

How to Engage Employees

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As your business grows or the project scope requires additional resources, the need for recruiting of other employees is presented. What are the processes for engagement?

What type of employee is required?

The Australian Tax Office has an employee/contractor decision tool
<http://www.ato.gov.au/Calculators-and-tools/Employee-or-contractor/>

Use the Employee/contractor decision tool to find out whether your worker is an employee or contractor for tax and superannuation purposes.

Employees work in your business and are part of your business.

Contractors run their own business and provide services to your business.

What documentation is required to be supplied to the employee?

Terms and conditions of engagement

The employee will require a letter of engagement or sub-consultant agreement. There are service providers available who generate specific employment contracts online or a letter of engagement may be suitable. The Australian Government Fair Work Ombudsman has all the information required, including templates, for the engagement of personnel.

<http://www.fairwork.gov.au/employment/employers/pages/default>

The general content of an engagement document should include:

- purpose of the engagement
- objectives of the engagement
- scope of the engagement
- engagement output
- relative responsibilities
- involvement of other members
- fees and billing arrangements
- ownership of documents
- confirmation by the client

What documentation is required to be supplied to the employer?

- Tax file number
- Superannuation fund details and compliance letter
- Insurances
 - Professional indemnity
 - Public liability

Workers compensation

Agreements

Confidentiality Agreements (CA)

Intellectual Property (IP)

Non-solicitation

Invoices

If you engage a contractor ensure that you obtain a Tax Invoice for the work performed. The Tax Invoice should have the following information displayed clearly:

- the words - "Tax Invoice" and the Invoice number;
- the contractor's ABN;
- the legal trading name of the contractor;
- the date of issue of the Invoice;
- the purchaser's identity including name & ABN;
- a description of the work performed;
- the cost of the supply, the GST amount if applicable, and the total cost including GST

What are the employers obligations?

Managing the work environment

Work Health and Safety Act 2010 compliance

Risks

Managing work performance

Performance review

Keeping records

All employee and contractor records must be kept for five years.

Useful Links

- Australian Taxation Office (ATO) <<http://www.ato.gov.au/Business>>.
- <http://www.fairwork.gov.au/Resources/templates/Pages/employing-staff>
- International Federation of Consulting Engineers (FIDIC) <<http://fidic.org>>.
- Safe Work Australia <<http://www.safeworkaustralia.gov.au/sites/SWA>>.