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Business of Medicine
Setting up your Practice Team

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Your Practice may be clinical by nature- but your risks are often administrative

One of the fastest ways for legal risk to enter a new practice is through the wrong engagement model

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Why this matters

- Early engagement decisions shape legal and tax risk
- Wrong classification can lead to underpayments, super, payroll tax and penalty exposure
- Good planning helps build your team on the right footing

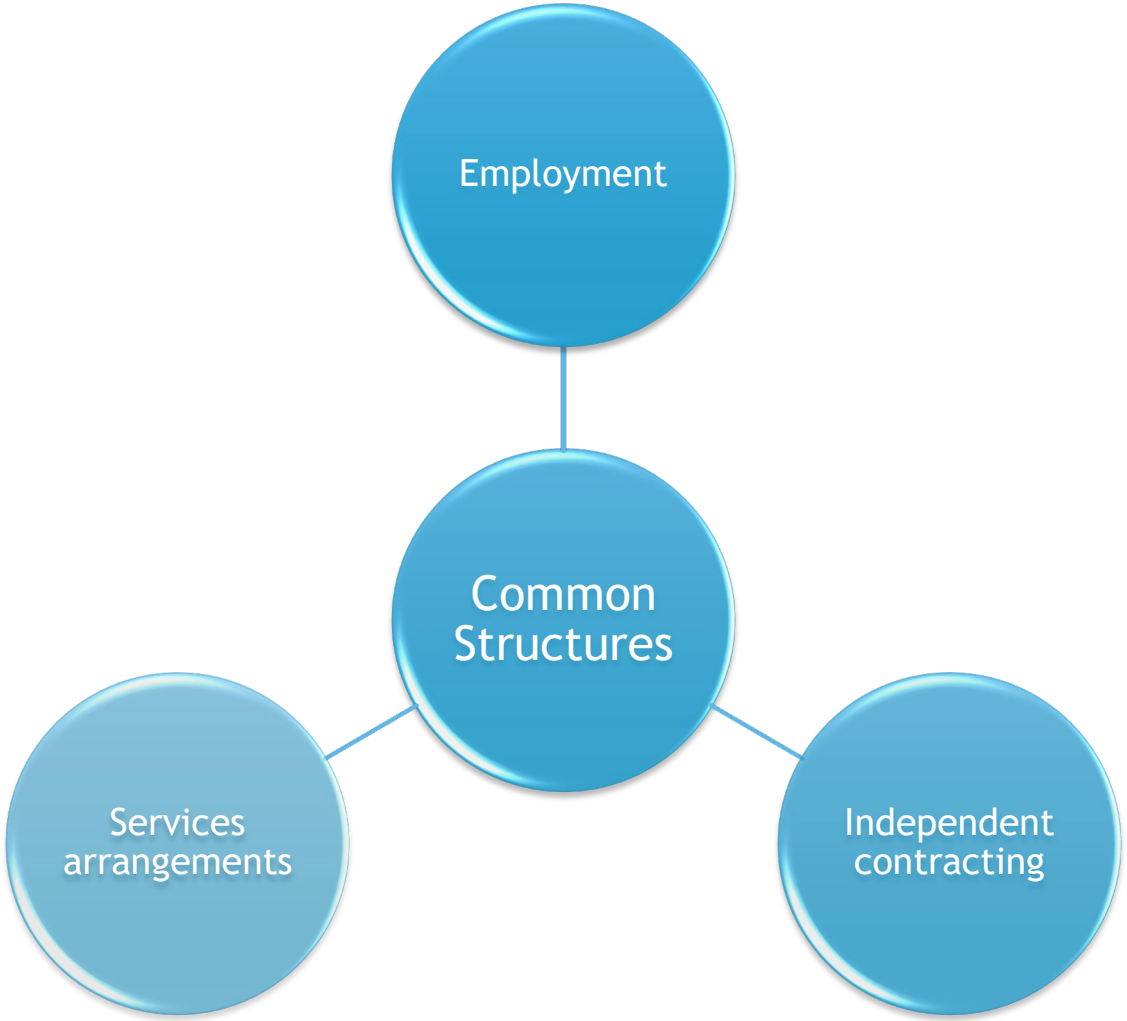
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What we will cover

- Common engagement models
- Employees v contractors
- Why labels are not enough
- Key classification factors
- Fair Work, super, PAYG and payroll tax risks
- Practical setup steps

