

Who knows that the business will look like 12 months from now? Just be certain that if you do choose the casual employment path, that you

regularly review the arrangement for its ongoing appropriateness.

## 3. WHAT ARE THE MINIMUM STANDARDS AND CONDITIONS THAT APPLY TO THE EMPLOYMENT RELATIONSHIP?

All Australian employees are covered by the National Employment Standards found in the *Fair Work Act*, but there may be additional criteria that need to be met in any one of the 122 Modern Awards that may also apply in your industry or to your workers.

If you have never considered whether an Award covers your business or your staff, you should definitely add that to your “to do” list in 2016.

## 4. HAVE YOU GOT THE RIGHT SYSTEMS IN PLACE TO ISSUE PAYSLIPS, ENSURE APPROPRIATE ACCOUNTING OF TAX AND SUPERANNUATION, RECORD LEAVE BALANCES AND LEAVE TAKEN, HOURS WORKED AND ANY OVERTIME ENTITLEMENTS?

The *Fair Work Act* makes provision for information that must be given to the employees about their pay and details how long records must be kept. There are penalties for non compliance, so it is worth paying attention to the record keeping aspects of employment.

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5. RECORD THE KEY TERMS IN WRITING

It is surprising how often people enter into employment relationships without putting the basics down on paper – things like rate of pay, hours of work expected, entitlement such as leave, phone/car access and other bonuses, and most importantly, how the parties intend to deal with the end of the relationship.

Usually, in the rush to get staff on board, no one is interested in thinking about what might happen if the relationship ends, but as with any good prenuptial, a little bit of planning at the outset goes a long way if the worst does happen.

Thinking about these matters at the start of an employment relationship, and making the rules clear at

the outset, is likely to save considerable grief, cost and time both during and at the end of the employment as everyone know where they stand.

If you have any questions about these issues, or would like help developing some employment documentation for your business, please get in touch with our team.

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