

Small business and the Fair Work Act best practice guide





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This best practice guide is for small business owners and managers. It explains your basic obligations under the Fair Work Act (FW Act) and how you can take a best practice approach to employment and workplace issues.

It includes:

- [Working at best practice](#)
- [Legal requirements](#)
- [National Employment Standards](#)
- [Using best practice in your small business](#)
- [Best practice checklist](#)
- [Where to find more information](#)

It also has practical tips and case studies to help you move your business towards best practice.

Working at best practice

For small business owners and operators, working at best practice means understanding and meeting your obligations under Australian workplace laws. It also means going beyond these minimum requirements to help your employees and business thrive — and it's easier than you might think.

Every workplace can enjoy the benefits of taking a best practice approach to employment, even small business. These can include:

- improved ability to attract the best staff
- higher levels of staff performance and engagement
- lower turnover and hiring costs
- avoiding misunderstandings and disputes over employee entitlements
- easier implementation of workplace change
- improved ability to manage and grow the business.

Legal requirements

Complying with the law is a must, but it also makes good business sense. It allows you to:

- have peace of mind that you're meeting your legal obligations
- spend less time dealing with employee disputes and queries
- avoid significant penalties — you can check the current maximum penalty amounts on our Litigation page at fairwork.gov.au/litigation
- build a reputation as an employer who values their employees and does the right thing by their employees.



From 1 January 2025, intentional underpayment of wages by an employer is a criminal offence. Honest mistakes aren't considered a criminal offence.

A small business employer (with less than 15 employees) won't be referred for criminal prosecution if they've taken steps to ensure employees are paid correctly as set out in the Voluntary Small Business Wage Compliance Code. Civil penalties may still apply.

Find more information about criminal prosecution at fairwork.gov.au/criminal

National Employment Standards

The National Employment Standards (NES) are minimum standards for all employees. Rules and exclusions apply. **An award or agreement may provide more.**

For more information visit our National Employment Standards page at fairwork.gov.au/nas

	Full-time and part-time employees	Casual employees
Annual leave	✓ 4 weeks paid leave per year (pro rata for part-time employees) + 1 week for eligible shift workers	✗ No entitlement to paid annual leave
Personal leave (sick or carer's leave)	✓ 10 days paid leave per year (pro rata for part-time employees)	✗ No entitlement to paid personal leave
Carer's leave	✓ 2 days unpaid leave per permissible occasion (if no paid carer's leave left)	✓ 2 days unpaid leave per permissible occasion
Compassionate leave	✓ 2 days paid leave per permissible occasion	✓ 2 days unpaid leave per permissible occasion
Family & domestic violence leave	✓ 10 days paid leave per year	✓ 10 days paid leave per year
Community service leave – Jury service	✓ 10 days paid leave with make-up pay + unpaid leave as required for jury service	✓ Unpaid leave as required
– Voluntary emergency management activities	✓ Unpaid leave to engage in other eligible community service (such as voluntary emergency management activities)	✓ Unpaid leave as required to engage in the activity
Public holidays	✓ A paid day off if they would normally work. If asked to work the employee can refuse, if reasonable to do so	✓ An unpaid day off. If asked to work the employee can refuse, if reasonable to do so