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Common Engagement Models



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Employees

Common Examples



Receptionists



Admin staff



Practice managers



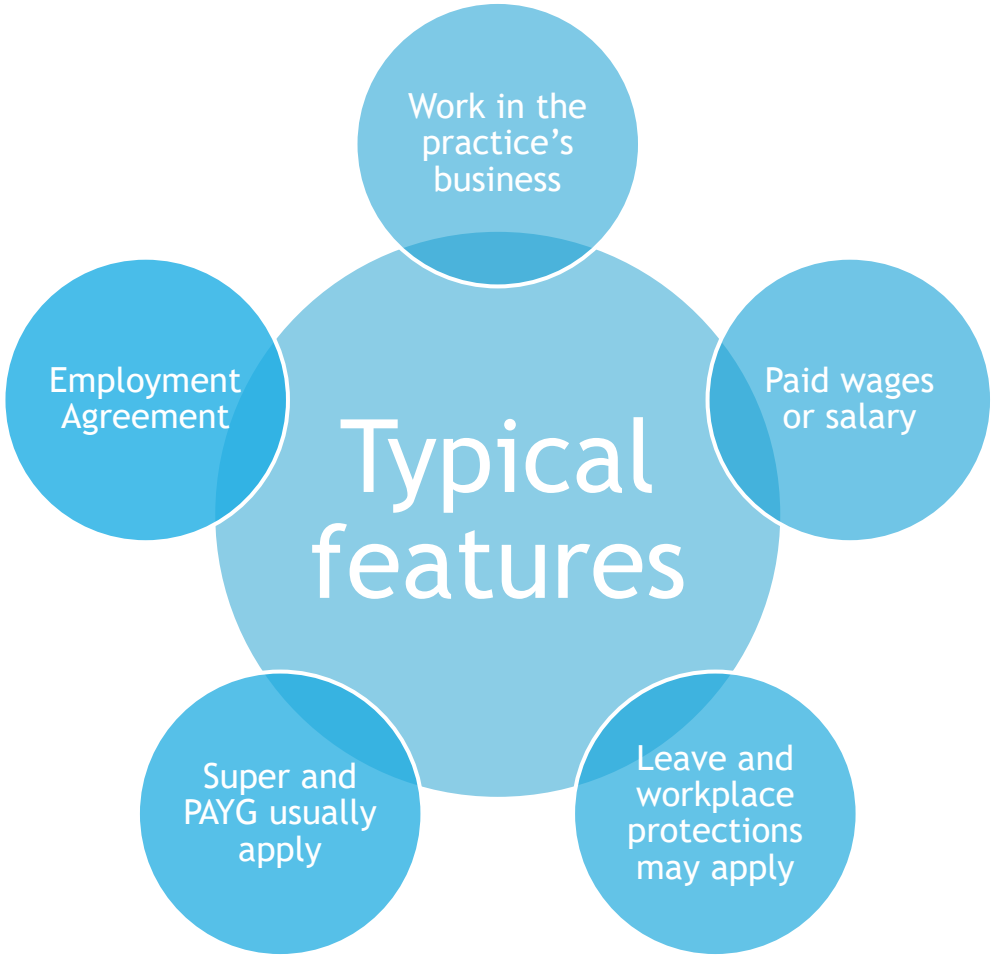
Nurses



Sometimes doctors or allied health practitioners

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Employees



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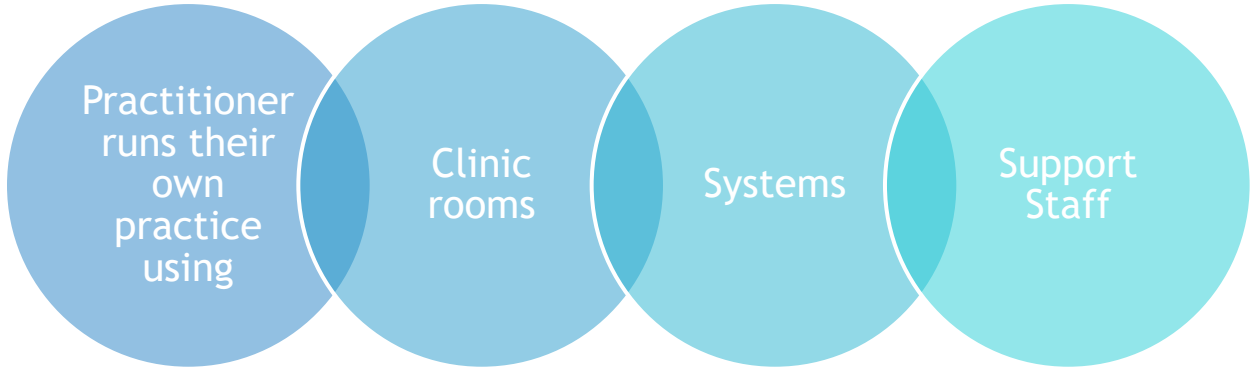
Independent Contractors

