

Training Session: Employees & Contractors

Appointing an individual into a lay-person position for a Church, Congregation, Presbytery or Ministry it is important to correctly determine whether they will be engaged as:

An Employee

A Contractor

An Employee-
like
Contractor

Choosing the wrong engagement type can result in:

- Back payment of wages
- Annual leave liabilities
- Personal leave liabilities
- Superannuation liabilities
- Worker's Compensation issues
- Fair Work Commission claims
- Significant financial and reputational consequences for the Church

To support understanding of the distinction between employees and contractors People & Culture presented several information sessions in July 2026. The session recording can be accessed here – [Employees & Contractors Presentation](#)

Simple Definitions

Employee:

An employee works:

- In the organisation
- As part of the organisation
- Under the direction of the organisation

Contractor:

A contractor:

- Operates their own business
- Provides services to the organisation
- Decides how the work will be performed

The ATO distinguishes employees as working within and as part of a business, while contractors provide services through their own independent enterprise.

Employee-Like Contractor:

An employee-like contractor is often someone who:

- Has an ABN

- Sends invoices
- Is called a contractor

But also:

- Works regular hours
- Has worked for years
- Uses church equipment
- Cannot delegate work
- Performs ongoing ministry or operational functions

These arrangements require careful assessment.

Whole Relationship Test

There is no single factor that determines whether someone is an employee or contractor. Consider the whole relationship.

Question	Employee Indicator	Contractor Indicator
Who controls the work?	Church	Worker
Can they delegate?	Usually no	Usually yes
Who provides equipment?	Church	Contractor
Nature of work?	Ongoing operations	Defined project/service
Business risk?	Church	Contractor
Part of the organisation?	Yes	No
Operates genuine business?	No	Yes

Red Flags Checklist

Please stop and seek advice from People & Culture if any of the below checklist apply. The more boxes ticked the greater the risk the individual does not meet the criteria of a contractor.

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|---|---|
| ☐ Works every week | ☐ Cannot delegate work |
| ☐ Has been engaged for years | ☐ Performs ongoing operational duties |
| ☐ Uses church equipment | ☐ Obtained an ABN primarily so the church could pay them |
| ☐ Uses church systems | ☐ Appears to operate like an employee |
| ☐ Has no contract | |
| ☐ Has no Statement of Work | |
| ☐ Has no project outcome | |