

Exceptions to the limitations

There are some exceptions to these rules that mean the limitations don't apply to all fixed term contracts. They also don't apply to casual employees.

The table below shows which fixed term contract arrangements the limitations don't apply to.

The exception	Example
Specialised skills for a specific task Work only on a specific task that requires the employee's specialised skills.	Vivian is a technology professional who is engaged to provide specialised technology support on a particular project. Her contract is for a period of 6 months, with 3 options to extend for one month in case of delays.
Training arrangements Engaging an employee under a formal training arrangement made under State or Territory law. This is an arrangement that combines work with study for a qualification like an apprenticeship or traineeship.	Javier has started a plumbing apprenticeship and has been given a 4 year fixed-term contract for the duration of his apprenticeship.
Essential work Performing essential work during a peak demand period.	Kevin is an experienced ski patroller with strong first aid skills. He is hired by a ski resort on a 2 month contract during the ski season, with the opportunity for 2 renewals of one month each depending on ski conditions.
Emergency or temporary circumstances Working in emergency circumstances, or to replace someone who is temporarily away.	Gerry is engaged on a fixed term contract to replace Christina who is taking 24 months parental leave. During this time, Christina has another child and takes an additional 12 months. Gerry's contract is renewed for an additional 12 months to cover this leave period.

High income employees

If the employee's guaranteed salary is more than the [high income threshold](#) in the year the contract is entered into ([pro rata for part-time employees or employees that work for less than a year](#)).

Esther is hired as an IT project manager earning \$240,000 per year on a 3 year fixed term contract, which is above the high income threshold for the year the contract was entered into.

Positions subject to government funding

Where the employee's position is funded by government funding (completely or in part), the funding is for more than 2 years and the funding is unlikely to be renewed afterwards. This isn't the same as working for a government agency or department on a fixed term contract.

Lu is engaged on a 3 year fixed term contract to work on creating a community garden for a community organisation. The project is fully funded over 3 years by the Local Government and the funding ends at the end of this period.

Governance positions

A contract for a governance position that is for a limited time (based on the rules of the corporation or association).

Sunita is engaged on a 5 year contract on the executive board of a land management council.

Award provisions

If an award covers your employment and it allows any of the circumstances limited by the new rules.

Ravi is covered by an award that allows him to work contract-to-contract. The award expressly allows for multiple (more than one) contract renewals as agreed between the employee and employer.

Example: New fixed term employee

Ben is a new part-time employee at a marketing agency.

Ben is employed on a 12-month full-time contract to cover a parental leave position. He signs his fixed term contract on 18 December 2023.

Because Ben is a new employee and employed on a fixed term contract, his employer, Gina, must provide him with 2 important documents. These are the:

- Fair Work Information Statement (FWIS)
- Fixed Term Contract Information Statement (FTCIS).

Gina must give Ben the FWIS because he's a new employee.

Gina must give Ben the FTCIS because he is entering a fixed term contract after 6 December 2023.

Example: Time limitations

John is offered a fixed term contract with a cleaning company for 3 years.

This contract breaches the limitations because it's for more than 2 years.

Example: Renewal limitations

Chelsea is given a contract for 6 months which has a right for her employer to extend twice for up to 4 months each time.

This contract breaches limitations because a fixed term contract can't have an option or right to extend more than once, even if the total period is less than 2 years.

Example: Consecutive contract limitations

Ahmad was employed on a fixed term contract as a site engineer for a construction company.

His initial contract was for the period of 1 January 2022 to 31 December 2022. It included an option for a one year extension, which his employer used, making the new end date 31 December 2023.

On 1 January 2024, Ahmad signed a new fixed term contract for a term of 1 more year for the same position.

This contract breaches the limitations because:

- the previous contract had a right to extend in it
- the total employment period under both contracts is more than 2 years, and
- the contracts are for the same position and there is continuity in the employment relationship between both contracts.

Example: Contract made before 6 December 2023

Carlos is an accountant. He was engaged on a fixed term contract in January 2023 by Joseph, a financial broker, for 12 months.

Joseph finds out that the new rules about fixed term contracts apply for contracts made on or after 6 December 2023. Joseph sees these rules don't apply to Carlos' initial contract but will be considered if Carlos' is engaged on a new fixed term contract.

Joseph is planning to extend Carlos' employment for an additional 18 months in January 2024 under a new 18 month fixed term contract.

Joseph reviews the consecutive contract limitations on our website. Joseph sees that he can't offer Carlos this contract, because:

- the previous contract was for a fixed term
- the previous contract and the new contract are for mainly the same work
- there is substantial continuity in the employment relationship between the previous and new contracts
- the total period of employment for both the previous and new fixed term contract will be more than 2 years.

Joseph discusses with Carlos, and they agree to a new 12 month contract.

Example: Calculating the high income threshold for a part time employee

Kara is a doctor. Kara is offered a part-time fixed term contract by a private medical practice to work 30 hours a week for 3 years. Under the limitations, a fixed term contract can't be for more than 2 years unless an exception applies.

Her yearly part-time salary will be \$140,000.

Sarah is an administrator for the centre and reviews whether Kara would be above the high income threshold for her contract. If so, then the fixed term limitations rules don't apply.

Under the contract, each year Kara would work 30 hours a week for 52 weeks, totalling 1560 hours.

A full-time employee in that role, covered by the Medical Practitioners Award, would work 38 hours a week, totalling 1976 hours over the same 52 week period.

Sarah divides the hours Kara is offered by the full-time hours and multiplies the result by the high income threshold amount for the financial year the contract starts.

$$1560/1976 = 0.789 \times \$167,500 = \$132,236.84$$

Kara's salary of \$140,000 is above the calculated high income threshold for the year her contract will be entered into so her fixed term contract is exempt from the limitations.