

Globalization Partners provides [employer of record services](#) for clients that want to hire employees and run payroll without first establishing a branch office or [subsidiary in Australia](#). Your candidate is hired via Globalization Partners' Australia [Professional Employer Organization \(PEO\)](#) in accordance with local labor laws and can be onboarded in days instead of the months it typically takes. The individual is assigned to work on your team, working on your company's behalf exactly as if he or she were your employee to fulfill your in-country requirements.

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Our Global Employer of Record Platform™ and Global PEO service enables clients to [run payroll in Australia](#) while HR services, tax, and compliance management matters are lifted from their shoulders onto ours. As a Global PEO expert, we manage employment contract best practices, statutory and market norm benefits, and employee expenses, as well as severance and termination if required. We also keep you apprised of changes to [local employment laws in Australia](#).

Your new employee is productive sooner, has a better hiring experience and is 100% dedicated to your team. You'll have peace of mind knowing you have a team of dedicated employment experts assisting with every hire. Globalization Partners allows you to harness the talent of the brightest people in 170 countries around the world, quickly and painlessly.

While Australians are known for being laid back, this isn't entirely true in regard to doing business. Punctuality and meeting deadlines are extremely important, and you will need an appointment if you intend to meet with someone. Australians are very direct people and expect others to be the same; do not couch your request in softer terms or try to work around

an issue, get straight to the point and ask for what you need. Occasional business dinners and lunches happen, but are usually short and have a clear purpose.

When negotiating terms of an employment contract and offer letter with an employee in Australia, it may be useful to keep the following standard benefits in Australia in mind:

Basic Facts About Hiring in Australia

When hiring in Australia, employers must follow the minimum statutory standards and conditions as listed in the Fair Work Act 2009. These National Employment Standards include a list of 10 entitlements that must be in all employee contracts. Australia also has a Pay as You Go tax system, whereby employers withhold employee taxes and pay them to the government. Australians are also entitled to receive a payslip within one working day of being paid.

Employment Contracts in Australia

Australian workers can be covered by a contract, an agreement, or an award. This draws from the National Employment Standards and state and federal laws.

Becoming less popular, awards generally include the minimum employment standards, and set conditions for all employees in the same occupation. The award standards may vary between the state, employer, and industry, but include:

- The basic rate of pay
- The type of employment (full-time, part-time, or casual)
- Overtime rates
- Work arrangements such as varying hours or shifts
- Annual salary
- Information on leave and leave taking
- Allowances
- Information on settling disputes
- Redundancy
- A flexibility term to allow negotiation to meet individual needs

An Enterprise Agreement sets out the work conditions for a group of employees at one or more places of work, and usually of one organization. An enterprise agreement will supersede an award that would otherwise cover employees in a workplace but only where it, at least matches the pay set out in the award. Enterprise Agreements are the most common way of defining wages and workplace conditions in Australia and generally cover more issues

than do awards.

Written employment contracts, which include wages and conditions, are used for employees who are not covered by an award or an enterprise agreement and include:

- Names and details of employer and employee
- Date of birth of employees
- Job title
- Place of work
- Employment status (full time, part time or casual)
- Start and end dates of the contract
- Pay rate
- Hours of work
- Leave entitlements

Where applicable, other conditions such as job duties, allowances, bonuses, performance standards and so on should also be listed.

Public Holidays in Australia

There are 7 national public holidays:

- New Year's Day
- Australia Day
- Good Friday
- Easter Monday
- Anzac Day (25 April)
- Christmas Day
- Boxing Day

There are also additional public holidays declared by each state and territory such as Queen's Birthday and Labour Day. Holidays that fall on weekends are observed on the Monday after.

Bonus Payments in Australia

Annual bonuses are not required, but nearly one-third of Australian workers receive them. The average bonus is between 6% and 10% of annual pay. High level executives may receive up to one-half of their salary as an incentive bonus.

Working Hours in Australia

The National Employment Standards stipulate a 38-hour workweek but allow for extra hours if necessary.

