

# EMPLOYMENT CONTRACTS

An employment contract is an agreement between an employer and employee that sets out terms and conditions of employment. A contract can be in writing or verbal. All employees are covered by the National Employment Standards (NES), regardless of whether they've signed a contract. A contract can't make employees worse off than the minimum (NES) legal entitlements.

Source: [Fair Work Ombudsman – Employment Contracts](#)

## Contract Terminology and Inclusions

- Ongoing contracts have no termination date.
- Fixed-term contracts have a termination date.
- Certified/Enterprise Agreements are collective agreements resulting from negotiation between employers and employees: new employees are covered automatically under such agreements.

## Employment definitions

As an employee, there are different ways that your work can be defined by a contract.

- Full-time: Hours around 36 - 40 per week, and benefits such as sick and annual leave, superannuation contributions, etc., usually apply.
- Part-time: works fewer hours than full-time employees. The same benefits usually apply at a pro-rata rate.
- Casual: employed on an hourly or daily basis and aren't entitled to benefits, but are paid a Casual Loading on top of the base rate of pay to compensate.

Source: [Fair Work Ombudsman – Casual, part-time & full-time](#)

## What will be covered?

As a general guide, the following conditions should be covered in your employment contract:

- Names of the parties to the contract
- Position title and duties
- Annual salary/wages
- Superannuation
- Hours of work and overtime arrangements
- Leave entitlements (annual, carers and sick, parental, etc.)
- Termination arrangements
- Probationary periods (if applicable)
- Performance/pay reviews

Source: [Fair Work Ombudsman – Employment Contracts](#)

## Employee or Independent Contractor?

Independent contractors have different obligations and rights to employees because they are running their own business. This means it's important to understand the difference between the two. The following information from the [Fair Work Ombudsman website](#) will help to explain the difference:

### Employees:

- have their work directed and controlled by their employer;
- work set or standard hours (casual employees hours can vary from week to week and are not guaranteed);
- usually have an ongoing expectation of work;
- bear no financial risk – it's covered by their employer's insurance;
- are provided with tools or an allowance;
- have income tax deducted by their employer;
- are paid wages or a salary regularly;
- are entitled to paid leave.

### Independent Contractors:

- have a high level of control over how the work is done, including the choice to hire others to help;
- agree to the hours required to complete the job;
- are usually engaged for a specific task or time;
- assume the risk of making a profit or a loss and usually accept responsibility and liability for poor work or injury: they usually have their own insurance;
- use their own tools and equipment;
- pay their own tax and GST;
- have an ABN and submit invoices;
- don't receive paid leave.

Need help? [Australian Taxation Office – Employee/ Contractor decision tool](#)

## For more information:

Fair Work Infoline  
Phone: 13 13 94  
[www.fairwork.gov.au](http://www.fairwork.gov.au)

Australian Government Business  
Phone: 13 28 46  
[www.business.gov.au](http://www.business.gov.au)