

## Examples of differences between Employees and Contractors

Scenario	<p>Susie is required to be on site completing the build each weekday from 7.30am-2.30pm and carry out the work as instructed by the business.</p> <p>The business does regular checks to ensure Susie's work is meeting the required standards.</p> <p><i>Employee characteristic: The business has control over the work.</i></p>	<p>Bob has access to the building site. The work can be done at any time between 6am and 4pm.</p> <p>Bob is not given any direct supervision and can complete the work as he sees fit provided it meets the requirements of the agreement.</p> <p><i>Contractor characteristic: Bob 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 Susie cannot do her shift, she can organise for another builder (who also works for the business) to fill in. Susie needs to let the business know and they will pay the other builder for the extra shift.</p> <p><i>Employee characteristic: Susie cannot subcontract/delegate the work.</i></p>	<p>The agreement is to complete the build. It does not specify who needs to do the work. If Bob chooses, he can pay someone else to perform the work.</p> <p><i>Contractor characteristic: Bob can subcontract/delegate the work.</i></p>
Basis of payment	<p>Susie is paid an hourly rate for the scheduled work each week. The business pays her each week based on timesheets.</p> <p><i>Employee characteristic: Susie is paid for the time worked.</i></p>	<p>Bob quoted a set amount to the work. Payment is conditional upon the job requirements of the agreement and within the specified timeframe.</p> <p><i>Contractor characteristic: Bob is paid for a specific result based on the quote provided.</i></p>
Equipment, tools and other assets	<p>Susie uses the equipment and tools supplied by the business.</p> <p><i>Employee characteristic: The business provides the equipment and tools required to complete the work.</i></p>	<p>Bob uses his own equipment and tools to complete the work.</p> <p><i>Contractor characteristic: Bob provides the equipment and tools required to complete the work.</i></p>
Commercial risks	<p>If Susie damages anything when she is completing her work, she will need to let the business know and they will need to pay to have the damage rectified.</p> <p><i>Employee characteristic: Susie takes no commercial risks.</i></p>	<p>If Bob does not perform to the standard required or damages the building, he can be held liable for any resulting losses.</p> <p><i>Contractor characteristic: Bob takes commercial risks.</i></p>
Independence	<p>Susie is reliant on the business to assign her work and pay her for it. Susie needs to do any work within her duty statement.</p> <p><i>Employee characteristic: Susie is not operating independently of the business.</i></p>	<p>Bob is required to perform the services as specified in the agreement. If Bob is offered additional construction work on the building not covered by the existing agreement, he can either accept or reject this work.</p> <p><i>Contractor characteristic: Bob is operating his own business.</i></p>