Vacation Leave in Australia

- Full-time employees are entitled to a minimum of four weeks of vacation time per year, however, it is common that they receive 25 to 30 days of vacation.
- Untaken annual leave accumulates from year to year and is paid out on termination of employment.
- Vacation time is not reduced by time taken for sick leave or public holidays.

Sick Leave in Australia (also known as Personal Leave)

- Under national law, full-time employees in Australia are entitled to 10 days paid personal, sick, or caregivers' leave per year.
- Untaken sick leave accumulates from year to year but is not paid out on termination of employment.
- Sick leave in Australia (called personal leave) can be taken when the employee is unwell or to allow the employee to care for a family member who is unwell or affected by an unexpected emergency.
- Sick leave is funded by the employer rather than by the state.

Maternity Leave / Paternity Leave in Australia

Parents may be eligible for up to 18 weeks paid parental leave provided by the federal government which is paid in addition to any leave provided by their employer. The federal government has foreshadowed changes to curtail this benefit such that any leave provided by the employer reduces the leave payment provided by the government. To date, the government has not been able to obtain sufficient cross-party support in the Senate to pass this legislation and the existing law remains in place.

Eligibility requirements are:

- Be the primary carer of a newborn or recently adopted child.
- Have worked at least:
 - 10 of the 13 months before the birth or adoption of the child, and
 - 330 hours in that 10-month period, which is just over 1 day a week, and had no

- more than an 8 week gap between 2 consecutive working days
- Meet residence requirements from the date the child enters the primary carer's care until the end of the Paid Parental Leave period
- Have received an individual adjusted taxable income of \$150,000 or less in the financial year either before the date of birth or adoption, or the date claimed, whichever is earlier, and
- Be on leave or not working from when the caregiver becomes the child's primary carer until the end of the Paid Parental Leave period

The employee cannot receive Parental Leave Pay and [Newborn Upfront Payment](#) and [Newborn Supplement](#) for the same child.

Fathers and partners are eligible for up to two weeks of paid governmental leave, if they are not receiving paid leave from their employer and meet work and income level tests.

Termination of Employment and Severance in Australia

An employer must provide employees with the minimum statutory notice, which is based on the employee's service as follows:

- Less than one year's service: one week's notice.
- Between one year and three years' service: two weeks' notice.
- Between three years and five years' service: three weeks' notice.
- More than five years' service: four weeks' notice.

The notice period is increased by one week if the employee is over 45 years of age and has completed at least two years of service with the employer. The law allows the statutory notice to be paid in lieu of notice.

Employment contracts often provide for longer notice. As a contractual matter, an employee may be entitled to reasonable notice of termination (which can be as much as 12 months) in particular circumstances.

Unfair Dismissal in Australia:

An employee is eligible to make an unfair dismissal application if they are covered by the national workplace relations systems and they have completed the minimum employment period of:

- 1 Year: If the employer is a small business employer (they have less than 15 employees).

- 6 Months: If the employer is not a small business employer.

Additionally, one of the following must also apply:

- An award covers the person.
- An enterprise agreement applies to the person.
- The person's annual rate of earnings is less than the relevant income threshold (A\$136,700 base salary as of July 1, 2015, this threshold will be indexed each financial year starting on July 1st).

Employees have 21 days from the day they were dismissed to file a claim with the Fair Work Commission. The primary unfair dismissal remedy is reinstatement. If that is not appropriate, compensation of up to six months' pay can be awarded.

Severance (Redundancy) Payments in Australia

Redundancy occurs if the employer decides that they no longer want a job that an employee is performing done by anyone and terminates their employment. The job itself, not the employee, becomes redundant. Redundancy can occur due to the following:

- The job someone has been doing is replaced due to the introduction of new technology.
- Staff reduction for a particular task occurs due to a downturn in business.
- A merger or takeover takes place and the position is no longer required.
- The business restructures or reorganizes and the position is no longer required.
- Insolvency or bankruptcy of the employer.