	Full-time and part-time employees	Casual employees
Long service leave	✓ May be entitled to long service leave under the NES, an enterprise agreement or under state or territory legislation. Amount and eligibility rules vary	✓ May be entitled to long service leave under the NES, an enterprise agreement or under state or territory legislation. Amount and eligibility rules vary
Parental leave (eligible after 12 months employment)	✓ 12 months unpaid leave — can extend up to 24 months with employer's agreement	✓ 12 months unpaid leave for regular and systematic casuals — can extend up to 24 months with employer's agreement
Notice of termination	✓ 1–5 weeks notice (or pay instead of notice) based on length of employment and age	✗ No entitlement to notice of termination
Redundancy pay (eligible after 12 months employment)	✓ 4–16 weeks pay based on length of employment (small business or other exclusions may apply)	✗ No entitlement to redundancy pay
Right to request flexible working arrangements (eligible after 12 months employment)	✓ Employees have the right to request flexible working arrangements if they: <ul style="list-style-type: none"> • are pregnant • are the parent, or have responsibility for the care, of a child who is school aged or younger • are a carer (under the Carer Recognition Act 2010) • have a disability • are 55 or older • are experiencing family and domestic violence, or • provide care or support to an immediate family or household member who is experiencing family and domestic violence 	✓ Regular and systematic casual employees have the right to request flexible working arrangements if: <ul style="list-style-type: none"> • there is a reasonable expectation they will continue working with their employer on a regular and systematic basis, and • they meet one of the eligibility criteria listed for full-time or part-time employees
Maximum hours of work	✓ Full-time employees — 38 hours per week + reasonable additional hours ✓ Part-time employees — 38 hours or the employee's ordinary weekly hours (whichever is less) + reasonable additional hours	✓ 38 hours or the employee's ordinary weekly hours (whichever is less) + reasonable additional hours



	Full-time and part-time employees	Casual employees
Superannuation (super)	✓ Employers must make contributions to eligible employees' super funds under super guarantee laws. Super is also a NES entitlement.	✓ Employers must make contributions to eligible employees' super funds under super guarantee laws. Super is also a NES entitlement.
Employee choice about casual employment	✗ Not applicable	✓ The right to notify an employer to change to full-time or part-time employment in some circumstances. For more information visit fairwork.gov.au/employeechoice
Information statements	✓ New employees must be given the Fair Work Information Statement (FWIS), available at fairwork.gov.au/fwis	✓ New employees must be given both the FWIS and the Casual Employment Information Statement (CEIS). Small businesses need to provide the CEIS to casual employees again after 12 months of their employment. Other businesses must provide it more frequently. For more information and to download the CEIS visit fairwork.gov.au/ceis

Fixed Term Contract Information Statement (FTCIS)

Fixed term employees are engaged for a set period of time, or for a season. Employees on new fixed term contracts must also be given the Fixed Term Contract Information Statement. You can download a copy of the Fixed Term Contract Information Statement at fairwork.gov.au/ftcis

For more information on fixed term employment, including rules that limit the use of fixed term contracts, visit our Fixed term employees page at fairwork.gov.au/fixed-term-employees

Awards

An award (also called a modern award) is a document that sets out the minimum wages and conditions for an industry or occupation. Awards usually have rules about:

- which industry and occupations they cover
- pay
- work hours
- rosters
- leave and breaks
- allowances
- penalty rates
- overtime.

Awards apply in addition to the NES. A workplace can be covered by more than one award depending on the jobs that the employees do. Awards don't apply to employees covered by an enterprise agreement, except that the base rate of pay in the agreement can't be less than the base pay rate in the award.



PRACTICAL TIP: Use our Find my award tool to work out which award covers your employees. It's available at fairwork.gov.au/findmyaward



CASE STUDY — Keeping up to date

Patty is the owner of a long day care centre. She knows her employees are covered by the Children's Services Award. In the past, Patty kept a printout of the award in her office, but she found that it became outdated because of annual wage changes and other updates.

To keep up with important workplace issues, Patty recently signed up for email updates from the Fair Work Ombudsman at fairwork.gov.au/emailupdates. She now receives alerts and updates on topics including pay and award changes.

Patty also places links to the award and the NES on the centre's intranet so her staff can access current electronic copies. This meets her obligation under the award to provide employees access to their award and the NES.

Enterprise agreements

An enterprise agreement is a document that sets out employment conditions for a specific business or group of businesses. It's negotiated by the employer, employees and their representatives (typically unions) through a bargaining process. Enterprise agreements are approved by the Fair Work Commission (the Commission).

Like awards, enterprise agreements apply in addition to the NES, and they can't provide for any terms which are less than what is contained in the NES.

The base pay rate in the enterprise agreement also can't be less than the base rate in the relevant award at any time. If it is, the employee must be paid at least the base award rate.

