

## CONTRACTORS AND CONSULTANTS (CONTRACTS FOR SERVICES) PROCEDURE

### 1. Purpose and scope

The Contractors (Contracts for Services) Procedure applies to all contractors and consultants providing services to AFTRS on a fee for service basis in their own names or in their capacity as a sole trader. It ensures that the requirements of the Contractors (Contracts for Services) Procedure have been complied with, including the relevant approvals.

### 2. Procedural Checklist

Please follow these steps and checks to engage an independent contractor:

Step	For sole traders (who are always individuals)	For companies, partnerships, trusts and other organisations (Organisations)
1.	<p><b>IC 1 Coversheet</b></p> <p>Prepare IC 1 Coversheet (page 3 of this procedure) and complete as you follow the procedures.</p>	
2.	<p><b>Worker is actively engaged in business</b></p> <p><b>Does</b> the worker actively carry on a business?</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> The business has basic transactional systems such as invoicing systems; standard rates and terms and conditions of trade; payment and debt collection systems; appropriate financial records; budgeting or forecasting systems; and business based arrangements with a bank or other financial institution.</li> <li><input type="checkbox"/> The business has other clients.</li> <li><input type="checkbox"/> The regulatory requirements of a business (including business name registration, taxation, GST and ABN registration and compliance) are being met.</li> </ul> <p><b>If the worker does, go to step 3.</b></p> <p><b>If the worker does not, engage the worker as an employee and stop following this procedure.</b></p>	<p><b>Worker is actively engaged in business</b></p> <p>The same as Step 2 for sole traders. However, generally it is safe to assume that an existing, validly established organisation is actively engaged in business.</p>
3.	<p><b>ABN and business structure check</b></p> <p><b>Check</b> the Australian Business Register at <a href="http://www.abr.business.gov.au/Index.aspx">http://www.abr.business.gov.au/Index.aspx</a> for the Business's/Individual's ABN and to confirm the business entity type.</p>	
4.	<p><b>Multi-factor test</b></p> <p><b>Confirm</b> that the relationship between AFTRS and the organisation/individual is that of an independent contractor. Factors that indicate a contractor relationship, but which are not definitive or exhaustive, are as follows:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <i>The organisation is to be engaged on a one-off or ad-hoc basis</i></li> <li><input type="checkbox"/> <i>The organisation has clients other than AFTRS</i></li> <li><input type="checkbox"/> <i>The organisation can control the manner in which the work is to be performed</i></li> <li><input type="checkbox"/> <i>The organisation can delegate the work to be performed (with written consent of AFTRS)</i></li> <li><input type="checkbox"/> <i>The workers are not to be integrated with AFTRS, that is they are not provided with office space or admin support</i></li> </ul> <p>If still unsure, proceed with the ATO's employee/contractor decision tool at: <a href="https://www.ato.gov.au/Calculators-and-tools/Employee-or-contractor/">https://www.ato.gov.au/Calculators-and-tools/Employee-or-contractor/</a> . Print the results and attach to IC 1 Coversheet.</p>	
5.	<p><b>Core work decision</b></p>	

