

Examples of differences between Employees and Contractors

Scenario	<p>Catherine is required to clean the building each weeknight from 6.30pm -10.30pm and carry out cleaning work as instructed by the business.</p> <p>The cleaning business does regular checks to ensure Catherine's work is meeting the required standards.</p> <p><i>Employee characteristic: the cleaning business has control over the work.</i></p>	<p>Karl has access to the building. The cleaning work can be done at any time after 6pm (when the office closes for the day) and before 8am when the office reopens.</p> <p>Karl is not given any direct supervision and can complete the cleaning work as he sees fit provided it meets the requirements of the agreement.</p> <p><i>Contractor characteristic: Karl has freedom in the way the work is done, subject to the specific terms in the agreement.</i></p>
Ability to subcontract/ delegate	<p>If Catherine cannot do her shift, she can organise for another cleaner (who also works for the business) to fill in. Catherine needs to let the cleaning business know and they will pay the other cleaner for the extra shift.</p> <p><i>Employee characteristic: Catherine cannot subcontract/delegate the work.</i></p>	<p>The agreement is to clean the building. It does not specify who needs to do the work. If Karl chooses, he can pay someone else to perform the work.</p> <p><i>Contractor characteristic: Karl can subcontract/delegate the work.</i></p>
Basis of payment	<p>Catherine is paid an hourly rate for the rostered shifts she works each week. The cleaning business pays her each week based on what is in her timesheets.</p> <p><i>Employee characteristic: Catherine is paid for the time worked.</i></p>	<p>Karl quoted a set amount to clean the building. Payment is conditional upon the building being cleaned to the requirements of the agreement and within the specified timeframe.</p> <p><i>Contractor characteristic: Karl is paid for a specific result based on the quote provided.</i></p>
Equipment, tools and other assets	<p>Catherine uses the cleaning equipment and products supplied by the business.</p> <p><i>Employee characteristic: the cleaning business provides the equipment and assets required to complete the work.</i></p>	<p>Karl uses his own cleaning equipment and products to complete the work.</p> <p><i>Contractor characteristic: Karl provides the equipment and assets required to complete the work.</i></p>
Commercial risks	<p>If Catherine damages anything when she is completing her work, she will need to let the cleaning business know and they will need to pay to have the damage rectified.</p> <p><i>Employee characteristic: Catherine takes no commercial risks.</i></p>	<p>If Karl does not perform to the standard required or damages the office building, he can be held liable for any resulting losses.</p> <p><i>Contractor characteristic: Karl takes commercial risks.</i></p>
Independence	<p>Catherine is reliant on the cleaning business to assign her work and pay her for it. Catherine needs to do any work within her duty statement.</p> <p><i>Employee characteristic: Catherine is not operating independently of the cleaning business.</i></p>	<p>Karl is required to perform the services as specified in the agreement. If Karl is offered additional cleaning work on the office building not covered by the existing agreement, he can either accept or reject this work.</p> <p><i>Contractor characteristic: Karl is operating his own business.</i></p>