Enterprise agreements can benefit a business because they're tailored to that workplace's needs. The Commission provides information on making agreements. Find out more on their Agreements page at fwc.gov.au/agreements

Award and agreement free employees

Most employees are covered by an award or agreement, but some jobs and industries aren't. These employees are entitled to at least the National Minimum Wage and the NES.

Visit our Award and agreement free wages and conditions page for more information at fairwork.gov.au/award-free



PRACTICAL TIP: Use our Pay Calculator (PACT) to calculate the minimum entitlements that apply to your employees. Visit fairwork.gov.au/pact

Record-keeping

You need to make and keep certain employment records under the FW Act. You must keep time and wages records for 7 years. You also need to provide your employees with a pay slip within one working day of paying them.

Good record-keeping also helps you protect and manage your business.



PRACTICAL TIP: Take our free Record-keeping and pay slips online course at fairwork.gov.au/learning

It covers:

- what employment records are and why you need them
- when employment records need to be made and how long you must keep them
- what pay slips are and what details you need to include on them
- how to handle common record-keeping and pay slip questions, respond to audits and interact with Fair Work Inspectors
- tools and resources available to help you manage your obligations around record-keeping and pay slips.

Ending employment

An employer may dismiss an employee if they have a valid reason, such as:

- serious misconduct (theft, fraud, assault, sexual harassment, or serious safety breaches)
- ongoing underperformance
- the job is no longer needed (redundancy).

Employers need to follow a fair process when they dismiss an employee. They should keep a record of the process and the reason for the dismissal. Employees should know the reason for their dismissal and be given an opportunity to respond.

Small businesses with less than 15 employees have special rules for ending employment. This means:

- small business employers don't have to pay redundancy pay (in most cases)
- an employee can only make an unfair dismissal claim if they have worked for the small business employer for 12 months or more
- small business employers can access the Small Business Fair Dismissal Code (the Code). The Code provides protection against any unfair dismissal claims that are lodged with the Commission. The Commission will rule that the dismissal was fair if the employer can provide evidence that the Code was followed before dismissing the employee. Find the Code at fairwork.gov.au/unfairdismissal

Note: a non-small business can become a small business as part of the process of downsizing its workforce. This can be due to insolvency in the period leading up to (or after):

- becoming bankrupt, or
- going into liquidation.

Non-small business employers that become a small business employer in these circumstances may still be required to pay their employees redundancy pay.

Employers, including small businesses, must **not** dismiss an employee:

- for a discriminatory reason — for more information go to fairwork.gov.au/discrimination
- for being temporarily absent from work because of illness or injury
- for engaging in lawful industrial activity
- because they have exercised a workplace right (like being a member of a union)
- for making a complaint or inquiry related to their employment, such as asking about a pay rate or contacting the Fair Work Ombudsman
- to make them an independent contractor where they will be doing the same or substantially the same work.

If the employee believes they were dismissed for one of these reasons, they can make a 'general protections' claim or an 'unlawful termination' claim against the employer. These are different from 'unfair dismissal' claims and small businesses aren't exempt from these types of claims. To find out more, visit the Ending employment page at fairwork.gov.au/ending-employment

Using best practice in your small business

All employers must comply with their legal obligations, but there are many things you can do to make your business 'best practice' — that is, a great place to work.

Best practice doesn't look the same for all employers. The way to achieve best practice will vary because of things like the number of employees, industry, and the business environment. Below are initiatives and suggestions that can help you move your business towards best practice.

Build a positive workplace culture

Workplace culture is about the behaviour that people expect and accept in a workplace. It's the way people communicate with each other and the way people go about doing their work. Businesses with a positive culture tend to have low staff turnover, low absenteeism and more motivated employees.

Best practice employers create a positive workplace culture by:

- setting fair and clear expectations
- acknowledging people's differences and the value these differences bring to the business
- building trust through acting honestly, consistently and fairly
- inviting feedback and listening to employees
- taking an interest in employees' career development
- providing training and coaching to help employees reach their goals
- modelling the work ethic, values and behaviours they want to see in their employees
- recognising and rewarding good performance
- being flexible where they can and understanding that employees have lives outside of work
- insisting that employees behave and communicate in a respectful way.



