

Employment Contracts

As a business owner, you should be aware of the terms and conditions of employment that apply to your employees. These terms and conditions can be easily set out in employment contracts for your staff.

Terms of an employment contract

Written contracts of employment can include wages and conditions for employees not covered by a federal or state award or agreement.

Although desirable, a written contract is not strictly necessary. An oral agreement is enforceable as a common law contract. However, it is recommended, at a minimum, that the following details be recorded in writing:

- Job title and classification
- Employment status, i.e. part-time, casual
- Working days and hours
- Rate of pay and any allowances payable
- Probationary period, if applicable.

The contract could also include duties required of the employee plus policies and procedures that the employee is expected to follow.

For the employment contract to be valid and to avoid disputes, both the employer and employee should fully understand the contract and agree to comply with its terms. It should be signed and dated and the work to be performed by the employee must not be illegal.

Implied obligations in a contract

Employment contracts also contain implied or statutory obligations of both employer and employee.

Employers have the following obligations towards their employees:

- To pay their correct wages
- To provide them with a safe and healthy workplace
- To treat them with trust and respect and not willfully do anything to damage the working relationship.



Employees have the following obligations to their employers:

- To obey all reasonable instructions and laws
- To perform their job with due skill and care, not being negligent or incompetent
- To act in the best interest of the employer, not operating in competition with the employer and not doing anything that could deliberately damage the employer's business.

Food for thought...

If you're tempted to delay preparing employment contracts because it seems unnecessary or too much hassle, think about this: how much would it cost your business if you have no contracts or policies in place, a dispute arises and litigation and legal fees are incurred?

Your Action Plan

- Why not seek legal assistance to ensure your employment contracts are clear, accurate and valid?

Contact Prosperity Accountants team today at enquiries@prosperityaccountants.com.au or call +61 8 9443 5199 for assistance with this Action Plan!

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Note: This information is of a general nature only and is not intended to be relied upon, nor to be a substitute for, specific professional advice. Also as changes in legislation may occur quickly we recommend that our formal advice be sought before acting in any of the above areas.

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