



Nature of Engagement

You've decided it's time to expand your business by bringing someone in to support you – awesome!

But just what will that look like?

Will they be an employee, a contractor or is labour hire a better option.

This table will help you to decide, but you may still need advice too. And remember, one element does not make the decision, this is a whole of picture scenario.

Comparison Chart

Indicator	Employee	Labour Hire	Contractor
Intention of the parties	Employment relationship, eg a contract exists (TFN)	Employment relationship, via a 3rd party	Independent contractor relationship (ABN)
Able to delegate or sub-contract work	No	No	Usually
Amount of control over how work is performed	Direction and control provided - policies and procedures	Direction and control provided – policies and procedures	Holds control over what, when, where and how
Financial responsibility and risk	Nil	Nil	Bears full financial risk, will have insurance for protection
Tools and equipment	Usually provided by employer	Usually provided by employer	Usually supply their own tools and equipment and responsible for care
Hours of work	Set hours, driven by employer (except casual)	Hours driven by employer	Some agreement, but makes own decision
Expectation of work continuing	Usually	Not guaranteed	Fixed term or task
Tax	PAYG deducted by employer	PAYG deducted by employer	Pays their own taxes – PAYG and GST, etc
Superannuation	Yes	Yes	Pays their own
Leave	Yes, or a loading in lieu of leave	Yes, or a loading in lieu of leave	No

When determining if a person is an employee or not, it is important to consider more than just employment law... one must also consider taxation, workers compensation and superannuation legislation too.

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