PRACTICAL TIP: To find out more about workplace culture and motivating employees complete our free Managing employees online course available at fairwork.gov.au/learning

Engage and consult with employees

Employees who are engaged in their work, and the business, tend to perform better and stay with their employer longer. Employees are more likely to be engaged, and motivated to work hard, if they:

- know what the business's goals are
- understand how their work contributes to the success of the business
- feel part of where the business is heading
- believe their ideas are heard and appreciated.

Best practice employers share information with their employees and create an environment where employees are comfortable contributing their ideas. They listen and encourage employees to share ownership of the business goals.

You can work at best practice in your business by:

- discussing the goals of the business with your employees
- sharing details about the performance of the business
- acknowledging that your employees' experience and day-to-day work may give them valuable insights into your business that you don't have
- encouraging employees to share their ideas, ask questions and raise concerns
- providing ways for employees to do this, such as a dedicated email address, a suggestions box, online forums and having an 'open door' policy
- discussing staff ideas and suggestions at regular team meetings
- involving employees in solving problems and business planning
- holding annual planning days to involve employees in setting business and team goals and targets for the following year.

For more information read our Consultation and cooperation in the workplace best practice guide available at fairwork.gov.au/bestpracticeguides



PRACTICAL TIP: Employers may be reluctant to share business performance information with employees for several reasons. If the profit of the business is the owner's direct income, they may see that as private. If the business is underperforming, they may not want to cause staff to fear for their jobs. If there is a lack of trust, they may worry about business information being disclosed or misused.

If you're reluctant to share information with your employees, consider providing less sensitive, non-financial data (such as the number of sales made this week, or clients seen this month). Sharing this information on a regular basis shows employees how the business is tracking and allows them to be more responsive to opportunities and challenges when they arise.

Manage performance

Best practice employers give employees regular constructive feedback on their performance and help them continuously develop their skills. They implement simple performance systems, which allow them to set clear goals, communicate expectations, identify training needs and provide a framework for ongoing feedback and discussion.

You can work at best practice by:

- setting clear and achievable expectations
- meeting with employees to discuss and record their individual performance goals and training needs
- monitoring employees' performance and providing regular specific feedback, both positive and constructive
- dealing with any performance issues as soon as they come up
- allowing employees to have a support person present when discussing serious performance issues — this may be a co-worker, family member, friend or union representative
- supporting employees to improve performance, for example through training, coaching and mentoring
- conducting a review with each employee every 6 or 12 months to assess their performance against the agreed goals and to set new goals
- creating a performance agreement template for your workplace and ensuring your employees have a performance agreement in place
- recognising and rewarding employees who do a good job. This doesn't have to be a financial reward — many employees appreciate a simple acknowledgement.

To find out more about implementing performance systems in your workplace complete our free Managing performance online course available at fairwork.gov.au/learning

Be flexible

Employees often look for ways to balance work and other commitments, such as caring for children or elderly parents, study, sporting activities or other hobbies.

Certain employees have a legal right to request flexible working arrangements. This may involve changes to work hours, patterns or locations. For example, part-time work, changed start and finish times or working from home.

Best practice employers go beyond the minimum legal requirements and offer flexibility to all employees to help them balance their work and personal lives.

To find out more read our Flexible working arrangements best practice guide available at fairwork.gov.au/bestpracticeguides or take our free Workplace flexibility online course available at fairwork.gov.au/learning

Right to disconnect

From 26 August 2025, eligible small business employees will have a 'right to disconnect' under the FW Act. This means employees will have the right to refuse to monitor, read or respond to contact (or attempted contact) outside their working hours, unless doing so is unreasonable. This includes contact (or attempted contact) from an employer or a third party.

For [non-small business employers](#) and their employees, the right to disconnect provisions applied from 26 August 2024.

