User Guide
Casual Employees

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CASUAL EMPLOYEES

Casual Employees employed under a Fair Work Award are entitled to receive an additional 25% loading rate. Therefore, the hourly pay rate for casual workers is the equivalent permanent hourly rate plus 25%. The rate of pay and the rate of loading are determined by the award or agreement that covers the job.

CASUAL LOADING PENALTY RATES CALCULATION

There are different methods to calculate penalty rates for casual employees, which depends on the award that applies. To ensure you pay your casual employees correctly, please refer to the calculation method applicable to your specific Fair Work Award. For more information about casual loading penalty rates calculations, refer to the [Fair Work Website](#).

The Default Method (Code B)

This is the most common calculation method: both the casual loading and penalty rates are calculated on the base rate pay:

$$\text{Base Rate} + (\text{Base Rate} * \text{Casual Loading}) + (\text{Base Rate} * \text{Penalty})$$

$$\$20 + (\$20 * 0.25) + (\$20 * 2) = \$45.00$$

The All-Purpose Approach (Code A)

Some awards state that their casual rate is 'All-Purpose" this means that the penalty rate is calculated on top of the casual rate:

$$(\text{Base Rate} + \text{Casual Loading}) * \text{Penalty}$$

$$(\$20 + \$5) * 2 = \$50.00$$

The No Casual Loading Method (Code C)

Under some awards penalty rates are paid **instead** of the casual loading. In these cases when a penalty rate applies, casual employees are paid the specific penalty rate, instead of their casual loading.

$$\text{Base Rate} + (\text{Base Rate}*\text{Penalty})$$

$$\$20 + (\$20*0.33) = \$26.00$$

CASUAL LOADING PENALTY RATES CALCULATION IN XERO

Casual Loading in Xero is set up differently, depending on the applicable method as determined by the award

- The Default Method Code → Casual Loading is set up as a separate Pay Item
- The All-Purpose Approach → Casual Loading is added to the employee base rate
- The No Casual Loading Method → Casual Loading is set up as a separate Pay Item

When a casual employee is paid multiple rates, the easiest way to track these rates is to use timesheets.

How to set up the casual loading pay item

1. Go to Settings → Payroll Settings
2. Select the **[Pay Items]** Tab
3. Click on **[Add]** → Ordinary Time Earnings
   → *The Ordinary Time Earnings pop up screen opens*

4. Select/Enter the following details:
   - Earnings Name → Enter: **Casual Loading 25%**
   - Display Name → Enter: **Casual Loading 25%**
   - Rate Type → Select: **Multiple of employee's ordinary earnings rate**
   - Multiple → Enter: **0.25**
   - Expense Account → Select a wage expense account
   - Reportable as W1 → Select this option
5. Click on **[Add]**

Ordinary Time Earnings

Earnings Name

Casual Loading 25%

Display Name (optional)

Casual Loading 25%

Rate Type

Multiple of employee's ordinary earnings rate ▼

Multiple (ex. 1.5)

0.25

Expense Account

477: Wages and Salaries ▼

☐ Exempt from PAYG Withholding

☐ Exempt from Superannuation Guarantee Contribution

☑ Reportable as W1 on Activity Statement

☐ Accrue Leave for this Earnings Rate

Cancel   Add

How to manage casual employees rates via timesheets

In this example, we will pay an employee for the following weekly hours:

MON	TUE	WED	THU	FRI	SAT	SUN
Ordinary Hours	*Ordinary Hours*	*Ordinary Hours*	*Ordinary Hours*	*Ordinary Hours*	*Sat Rate 1.5x*	*Sun Rate 2x*
6 Hours	4 Hours	3 Hours	DAY OFF	DAY OFF	4 Hours	3 Hours

1. Go to Payroll → Timesheets

   ➜ *The Timesheets screen opens*

2. Click on [Add Timesheet]

   ➜ *The Add Timesheet pop up screen opens*
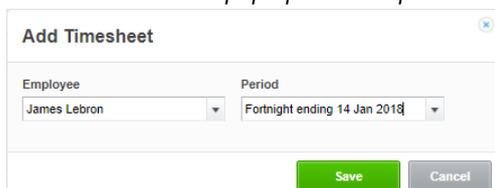
3. Select/Enter the following details:

   - Employee → Select the casual employee

   - Period → Select the correct pay period

4. Click on [Save]

5. Select the relevant earning rate and enter worked hours for each day as follows:

The Default Method (Code B)

The All-Purpose Approach (Code A)

Earnings Rate	Mon 15 Jan	Tue 16 Jan	Wed 17 Jan	Thu 18 Jan	Fri 19 Jan	Sat 20 Jan	Sun 21 Jan	Hours	
Ordinary Hours	6.00	4.00	3.00	0.00	0.00	0.00	0.00	13.00	⊗
Saturday 1.5x	0.00	0.00	0.00	0.00	0.00	4.00	0.00	4.00	⊗
Sunday 2x	0.00	0.00	0.00	0.00	0.00	0.00	3.00	3.00	⊗
+ Add another line	6.00	4.00	3.00	0.00	0.00	4.00	3.00	20.00	

The No Casual Loading Method (Code C)

Earnings Rate	Mon 15 Jan	Tue 16 Jan	Wed 17 Jan	Thu 18 Jan	Fri 19 Jan	Sat 20 Jan	Sun 21 Jan	Hours	
Ordinary Hours	6.00	4.00	3.00	0.00	0.00	0.00	0.00	13.00	⊗
Saturday 1.5x	0.00	0.00	0.00	0.00	0.00	4.00	0.00	4.00	⊗
Sunday 2x	0.00	0.00	0.00	0.00	0.00	0.00	3.00	3.00	⊗
Casual Loading 25%	6.00	4.00	3.00	0.00	0.00	0.00	0.00	13.00	⊗
+ Add another line	12.00	8.00	6.00	0.00	0.00	4.00	3.00	33.00	

6. Click on [Approve] to save the timesheet

7. Go to Payroll → Pay Runs and process the pay run as per normal