- Operate their own business
- Engaged under a contractor arrangement
- Contract and day-to-day reality must align
- Super may still apply in some cases
- Contractor Agreement or Services Agreement

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Service Arrangements

Common Examples



Typical features

- Independent practice model
- Practitioner pays service or facility fee
- Usually documented in a Services Agreement

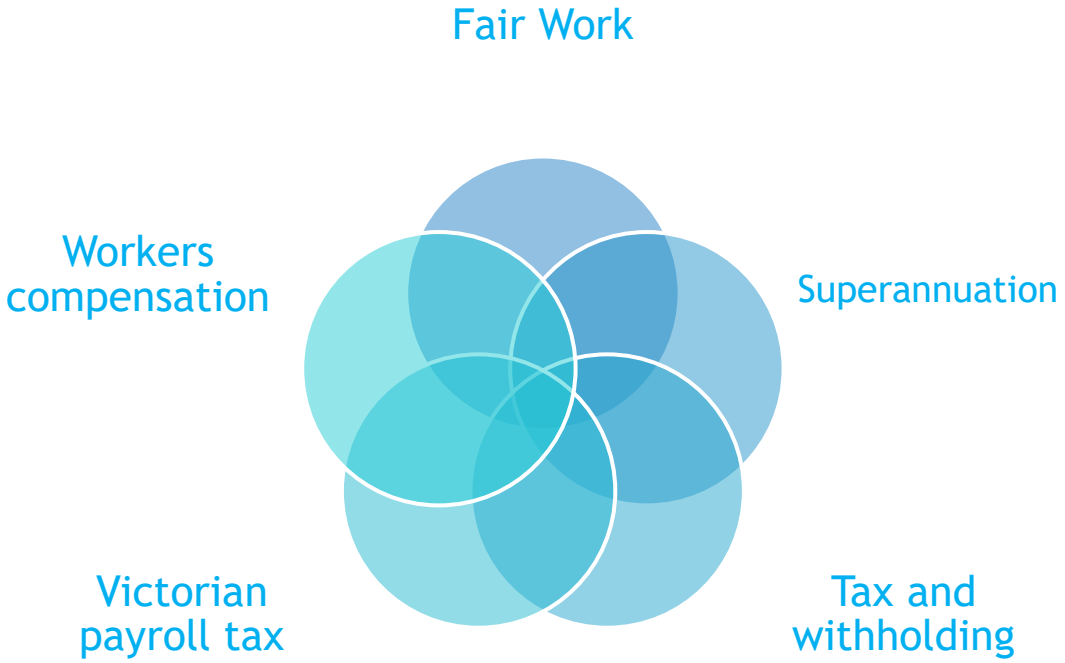
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Why Classification matters



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Different Laws, Different Outcomes



Important: one arrangement can be treated differently under different laws

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Labels are not enough

- “Contractor” is not decisive
- The law looks at substance, not just wording
- Contract terms matter
- Practical reality matters too

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Key Factors



Who controls hours and work?



Is the person running their own business?



Who contracts with patients?



Who invoices and receives fees?



Is there a genuine right to delegate?



Who provides rooms, tools and systems?



Who carries the financial risk?



Is the person integrated into the practice?