The amount of severance/redundancy pay owed to the employee is determined by the base rate of pay that applies to the severance pay periods outlined in the table below:

Employee's Period of Continuous Service with the Employer	Severance Pay Period
At least 1 year but less than 2 years	4 weeks
At least 2 years but less than 3 years	6 weeks
At least 3 years but less than 4 years	7 weeks
At least 4 years but less than 5 years	8 weeks
At least 5 years but less than 6 years	10 weeks
At least 6 years but less than 7 years	11 weeks
At least 7 years but less than 8 years	13 weeks
At least 8 years but less than 9 years	14 weeks

At least 9 years but less than 10 years 16 weeks
 At least 10 years* 12 weeks*

* There is a reduction in severance pay from 16 weeks to 12 weeks for employees with at least 10 years continuous service.

Redundancy pay is not payable if any of the following apply:

- The employer is a small business employer (less than 15 employees).
- The employee's period of continuous service is less than 12 months.
- Employment is terminated as a result of serious misconduct.
- The employee is employed for a specified period of time.
- An employee to whom an industry-specific redundancy scheme in a modern award applies.
- An employee to whom a redundancy scheme in an enterprise agreement applies.
 - The scheme is an industry-specific redundancy scheme that is incorporated by reference into the enterprise agreement from a modern award that is in operation.
 - The employee is covered by the industry-specific redundancy scheme in the modern award.
- A casual employee.
- An apprentice.

Payroll Taxes in Australia

Employers in Australia potentially pay payroll tax on wages, benefits and superannuation paid to, or on behalf of, their employees.

Payroll tax is a tax levied by individual states in Australia. It is not a federal tax and as such the rates at which the tax is applied and the gross annual payroll threshold at which the tax commences to apply vary from state to state. The following table sets out the current thresholds and rates of payroll tax for each state and territory in Australia:

State/Territory	Threshold	Rate
New South Wales	\$750,000	5.45%
Victoria	\$575,000	4.85%
Queensland	\$1,100,00	4.75%
South Australia	\$600,000	4.95%
Western Australia	\$850,000	5.5%
Tasmania	\$1,250,000	6.1%

Australian Capital Territory	\$2,000,000	6.85%
Northern Territory	\$1,500,000	5.5%

Employers in Australia are also required contribute an amount equivalent to 9.5% of their employee's gross salary on a quarterly basis into a Superannuation, or retirement fund, for all employees who earn more than AUD\$450 per month.

Fringe Benefit Tax: Australian employers are required to pay a tax on the value of the fringe benefits they provide to their employees. Reporting requirements vary depending on the amount of fringe benefits and the type of benefits. Examples of fringe benefits include:

- A car for work
- Parking
- Use of a gym facility
- A cheap loan
- Free private health insurance

Laptops and mobile phones for business use are exempt from the fringe benefits tax.

Health Insurance Benefits in Australia

Australia has a public/private health care system. Australians with taxable incomes over a particular indexed level pay 2% of their taxable income into the national healthcare scheme, Medicare.

Individuals can also obtain private health care insurance for items not covered by the compulsory Medicare scheme such as ancillary health services (e.g., dental, optical etc.) and private hospital accommodation.

Individuals who choose not to buy private insurance and have an annual taxable income over a specified threshold are charged an additional Medicare surcharge of 1%.

Many employers in Australia provide an allowance to employees in Australia rather than purchasing health insurance plans on the employees' behalf, due to the relatively high fringe benefits tax.

Bottom Line on Statutory Benefits Costs in Australia

In general, we recommend that employers budget 18% on top of total cost of employment for

the minimum cost of [statutory benefits in Australia](#).

Why Globalization Partners

Establishing a [branch office or subsidiary in Australia](#) to engage a small team is time-consuming, expensive and complex. [Australian labor law](#) has strong worker protections, requiring great attention to detail and an understanding of local best practices. Globalization Partners makes it painless and easy to expand into Australia. We can help you hire your candidate of choice, handle HR matters and payroll, and ensure that you're in compliance with local laws, without the burden of setting up a foreign branch office or subsidiary. Our [Australia PEO](#) and [Global Employer of Record Platform](#) provides you peace of mind so that you can focus on running your business.

If you would like to discuss how Globalization Partners can provide a seamless employee leasing or PEO solution for hiring employees in Australia, please [contact us](#).

[Request a Proposal](#)