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	<p><input type="checkbox"/> Does the work involve the exercise of delegations under AFTRS' <i>Administrative Orders</i> and <i>Financial Delegations</i>, or assessing/marking student work?</p> <p><b>If it does, engage the worker as an employee</b> and stop following this procedure.</p> <p><b>If it does not, go to step 6.</b></p>																
6.	<p><b>Lecturing core work decision</b></p> <p><b>Does the work involve lecturing either:</b></p> <p><input type="checkbox"/> as a substitute for AFTRS' staff; or</p> <p><input type="checkbox"/> using AFTRS' own course documents.</p> <p><b>If it does, in general, stop following this procedure and engage the person as an employee unless the Divisional Director determines:</b></p> <ul style="list-style-type: none"> <li>- <b>that on this occasion</b> it is appropriate for the person to be engaged as a contractor rather than an employee,</li> <li>- that this engagement is for no more than a <b>total of five days</b>, with no more than <b>eleven</b> other engagements as a contractor <b>in the same AFTRS' Division during the last 12 months, OR less than sixty days in total</b> for a one-off project.</li> </ul> <p>If a greater number of days or engagements are required this must be reviewed with the Director, Finance &amp; Technology. The Divisional Director's decision, with reasons, must be recorded.</p> <p><b>Go to Step 7</b> if continuing with the contractor engagement.</p>																
7.	<p><b>ATO eligibility tool - superannuation</b></p> <p><b>More often than not AFTRS will be required to pay superannuation to sole traders. Because of this, it is our policy to pay superannuation contributions at the minimum rate for all sole traders.</b></p> <p>Attach Superannuation election form to IC 1 Coversheet.</p>	<p><b>ATO eligibility tool - superannuation</b></p> <p><b>Not applicable for organisations.</b></p> <p>Go to step 8</p>															
8.	<p><b>Check insurances</b></p> <p><b>Ask</b> the contractor what insurances they hold and record on IC 1 Coversheet.</p> <p>If, for production engagements, the worker holds public liability insurance, proceed to Step 9. Professional indemnity insurance may also be required.</p> <p>If the worker does not hold appropriate insurances, a risk assessment must be conducted by the Divisional Director before insurances can be reduced/waived (refer to Quick Reference Guide below)</p> <table border="1"> <thead> <tr> <th>Course/Program Type</th> <th>Notes</th> <th>Contract Requirements</th> </tr> </thead> <tbody> <tr> <td>Online Courses</td> <td> <ul style="list-style-type: none"> <li>- AFTRS has no control over workplace</li> <li>- AFTRS has minimal control over how/when the majority of the work is completed</li> </ul> </td> <td>Independent contract may be appropriate however they will not be able to complete assessments/marking. Insurances not essential.</td> </tr> <tr> <td>Externally held workshops (i.e. not delivered in the AFTRS building)</td> <td> <ul style="list-style-type: none"> <li>- AFTRS has no control over workplace</li> <li>- Generally requiring ad-hoc/one off lecturer/industry expert</li> </ul> </td> <td>Independent contract is appropriate however it is recommended that they have the appropriate insurances.</td> </tr> <tr> <td>AFTRS Classroom based work – production or guest lecturing</td> <td> <ul style="list-style-type: none"> <li>- Ad-hoc/one-off engagement</li> <li>- Not core work</li> <li>- Own resources are used (technology/email etc)</li> <li>- Own content is developed and delivered (guest &amp; open lecturers)</li> </ul> </td> <td>Independent contract is appropriate. Where they do not have the appropriate insurances, a risk assessment <b>must</b> be conducted by the Divisional Director before insurances can be reduced/waived.</td> </tr> <tr> <td>AFTRS Studio based work – production or guest lecturing</td> <td> <ul style="list-style-type: none"> <li>- Ad-hoc/one-off engagement</li> <li>- Not core work</li> <li>- Own resources are used (technology/email etc)</li> <li>- Own content is developed and delivered (guest &amp; open lecturers)</li> </ul> </td> <td>Independent contract is appropriate. It is <b>strongly</b> recommended that they must hold personal illness/injury insurance as a minimum before commencing studio work. Where they do not have the appropriate insurances, a risk assessment <b>must</b> be conducted by the Divisional Director before insurances can be reduced/waived.</td> </tr> </tbody> </table>		Course/Program Type	Notes	Contract Requirements	Online Courses	<ul style="list-style-type: none"> <li>- AFTRS has no control over workplace</li> <li>- AFTRS has minimal control over how/when the majority of the work is completed</li> </ul>	Independent contract may be appropriate however they will not be able to complete assessments/marking. Insurances not essential.	Externally held workshops (i.e. not delivered in the AFTRS building)	<ul style="list-style-type: none"> <li>- AFTRS has no control over workplace</li> <li>- Generally requiring ad-hoc/one off lecturer/industry expert</li> </ul>	Independent contract is appropriate however it is recommended that they have the appropriate insurances.	AFTRS Classroom based work – production or guest lecturing	<ul style="list-style-type: none"> <li>- Ad-hoc/one-off engagement</li> <li>- Not core work</li> <li>- Own resources are used (technology/email etc)</li> <li>- Own content is developed and delivered (guest &amp; open lecturers)</li> </ul>	Independent contract is appropriate. Where they do not have the appropriate insurances, a risk assessment <b>must</b> be conducted by the Divisional Director before insurances can be reduced/waived.	AFTRS Studio based work – production or guest lecturing	<ul style="list-style-type: none"> <li>- Ad-hoc/one-off engagement</li> <li>- Not core work</li> <li>- Own resources are used (technology/email etc)</li> <li>- Own content is developed and delivered (guest &amp; open lecturers)</li> </ul>	Independent contract is appropriate. It is <b>strongly</b> recommended that they must hold personal illness/injury insurance as a minimum before commencing studio work. Where they do not have the appropriate insurances, a risk assessment <b>must</b> be conducted by the Divisional Director before insurances can be reduced/waived.
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	You may seek approval to engage the contractor following a risk assessment by the Divisional Director in conjunction with the Director, Finance & Technology.	
9.	<p><b>Contract preparation</b></p> <p><b>Prepare</b> a draft contract for the contractor using the <i>Contracts for Services by and Independent Contractor</i> template. If changes to the template are required, <b>discuss</b> these changes first with the Head of Financial Services and/or the Director, Finance &amp; Technology.</p>	<p><b>Contract preparation</b></p> <p><b>Prepare</b> a draft contract for the contractor using the <i>Contract for Services (companies/partnerships/trusts)</i> template. If the proposed contractor does not carry on business as a company, partnership, trust or sole trader (for example they may be a <b>cooperative</b> or <b>association</b>), you must first <b>discuss</b> the proposal to engage the contractor with the Head of Financial Services and/or the Director, Finance &amp; Technology. If changes to the template are required, <b>discuss</b> these changes first with the Head of Financial Services and/or the Director, Finance &amp; Technology.</p>
10.	<p><b>CEO approval</b></p> <p><input type="checkbox"/> Is the engagement intended for longer than 6 months?</p> <p>If it is, please liaise with the Director, People &amp; Performance, and <b>obtain</b> the CEO's approval in writing.</p> <p>If it is not, authorisation required according to Delegations Schedule. Generally, this will be the Divisional Director.</p>	
11.	<p><b>Documents for Financial Services</b></p> <p><b>Enter</b> the contract into iPOS</p> <p><b>Lodge</b> the following documents with Financial Services:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> the contract signed by the appropriate delegate and the contractor (terms and conditions pages are not required)</li> <li><input type="checkbox"/> <i>IC 1 Coversheet</i> signed by the staff member who completed it;</li> <li><input type="checkbox"/> result of multi-factor test from step 4 (if applicable);</li> <li><input type="checkbox"/> any tax invoices already received.</li> </ul>	
12.	<p><b>Documents for Payroll</b></p> <p><b>Lodge</b> the following documents with Payroll:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> copy of the contract signed by the appropriate delegate and the contractor (terms and conditions pages are not required);</li> <li><input type="checkbox"/> copy of <i>IC 1 Coversheet</i> signed by the staff member who completed it;</li> <li><input type="checkbox"/> superannuation election form</li> <li><input type="checkbox"/> copy of invoice</li> </ul>	<p><b>Documents for Payroll</b></p> <p><b>Not applicable.</b></p>