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Examples

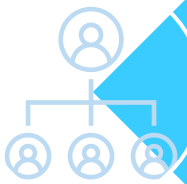
Most likely to be employees



Receptionist on regular roster

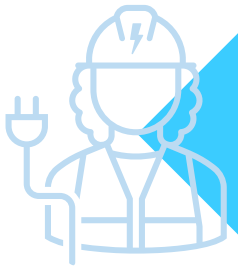


Nurse supervised by the practice



Practice manager under owner direction

Most likely to be contractors



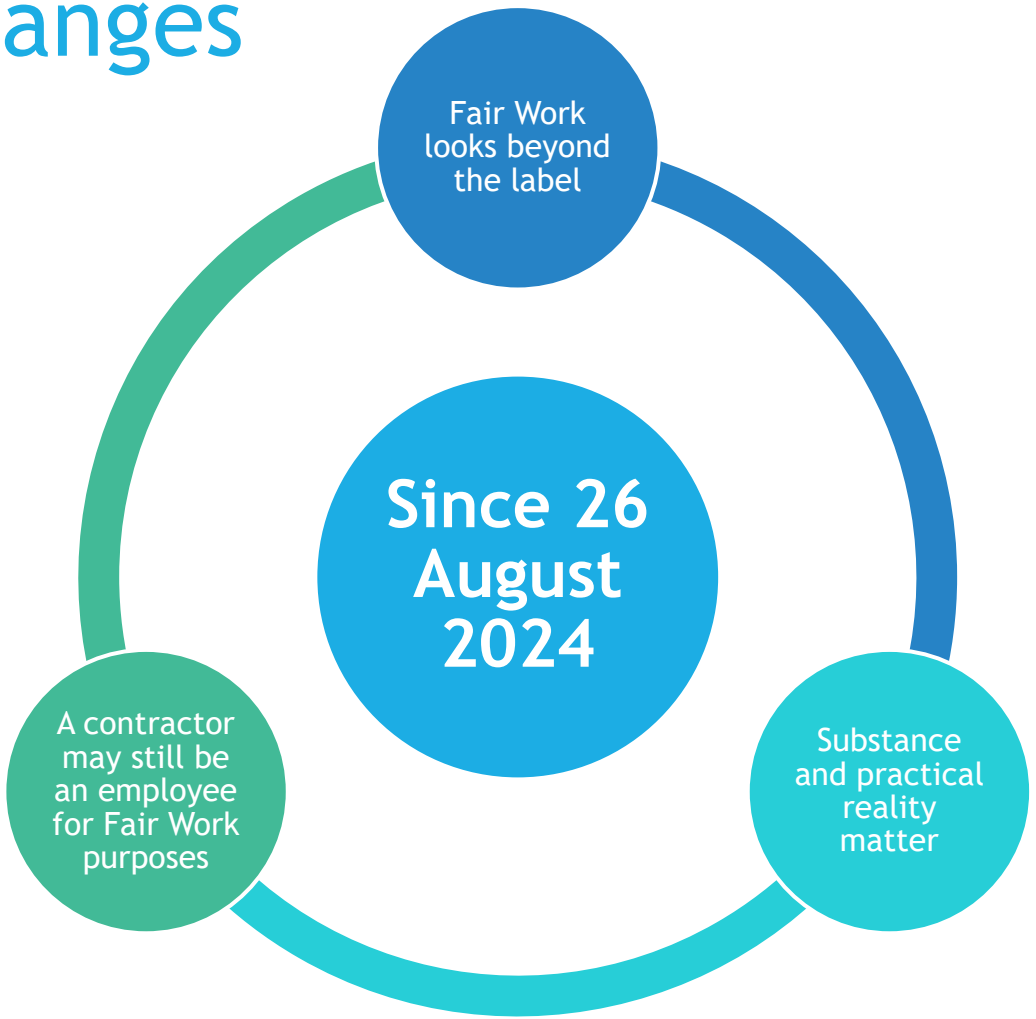
External IT provider



Allied Health genuinely running their own practice

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Fair Work Act Changes



This may affect:

- NES entitlements
- Awards
- Adverse action protections
- Unfair dismissal rights

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Superannuation Risk

Super may apply to contractors where the contract is mainly for the person's labour



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Payroll Tax Risks



Do not assume an ABN or contractor agreement avoids payroll tax

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Sham Contracting



Calling an employee a contractor



Re-engaging an employee as a contractor to avoid entitlements



Using documents that do not match reality

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Summary: Engaging your practice team

1. Identify each role clearly
2. Choose the right engagement model
3. Match the contract to the reality
4. Review Fair Work, super, PAYG and payroll tax separately
5. Use tailored written agreements
6. Review arrangements as the practice changes

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Thank you

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