



# Managing Contractors on Your Farm: What Aussie Farmers Need to Know in 2025

Running a farm in Australia today means juggling a lot-weather, markets, machinery, and people. One area that's becoming more important (and more regulated) is how you manage contractors. Whether it's seasonal workers, machinery operators, or spray technicians, getting contractor management right can save you time, money, and legal headaches.

## 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, and safety training.



## 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 five years that show contractors are being treated fairly and paid correctly. This includes details of transactions, contractor qualifications, and employment terms.

## 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.



**ARTICLE**  
WWW.ATONEHR.COM.AU

## 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 farm 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.

### 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.