**Refer** non-superannuation questions relating to payment to Financial Services. **Refer** superannuation questions to Payroll.

If you are unsure how to proceed, contact the Head of Financial Services, Director, Finance & Technology or the Director, People & Performance for assistance.

### 3. IC1 Coversheet

1.	<b>GENERAL INFORMATION</b> Name of Contractor: Reason for contract:	
	AFTRS account code info	Account / Division / Dept / Project code
2.	<b>BUSINESS CHECKS</b> Australian Business Register check completed See Steps 2 and 3 in Procedural Checklist	<input type="checkbox"/> ABN check completed  <input type="checkbox"/> I have determined worker is/is not actively engaged in business (if not engage as EMPLOYEE)
3.	<b>CERTIFICATION – INDEPENDENT CONTRACTOR</b> See Steps 4, 5 and 6 in Procedural Checklist	<b>EITHER</b> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">             Yes: I have determined that the relationship between AFTRS and the person or organisation is one of an independent contractor               Signed by _____           </div> <b>OR</b> <div style="border: 1px solid black; padding: 5px;">             No: I have determined the worker is to be engaged as an employee (if no, sign this process off and engage as employee)               Signed by _____           </div>
4.	<b>SUPERANNUATION DETAILS (SOLE TRADER only)</b> See Step 7 in Procedural Checklist	<input type="checkbox"/> Superannuation election form completed
5.	<b>COVERSHEET PROCESS</b> a. Checks prepared by	(sign & date)
	b. Checks reviewed /authorisation requested by (a. & b. may be the same person)	(sign & date)
	Comments: Any notes you want the authorisation officer to be aware of. (e.g. reviewed in consultation with Head of Financial Services )	
6.	<b>AUTHORISATION</b> 1) Authorisation required according to Delegations Schedule. Generally, this will be the Divisional Director. 2) CEO authorisation required for engagement over 6 months. See Step 10 in Procedural Checklist	<p style="text-align: center;">Approved      OR      Not Approved</p> <p>(circle as appropriate. If not approved, engage as employee)</p> <p>Signed by Delegate .....</p>
7.	<b>CONTRACT AND INVOICES</b> Contract prepared using appropriate AFTRS' template and copy attached.	Tick and attach copy contract <input style="float: right;" type="checkbox"/>  Attach any invoices already received

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## 4. Authorisation and Distribution

<b>Authorisation</b>	Chief Executive Officer
<b>Date</b>	16 APRIL 2018
<b>Responsible Officer</b>	Director, Finance & Technology
<b>Contact Officer</b>	Head of Financial Services
<b>Effective Date</b>	16 APRIL 2018
<b>Distribution</b>	Intranet and AFTRS website
<b>Review Date</b>	12 March 2021
<b>Current version</b>	Contractors and Consultants (contracts for services) Procedure v.1.6 16 April 2018
<b>Supersedes</b>	Contractors and Consultants (contracts for services) Procedure v1.3 15 March 2018
<b>Associated Documents</b>	Contractors and Consultants (Contracts for Services) Policy Administrative Orders Financial Delegations