



Australia is an attractive place for businesses looking to expand globally. A diverse population, global ties, and a growing economy make Australia a strategic place to establish a new branch or subsidiary of your business or hire new employees through an Employer of Record. Follow our guide to hiring employees in Australia to help you navigate the process.

## **What to Know Before Hiring in Australia**

If you're expanding your business into Australia for the first time, there are some important legal requirements to be aware of. These norms and laws can influence hiring practices in Australia and many aspects of the employer-employee relationship, including compensation and benefits. Let's take a look at some of the most important factors to know when you're hiring new employees in Australia.



## 1. Language Diversity

Australia does not have an official language, but English is the most widely spoken language and is the default language for most businesses.

According to the 2016 census, however, [21% of Australians speak a language](#) other than English at home. This language is most likely to be Mandarin, Arabic, Cantonese, or Vietnamese. The variety of languages in Australia is indicative of the country's diversity. If you need your Australian employees to be fluent in English or another language, you should specify that in your job ad.

## 2. Awards, Enterprise Agreements, and Contracts

In Australia, the National Employment Standard provides a baseline for employment law, but most employment terms in Australia are prescribed by modern awards, enterprise agreements, and individual employment contracts.

- **Modern awards:** Modern awards, often shortened to “awards,” are legal documents that outline the minimum pay and other requirements for workers by job type and industry. With [more than 100 industry or occupation awards](#), most Australian workers are

covered under an award.

- Enterprise agreements: In many cases, employees are covered by enterprise agreements, which take the place of awards, as long as they exceed the requirements set out in the relevant award to benefit employees. Enterprise agreements are created by employers and employees and sometimes unions. The Fair Work Commission votes on and approves these negotiated agreements.
- Employment contracts: Employees who aren't covered by an award or enterprise agreement should instead have an employment contract which details the terms and conditions of their employment. Employers can create employment contracts for employees covered by awards or enterprise agreements, but these contracts cannot take away from anything employees are entitled to under their award or enterprise agreement.

### 3. Minimum Pay and Maximum Working Hours

Australia has a national minimum wage that is currently [set at \\$19.84 \(AUD\) per hour](#). However, in most cases, employees' minimum pay is dictated by a modern award. These legal documents dictate what employees should be paid depending on their position and the industry they are in. If an employee is covered by a modern award, you must follow the minimum wage dictated by the award rather than the national minimum wage.

It's also important to note that Australian law [limits the workweek to 38 hours](#), though some exceptions are allowed. It is up to employers how these hours are distributed across the week, but in most cases, employees work Monday through Friday. As with minimum wage, the rules of overtime hours and pay differ depending on the award that applies to an employee.

### 4. Taxes and Superannuation

Australia uses a Pay As You Go (PAYG) system for income tax. This means employers must withhold taxes from their employees' paychecks to be sent to the Australian Taxation Office (ATO). The tax rate depends on compensation levels as it does in the U.S. and many other countries. Employers should also note that each state in Australia has its own payroll tax. Employees [also contribute 2% of their taxable income](#) for Medicare, the nation's public health

insurance scheme.

Employees who make at least \$450 per month before tax [are entitled to superannuation contributions](#) from their employers. This is the retirement savings plan in Australia, often shortened to “super.” On a quarterly basis, employers must contribute an amount equal to at least 9.5% of their employee’s income. Employees can also contribute to their fund.

## 5. Required Leave and Paid Holidays

According to the National Employment Standards, part-time and full-time employees [must receive four weeks of paid annual leave](#), commonly called holiday pay. This is a baseline requirement, but awards or enterprise agreements may require more than this amount. Many employees receive five or six weeks. Companies should pay their employees according to their current base pay rate when they take leave. If an employee ends the year with unused leave, they can carry it over to the next year.

Sick leave and carer’s leave are grouped under the umbrella of personal leave. Under National Employment Standards, full-time employees [should receive 10 days of personal leave](#) to take when they are sick or injured, when they need to care for a family member, or when they need to handle a family emergency. Part-time employees are also entitled to personal leave, which is calculated according to how many hours they work.

Employees are also entitled to [paid days off during public holidays](#), including the following:

- New Year’s Day
- Australia Day
- Good Friday
- Easter Monday
- Anzac Day
- The Queen’s birthday
- Christmas Day
- Boxing Day

A state or territory may have its own holidays to add to the list, such as Labour Day.







