

Earning

This fact sheet highlights what you need to know about getting a first job and wages. It can be used:

- as a discussion starter with friends or family.
- for self-reflection to check how much you already know and where to find more information.

Young people often get excited about having their first job, and earning their own income. This means independence and a sense of achievement, but also being across the rights and responsibilities of being an employee.

Employees, especially inexperienced employees, should understand:

- their rights and responsibilities.
- how much they should be paid.
- the documentation associated with earning an income.
- how to interpret their payslip.



1. Did you know?

YOU HAVE RIGHTS AND RESPONSIBILITIES WHEN YOU ARE EARNING

- The maximum hours a full-time worker should work per week is 38 hours plus reasonable additional hours.
- The annual leave entitlement for full-time workers is four weeks paid leave each year with an additional week for shift workers plus any additional leave entitlements.
- Different types of leave available include annual leave, personal/carer/compassionate leave, parental leave, community services leave, long service leave and public holidays.
- Employees have protected rights, which include workplace rights, taking part or not taking part in industrial action and being free from discrimination.
- Employees need to complete a number of forms relating to taxation, superannuation, bank details, and confidentiality. They may also be asked to sign an employment contract.

Although most employers do the right thing, some do not. The FairWork website has examples. Additionally, young people may become overwhelmed with the amount of new information when they first start earning. They should be advised not to sign documents until they have time to discuss them with their parents or guardians.

2. What's on your payslip?

Information found on a payslip (pay advice) includes the name of the employee and employer, date of payment, gross pay before tax, amount deducted for tax, any other private deductions, superannuation contributions and net pay.

- **GROSS PAY** – To check the accuracy of a payslip the employee needs to know the rate (the ordinary hourly rate) of pay and the number of hours worked for the pay period, which could be weekly, fortnightly or even yearly (a salary). For example, if the employee has worked 32 hours for the week and the rate of pay is \$18 per hour gross, the weekly gross pay is \$576.
- **SUPERANNUATION** – The payslip will show the amount (9.5% of ordinary time earnings) contributed by the employer to the worker's superannuation (retirement fund). An employee can also contribute extra to their superannuation fund.
- **TAXATION** – The employer deducts taxation from the employee's gross pay and forwards this to the Australian Taxation Office. It is illegal for an employer to pay 'cash' and not record taxation. After 30 June each year, every employee must submit a Taxation Return which records whether a tax refund is due or whether the employee has to pay more taxation. At the end of the financial year the employer issues a group certificate which outlines details of total gross earnings and total taxation deducted over the financial year.
- **NET PAY** – Net pay is the amount that remains after taxation and any private deductions (such as health fund contributions) are deducted. This is the 'take home' pay.

3. Smart strategies for earning

- Conduct research before starting the first day at work to check rates of pay, entitlements, the meaning of superannuation, taxation and the difference between gross pay and net pay.
- Read the relevant parts of an Award if you are to be employed under an Award.
- It can be a good idea to ask someone to check a contract before signing.
- Consider taking out insurance so that you will still receive income if you are sick or have an accident and cannot go to work.

OUTSIDE THE BOX

Think like an 'entrepreneur'. You can also earn an income by setting up your own business and paying yourself!

4. Power words for earning

Understanding and being able to use these words will provide young employees with more power to prepare for earning and understand their payslip.

AWARD	Sets out minimum pay and conditions for employees in a specific industry.
CASUAL EMPLOYMENT	Casual workers are called to work when needed.
DISCRIMINATION	Being treated differently because of a certain characteristic such as age, race, gender, religion, sexual orientation, pregnancy, marital status, etc.
EMPLOYER	The 'boss' or the person hiring the employee.
EMPLOYEE	The worker.
ENTERPRISE AGREEMENT	Sets out minimum employment conditions and can apply to just one business or a group of businesses. When a workplace has a registered agreement, the Award doesn't apply.

FINANCIAL YEAR	Runs from 1 July to 30 June.
FULL-TIME EMPLOYMENT	A full-time worker works the maximum number of hours.
PART-TIME EMPLOYMENT	Part-time workers have set hours to work but not as many hours as full-time workers.
REDUNDANCY	When the organisation changes and the employee is no longer needed. Sometimes the employee receives a 'pay out' for having to leave.
TERMINATION	When an employer dismisses or fires an employee.
TRADE UNION	Represents the interests of workers in a particular industry or occupation.

5. Need more help? Want to know more?

Check out the '[Guide to Starting a New Job](#)' on the FairWork website for a range of information on topics such as rights and responsibilities, how to check your pay rate and the differences between Awards and enterprise agreements.

- Find taxation information on the [Australian Taxation Office \(ATO\)](#) website.
- Have a look at [ASIC's MoneySmart Teaching](#) resources to see how teachers approach earning in the mathematics classroom.
- Take the [Workplace Basics Quiz](#) to test your earning knowledge.



Disclaimer: The information on this fact sheet is general educational information. It is not financial advice. Financial Basics Foundation is not a financial advisor. The information is designed to improve your financial literacy by increasing your awareness and understanding of the topics described.