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# HIRING CONTRACTORS ON YOUR FARM?

What all Aussie Farmers  
Need to Know

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# Hiring Contractors On Your Farm?

## What all Aussie Farmers Need to Know

Running a farm in Australia today means juggling a lot, weather, markets, machinery, people and compliance.

Whether you're bringing in seasonal workers or specialist operators, managing contractors on your farm is no longer just about getting the job done, it's about staying compliant, protecting your business, and doing right by your workers. With new laws, tighter standards, and serious penalties for missteps, this guide walks you through what Aussie farmers need to know to stay ahead in 2025.

## Why Contractors Matter

Contractors help you get through busy periods like harvest or sowing without having to hire full-time staff. They bring flexibility and often specialist skills. But with that flexibility comes responsibility, especially with new laws and labour standards.



# Labour Standards and Legal Risks: What Farmers Must Know

## Downstreaming Responsibilities and Labour Standards

As a farmer, you're not just responsible for your own employment practices, you're also expected to ensure that contractors and labour hire providers working on your farm meet Australian labour standards. This is part of your Downstreaming responsibilities, which are increasingly being guided by frameworks like the Australian Agricultural Sustainability Framework (AASF).

*Note:*

The AASF is not a legislated requirement, but it is becoming a widely recognised benchmarking tool. Many agricultural businesses, buyers, exporters, and industry programs are using it to assess sustainability and ethical practices across the supply chain.

These responsibilities include:

- ✓ Ensuring contractors are paid fairly and receive entitlements under the Fair Work Act.
- ✓ Verifying that labour hire providers are licensed and compliant.
- ✓ Maintaining transparent records of contractor engagement, including hours worked, pay rates, safety and training.

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## Penalties for Non-Compliance

If you fail to meet these obligations, you could face:

- ✓ Infringement Notices for poor recordkeeping or failure to verify contractor compliance.
- ✓ Civil Penalties for breaches of labour laws.
- ✓ Criminal Action in serious cases, such as knowingly engaging exploitative contractors.

You must keep records for at least seven years that show contractors are being treated fairly and paid correctly. This includes details of transactions, contractor qualifications, and employment terms.



## Why Seven Years?

- ✓ **Legal Requirement:** The Fair Work Act 2009 mandates that time and wages records must be kept for seven years. This includes pay records, hours worked, leave entitlements, and superannuation contributions.
- ✓ **Audit and Investigation:** The FWO can request these records during audits or investigations. If you can't produce them, you may face penalties-even if the original issue occurred years ago.
- ✓ **Dispute Protection:** Keeping records for seven years helps protect your farm in case of disputes over pay, entitlements, or employment status.

## What You Should Keep for Seven Years?

- ✓ Contractor agreements and ABN details.
- ✓ Time sheets and payment records.
- ✓ Invoices and remittance advice.
- ✓ Safety inductions and training logs.
- ✓ Evidence of labour hire licensing and compliance checks.

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## Sham Contracting and the Closing Loophole Laws

Sham contracting is when a worker is wrongly classified as an independent contractor to avoid paying entitlements like superannuation, leave, or minimum wage. This practice is illegal and a major focus of the Closing Loophole laws, which came into effect in 2024.

As a farmer, here's what to watch out for:

- ✓ **Misclassification:** If a contractor works regular hours, uses your equipment, and follows your instructions, they may legally be an employee-even if they have an ABN.
- ✓ **False Representation:** It's illegal to tell someone they're a contractor when they're actually an employee, or to dismiss them and rehire them as a contractor.
- ✓ **Penalties:** Breaches can lead to substantial fines, and repeated offences may result in legal action or business restrictions.





To stay compliant:

- ✓ Review all contractor arrangements to ensure they're genuine.
- ✓ Avoid asking workers to get an ABN unless they truly operate independently.
- ✓ Keep clear documentation of roles, responsibilities, and payment terms.

# Practical Tips for Managing Contractors

Here are some simple steps to stay compliant and keep your farm running smoothly:

- ✓ **Use Written Agreements:** Always have a contract that spells out what the contractor will do, how much they'll be paid, and what standards they need to meet.
- ✓ **Induction and Training:** Give contractors a quick induction-show them how things work on your farm, especially safety procedures and tech.
- ✓ **Digital Tools:** Consider using Contractor Management software to track hours, tasks, and compliance. It makes audits easier and helps you stay organised.
- ✓ **Stay Informed:** Keep in touch with your local farming group or HR advisor. They can help you understand new laws and make sure your contractor arrangements are up to standard.

# Employee vs Contractor: Quick Comparison Guide

Factor	Employee	Contractor
Control	You direct how, when and where the work is done.	They decided how, when and where to do the work.
Delegation	Must do the work themselves.	Can hire someone else to do the work
Payment Method	Paid hourly or via salary.	Paid per job, task, or invoice.
Tools & Equipment	Uses your farm's tools and machinery.	Brings and uses their own equipment.
Risk & Insurance	You bear the financial risk and provide insurance.	They carry their own risk and insurance.
Work Expectation	Ongoing, regular, and open-ended employment.	Specific tasks with a clear end point.



## Downstreaming Responsibilities and Labour Standards

Even well-intentioned farmers can slip up. Here are some frequent missteps to watch out for:

- ✓ **Assuming ABNs Equal Independence:** Just because a worker has an ABN doesn't mean they're a genuine contractor. If they follow your schedule, use your gear, and work regularly, they may legally be an employee.
- ✓ **Skipping Labour Hire Checks:** Always verify that labour hire providers are licensed and compliant. Failing to do so can land you in hot water-even if the provider is at fault.
- ✓ **Using Verbal Agreements Only:** Without a written contract, it's hard to prove terms, expectations, or compliance. Always document the arrangement.
- ✓ **Neglecting Safety Inductions:** Contractors need to know your farm's safety procedures. A quick induction can prevent accidents and show you've met your duty of care.
- ✓ **Poor Recordkeeping:** Incomplete or missing records-like hours worked or payment details-can trigger audits and penalties.

### Final Thoughts

Contractors are a vital part of farming life in Australia. But with new rules and expectations, it's more important than ever to manage them properly. Doing so protects your business, your workers, and your reputation.

If you're unsure about your obligations, speak with an HR advisor or check with the Fair Work Ombudsman. A little effort now can save a lot of trouble later.