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# THE COST OF HIRING AN EMPLOYEE IN AUSTRALIA

- Establishing your business in Australia
- Hiring lawyers
- Partnering with a staffing agency
- Paying a hiring committee
- Advertising your job vacancies
- Traveling to and from Australia
- Conducting background checks



## The Cost of Hiring an Employee in Australia

Even hiring one remote employee comes at a cost, and fully staffing a new office can be an expensive endeavor. According to a survey of HR professionals in the Australia and New Zealand Banking Group, of \$9,772 for entry-level positions to an average of \$34,440 for hiring new executives. When you're hiring employees as part of a global expansion, this can come with some added costs. You should budget for the following:

- Establishing your business in Australia: Legally establishing a business in Australia involves incorporation and registration costs. If you're setting up a physical office, this will add to your costs, as well.
- Hiring lawyers: Since employment laws can get complicated in Australia, it's wise to hire legal professionals who can ensure you're compliant with all the relevant laws during hiring and employment. You'll see this repeatedly as one of the more important tips for hiring in Australia.
- Partnering with a staffing agency: Hiring agencies can help you quickly identify qualified candidates in Australia, but working with a hiring agency adds to your recruiting costs.
- Paying a hiring committee: Instead of a staffing agency, you may choose to handle your recruiting internally, but this means you'll be paying your hiring committee for their time spent on [the hiring process](#).
- Advertising your job vacancies: Posting your job ad on job boards can entail a cost, too, though there are often options for free posting. The [Australian government hosts an online job board](#) where you can share your ad for free.
- Traveling to and from Australia: If your company is sending representatives to Australia to establish your business there or conduct interviews, you should also plan for these travel costs.
- Conducting background checks: For many companies, part of the pre-employment process is screening a new hire to ensure their citizenship or visa, work history, references, or other aspects of their application are valid. You may also want to hire an accredited company to conduct a police check for any relevant criminal histories.

## What Does a Company Need to Hire Employees in Australia?

Unless you work with an Employer of Record (EOR), you need some important things in place before you can start hiring employees in Australia. With [an EOR in Australia](#), you can skip

straight to hiring since you won't need a legal business entity of your own in the country. If you're establishing yourself as the Employer of Record, you will need:

- **Branch or subsidiary:** You'll need to legally establish your business entity in Australia. You can establish a foreign branch, which is more closely tied to your parent company and may not be taxable in Australia. However, if you plan to operate in Australia long-term, you **must create a subsidiary and incorporate** with the Australian Securities and Investments Commission (ASIC). Keep in mind that a subsidiary in Australia must have at least one director residing in the country.
- **GST and PAYG registrations:** Your company must register for PAYG withholding tax so you're prepared to start payroll for your new employees. You also need to register for the Goods and Services Tax (GST).
- **Australian bank account:** Opening bank accounts in the country will also help in establishing payroll and conduct business in Australia. Branch offices may be able to share finances with the parent country.
- **Licenses and permits:** Depending on the state in Australia, the industry you're in, and the business activities you plan to take part in, you **may need to obtain licenses or permits**.



## Steps to Hiring in Australia

The process for how to hire in Australia mirrors the typical hiring process you're likely used to

in your own country. The hiring process follows five basic steps: advertising the job, evaluating applications, interviewing candidates, sending job offers, and onboarding new employees.

## 1. Advertise Job Vacancies

First, you need to create a detailed position description for any job vacancies you have in Australia. Include important information, such as the qualities you're looking for in a candidate, the job duties, and who the employee would report to. Post your job ads on online job boards where job seekers in Australia will see them. In addition to general job boards, you can also seek out industry-specific sites to advertise your job vacancies.

## 2. Evaluate Applications

Once job seekers apply for your new positions, you can evaluate their applications to remove candidates who are unqualified and determine which candidates are likely to be the best fit for the position. You can include skills tests or questionnaires in your application if this helps you learn more about candidates' qualifications.

You can expect Australian resumes or CVs — these terms are used interchangeably in Australia — to be [around two to three pages](#) in length. Australian resumes should outline the candidate's work experience, education and skills and may also include an applicant's hobbies or interests.

## 3. Interview Candidates

Next, you'll interview candidates who made it onto your shortlist. This may mean sending your hiring committee to Australia to conduct interviews, or if you already have a branch or subsidiary set up, conducting interviews in your Australian office. You can also conduct interviews virtually, as this has become an increasingly common practice. Phone or video interviews are especially helpful if you're hiring remote employees in Australia and want to avoid traveling there.

For virtual interviews, make sure you factor in the time difference for interviewees. There are [five time zones in Australia's mainland](#) states and territories. This can present a challenge for business in faraway countries. For example, a business headquartered in Toronto, Ontario, Canada is [13.5 hours behind Australian Central Standard Time](#). Therefore, they would need to schedule interviews for early morning hours to catch their Australian interviewees in the late evening.

#### **4. Make Job Offers**

Now it's time to contact your chosen candidates to offer them a position with your company. Give them the opportunity to ask questions and negotiate their salary or other terms if necessary.

You can also draft an employment contract. However, you must make sure you abide by any requirements laid out in an award if one applies to your employee. You can also create an enterprise agreement with your new employees if this helps you develop terms that are appropriate for your company, but again, these terms cannot undercut award requirements.

#### **5. Onboard New Employees**

Now you can onboard your new employees. Have them fill out all the necessary paperwork to establish payroll and add them to your company's internal systems. If you're working with an EOR, you won't have to onboard candidates since the EOR will add them to their payroll. However, you may still have some processes to complete before the employee begins work, such as training for their new job duties.