Employers and employees are encouraged to discuss contact out of hours and set expectations that suit the workplace and the employee's role. For more information about the right to disconnect visit fairwork.gov.au/right-to-disconnect

Implement workplace policies

Best practice employers put in place workplace policies to provide clarity to employees and managers, reinforce their workplace values and to help them comply with their legal obligations.

Common issues covered in policies include leave, discrimination, bullying and sexual harassment, workplace health and safety, social media, use of drugs and alcohol, flexibility, performance processes, discipline and termination of employment.

Best practice employers may also use policies to provide benefits that go beyond minimum legal entitlements, for example, access to company vehicles or phones. Providing extra benefits doesn't have to cost money, for example, making flexible work arrangements available to all employees or allowing employees to take additional annual leave at half pay.

Even small businesses can benefit from implementing workplace policies. These don't have to be long or complicated, they may simply record and clarify the practices you already have in your workplace. You can implement best practice workplace policies in your small business by:

- involving staff in developing policies for your workplace. This will ensure your policies are tailored to the specific needs of your workplace, and that staff are able to understand and apply them
- checking policies are easy to understand. Keep them short and use simple language
- making policies accessible. Give copies to all new and existing staff and make paper or electronic copies available in the workplace
- discussing policies in training and meetings to remind employees what is expected
- asking managers and leaders to use and model workplace policies. This encourages other employees to take them seriously
- reviewing policies regularly to ensure they are current and reflect any changes in the workplace or the law.



Best practice checklist

A best practice workplace involves more than just understanding and complying with the law. This checklist will help you work towards best practice in your small business:

- ☐ **Culture** — take steps to create a positive, inclusive and respectful workplace culture.
- ☐ **Set the example** — model the work ethic, values and behaviour you want in your workplace.
- ☐ **Consult** — share information with your employees and invite them to provide feedback and listen to their ideas.
- ☐ **Engage** — involve employees in problem solving and planning, so they feel invested in the business and its goals.
- ☐ **Manage performance** — implement a performance system to help you to communicate expectations, identify training needs and provide ongoing feedback and development.
- ☐ **Provide feedback** — give employees regular constructive feedback on their performance and help them continue to develop their skills.
- ☐ **Recognition** — recognise and reward employees who do a good job or are improving.
- ☐ **Be flexible** — offer flexibility to all employees to help them balance their work and personal lives.
- ☐ **Develop policies** — work with employees to develop and implement policies that are tailored to your workplace.



Where to find more information

Resources

- Our Small Business Showcase provides tailored information and useful resources to help you meet your workplace obligations. It contains links to online resources such as pay tools, leave calculators, templates and more. Visit our Small Business Showcase at smallbusiness.fairwork.gov.au
- You can access our free online training for employers and managers. Available courses cover best practice approaches to difficult conversations in the workplace, hiring employees, managing employees, managing performance, diversity and discrimination, workplace flexibility and record-keeping and pay slips. Complete our free online courses at fairwork.gov.au/learning
- You can use our easy-to-follow and practical best practice guides to help you transform your business from compliant to best practice. Find all our Best practice guides at fairwork.gov.au/bestpracticeguides

Links

- Fair Work Commission — for information about bullying, sexual harassment, unfair dismissal and enterprise agreements visit fwc.gov.au
- Australian Human Rights Commission — for information about preventing discrimination, respecting human rights and promoting diversity in the workplace visit humanrights.gov.au

Contact us

Fair Work online: fairwork.gov.au

Fair Work Infoline: **13 13 94**

Need language help?

Contact the Translating and Interpreting Service (TIS) on **13 14 50**

Help for people who are deaf or have hearing or speech difficulties

You can contact us through the National Relay Service (NRS).

Select your [preferred access option](#) and give our phone number: **13 13 94**

The Fair Work Ombudsman is committed to providing you with advice that you can rely on. The information contained in this fact sheet is general in nature. If you are unsure about how it applies to your situation you can call our Infoline on 13 13 94 or speak with a union, industry association or a workplace relations professional.

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