

# Becoming work ready

## Contracting and starting a small business

Some workers may not be employees, but their own employer. They may work as a contractor, independent contractor, sub-contractor or as a sole trader. This includes many sharing economy workers, young people who have an e-commerce shop or work as a tradesperson.

Contractors and employees have different rights and obligations. Contractors are self-employed and run their own business which means they have responsibilities as a business owner.

### Who is a contractor?

<b>Contractors</b>	<a href="https://business.gov.au/people/contractors/contractor-responsibilities">https://business.gov.au/people/contractors/contractor-responsibilities</a> Contractors (and sub-contractors) are self-employed by their own business. They negotiate their fees, work arrangements and how they will sell their services to others.
<b>Independent contractors</b>	<a href="https://business.gov.au/people/contractors/contractor-responsibilities">https://business.gov.au/people/contractors/contractor-responsibilities</a> Independent contractors are self-employed by their own business. They have a contract with another company who may set their fees, work arrangements and how they can sell their services.

The rise of the gig, sharing or app economy has led to an increase in independent contractors working like employees but not receiving the same rights and entitlements of an employee.

### Sharing economy and sham contracting

<b>Sharing economy services</b>	<a href="https://business.gov.au/people/contractors/sharing-economy">https://business.gov.au/people/contractors/sharing-economy</a> Digital platforms or marketplaces that connect workers to customers for tasks to be completed for a fee: rideshare, delivery, creative, professional.
<b>Sham contracting</b>	Sham contracting is when a company misclassifies an employee as an independent contractor to avoid paying employee entitlements. <ul style="list-style-type: none"> <li>• <a href="https://www.fairwork.gov.au/find-help-for/independent-contractors#sham-contracting">https://www.fairwork.gov.au/find-help-for/independent-contractors#sham-contracting</a></li> <li>• <a href="https://business.gov.au/people/contractors/contractor-rights-and-protections#unfair-contracts">https://business.gov.au/people/contractors/contractor-rights-and-protections#unfair-contracts</a>.</li> </ul>
<b>Employee-like work protections</b>	<a href="https://theconversation.com/whats-driving-ubers-historic-agreement-with-the-twu-on-gig-work-186044">https://theconversation.com/whats-driving-ubers-historic-agreement-with-the-twu-on-gig-work-186044</a> Changes to gig economy regulations and protections in Australia are expected to prevent sham contracting.

Starting a business involves developing an idea or buying an existing business or franchise. Progressing a hobby into a side hustle is a common entry point to start a business.

Starting a business	
<b>A hobby</b>	<a href="https://business.gov.au/planning/new-businesses/difference-between-a-business-and-a-hobby">https://business.gov.au/planning/new-businesses/difference-between-a-business-and-a-hobby</a> A hobby is not a business. There are no business owner obligations.
<b>A side hustle</b>	<a href="https://www.smallbusiness.wa.gov.au/blog/starting-business-side">https://www.smallbusiness.wa.gov.au/blog/starting-business-side</a> A side hustle is operating a small business in addition to studying or working. There are obligations and responsibilities as a business owner.
<b>Starting a business</b>	There is plenty of free support to start and grow a business through guides, workshops, business advisory services, templates and grants: <ul style="list-style-type: none"> <li>• <a href="https://www.smallbusiness.wa.gov.au/starting-and-growing">https://www.smallbusiness.wa.gov.au/starting-and-growing</a></li> <li>• <a href="https://business.gov.au/Guide/Starting">https://business.gov.au/Guide/Starting</a></li> <li>• <a href="https://business.gov.au/grants-and-programs">https://business.gov.au/grants-and-programs</a></li> </ul>
<b>Self-employment assistance</b>	<a href="https://selfemployment.businessfoundations.com.au/">https://selfemployment.businessfoundations.com.au/</a> Federal government support for eligible young people who are unemployed, underemployed and not in education to start their own small business.
<b>Deciding on the business structure</b>	<a href="https://www.smallbusiness.wa.gov.au/starting-and-growing/business-structures">https://www.smallbusiness.wa.gov.au/starting-and-growing/business-structures</a> The business structure determines the responsibilities of the business owner including how debt may affect them personally. Common business structures are sole trader, partnership, company and trust.
<b>Buying an existing business</b>	<a href="https://www.smallbusiness.wa.gov.au/starting-and-growing/buying-a-business">https://www.smallbusiness.wa.gov.au/starting-and-growing/buying-a-business</a> A guide to researching an existing business before making an offer to buy.
<b>Buying a franchise</b>	<a href="https://business.gov.au/planning/business-structures-and-types/franchising/franchises">https://business.gov.au/planning/business-structures-and-types/franchising/franchises</a> A franchise is a smaller business that operates under the brand of another business. Some very large companies offer franchises. Disputes are very common. Seek professional advice before agreeing to buy a franchise.

