

The “Multi-Factor Test” Indicia

Factor	Indicative of Employment	Indicative of Independent Contracting
Control	Employer usually has the right to control how, when and where a worker performs their duties. Tasks are usually performed at the request of the employer.	Contractor works at own initiative to achieve a stated result. Contractor maintains discretion and flexibility as to how work is completed, although contract may specify some terms as to materials used and methods of performance.
Exclusivity	An employee usually works exclusively for employer.	A contractor is free to provide services to multiple clients.
Right to delegate	An employee is personally engaged to perform the role and has no inherent right to delegate performance of the role to another employee, unless authorised by employer.	A contractor may delegate all, or some tasks to another person and may employ other people to perform the services (although this may be subject to the principal’s consent).
Risk	An employee bears little or no responsibility to rectify poor work. The employer is responsible to others for poor work of employee.	A contractor must rectify poor work at their own cost and effort. They bear the commercial risk of loss incurred by the principal due to their poor work.
Tools and equipment	An employee generally performs work using tools and equipment provided by their employer. The employee is generally reimbursed for expenses personally incurred by them in performing work, as long as they are authorised by the employer.	A contractor generally provides their own tools and equipment. Contractors are not usually reimbursed for expenses they incur in providing the services.

Hours of work	An employee has hours of work set by employer.	A contractor can set their own hours of work, as long as they perform the services.
Leave entitlements	An employee is entitled to annual leave, long service leave and sick leave, and this is usually provided for in a written contract.	A contractor is not entitled to leave, and a written contractor agreement would not usually provide for these things.
Payment	An employee is generally paid for their time, e.g. hourly, weekly, annual salary.	A contractor is generally paid for providing services or completing units of work. A contractor usually issues tax invoices.
Method of engagement	Employees are always personally engaged.	If an individual is engaged through a trust, partnership or company, this usually indicates a contractor relationship.
Part of the business	The work of an employee is usually essential to the business carried on by the employer. An employee is working in the business of the employer.	A contractor carries on their own business, independently of the employer. A contractor is required to provide their own public liability and sickness and accident insurance cover.