There is support for young people to start up an entrepreneurial business in WA.

Entrepreneurial startups	
<b>Startup</b>	<a href="https://startupnews.com.au/whats-a-startup/">https://startupnews.com.au/whats-a-startup/</a> A common definition of a startup is an early stage innovation that can grow fast (usually with technology) and aims to disrupt existing practices.
<b>WA startup ecosystem</b>	<a href="https://www.wa.gov.au/organisation/department-of-jobs-tourism-science-and-innovation/new-industries-fund-useful-resources">https://www.wa.gov.au/organisation/department-of-jobs-tourism-science-and-innovation/new-industries-fund-useful-resources</a> The WA startup ecosystem includes a range of incubators and commercial acceleration programs, co-working spaces, funding sources, innovation hubs, collaborative communities and events.

Before a business can operate, business owners need to obtain the relevant licences, registrations and insurances, and register for tax. Specific legal requirements depend on the business structure, location and activities.

Legal obligations of running a business	
<b>Australian Business Number (ABN)</b>	<p><a href="https://www.abr.gov.au/business-super-funds-charities/applying-abn">https://www.abr.gov.au/business-super-funds-charities/applying-abn</a></p> <p>A unique 11-digit number that identifies a business in Australia. It is free and is generally a requirement for running a business. There are obligations that come with having an ABN.</p>
<b>Australian Company Number (ACN)</b>	<p><a href="https://business.gov.au/planning/business-structures-and-types/business-structures/company">https://business.gov.au/planning/business-structures-and-types/business-structures/company</a></p> <p>A unique number that identifies a registered company in Australia. Setting up a company business structure is a complex process with ongoing legal obligations and costs for the directors.</p>
<b>Registered business or trading name</b>	<p><a href="https://asic.gov.au/for-business/registering-a-business-name/">https://asic.gov.au/for-business/registering-a-business-name/</a></p> <p>The name or title under which a person conducts business. A business name needs to be registered when business is conducted under a name other than your own.</p>
<b>Tax</b>	<p><a href="https://business.gov.au/registrations/register-for-taxes/tax-registration-for-your-business">https://business.gov.au/registrations/register-for-taxes/tax-registration-for-your-business</a></p> <p>Business owners may need to register for Goods and Services Tax (GST) and meet income and other tax obligations, such as Pay as You Go (PAYG) instalments.</p>
<b>Registration service</b>	<p><a href="https://register.business.gov.au/">https://register.business.gov.au/</a></p> <p>A free government service that makes key business registrations easy.</p>
<b>Licences, permits and approvals</b>	<p><a href="https://www.smallbusiness.wa.gov.au/starting-and-growing/licences-and-permits">https://www.smallbusiness.wa.gov.au/starting-and-growing/licences-and-permits</a></p> <p>Business owners are responsible for organising their own licences, permits and approvals to run a business. The types of approvals required are specific to the business structure, activities and location.</p>
<b>Insurance</b>	<p><a href="https://business.gov.au/risk-management/insurance/business-insurance">https://business.gov.au/risk-management/insurance/business-insurance</a></p> <p>Business owners are responsible for organising insurances that cover damage or injuries caused to other people as well as their own income protection insurance to cover sick leave or work-related accidents.</p>
<b>Super</b>	<p>Business owners can make voluntary personal contributions and some contractors may be considered employees, which means the employer must pay their super.</p> <ul style="list-style-type: none"> <li>• <a href="https://www.ato.gov.au/business/employee-or-contractor/">https://www.ato.gov.au/business/employee-or-contractor/</a></li> <li>• <a href="https://www.ato.gov.au/Individuals/Super/Getting-your-super-started/Contractors/">https://www.ato.gov.au/Individuals/Super/Getting-your-super-started/Contractors/</a></li> <li>• <a href="https://www.ato.gov.au/Individuals/Super/Getting-your-super-started/Self-employed/">https://www.ato.gov.au/Individuals/Super/Getting-your-super-started/Self-employed/</a></li> </ul>
<b>Registering a .au domain name</b>	<p><a href="https://business.gov.au/online/business-website/register-a-business-website">https://business.gov.au/online/business-website/register-a-business-website</a></p> <p>An ABN is generally required to register an Australian .au domain name which is needed to host your own website. Selling a good, service or product through an e-commerce store may or may not require an ABN.</p>