

**A guide for employers**

# **Your WorkCover insurance**

2019–2020

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# About this booklet

This booklet is designed to help you understand your WorkCover insurance premium for 2019–20. It outlines general information about how your premium is calculated and the factors that influence what you pay.

It also contains information on what constitutes remuneration and the circumstances in which it will be **rateable** for the purposes of calculating your insurance. It is important that you refer to this booklet when estimating or certifying your rateable remuneration.

## Important information

The information presented in this booklet is intended for general use only, and has been issued by WorkSafe Victoria (“WorkSafe”) in good faith to address the most commonly raised issues in relation to your premium.

This booklet should not be viewed as a definitive guide to the law, and should be read in conjunction with the *Workplace Injury Rehabilitation and Compensation Act 2013*, and the *Workplace Injury Rehabilitation and Compensation Act 2013 Premiums Order (No. 27) 2019/20* along with other guidance material available at [worksafe.vic.gov.au/insurance](https://www.worksafe.vic.gov.au/insurance)

The information in this booklet is correct at the time of publishing (June 2019). If you need more detailed information on any issue mentioned in this booklet, please contact your WorkCover Agent (your Agent).

## Insurance cover for employers

Your WorkCover insurance provides cover for the costs of benefits if your workers are injured or become ill because of their work. It is a legal requirement for most Victorian employers to register for WorkCover insurance.

If a worker is injured because of their work, benefits they may be entitled to include weekly benefit payments, medical treatment and rehabilitation costs, legal costs, or, in the event of a serious injury, lump sum compensation. The cost of providing these benefits to a seriously injured worker can run into hundreds of thousands of dollars.

If you do not register for WorkCover insurance as required, and one of your workers suffers a work-related injury or illness the benefits payable to them are guaranteed by WorkSafe. However the cost of benefits provided to your worker may be recovered from you, in addition to severe penalties for not registering for WorkCover insurance.

Your WorkCover insurance premium is the annual cost of your insurance. Sections of this booklet explain the main factors that determine or influence your premium, including your industry classification, your rateable remuneration and your claims experience.

Further details on your WorkCover insurance obligations are available at [worksafe.vic.gov.au/insurance](https://www.worksafe.vic.gov.au/insurance)

## Companies

If you are a proprietary limited company, your directors and employees who receive salaries or wages are workers and are covered for WorkCover insurance purposes. This includes where the company is operating under a trust. If you are a director of your own company and receive any payments expensed as salaries or wages, you must register for WorkCover insurance, even if you have no other employees, if the company's annual remuneration (i.e. wages, salaries, etc.) exceeds \$7,500.

## Sole traders and partnerships

If you are a sole trader/proprietor or a member of a partnership, you are not a worker of your own business. This means you will not be covered by your WorkCover insurance. If you are hired as a worker by someone else, that person may need to register for WorkCover insurance to cover you.

If you are, or you become an employer and you are paying, or expect to pay, your workers over \$7,500 in the financial year then you must register for WorkCover insurance to cover them.

## How the scheme is funded

The amount of premium that is collected in Victoria each year is based on the projected costs of claims and the operation of Victoria's workers' compensation scheme.

The amount of premium that needs to be collected to adequately fund the scheme is determined based on independent actuarial advice. This covers entitlements to injured workers, health and safety activities, future liabilities and administration costs. The cost is then spread across all employers in the scheme.

# WorkCover premium

## Key dates for 2019–20

Please note the following dates for 2019–20:

Date	Action
1 August 2019	Last day to take up the excess buy-out option.
5 August 2019	Due date for annual premium payment (discounted by 5%).*
1 October 2019	Due date for annual premium payment (discounted by 3%).* Due date for first premium instalment (if you pay on a monthly or quarterly plan).*
25 October 2019	Certify your rateable remuneration for 2018-19 (if your rateable remuneration for 2017–2018 was more than \$200,000).**
1 November 2019	Due date for annual premium payment (without discount).*
27 March 2020	Complete your <i>Declaration of Rateable Remuneration</i> form (if your rateable remuneration for 2017–2018 was \$200,000 or less).**

Note: \* You can pay your premium online

\*\* You can complete your remuneration certification online, and update your estimated remuneration for 2019/20 at any time

To access WorkSafe's Online Employer Services, visit [worksafe.vic.gov.au/employer](http://worksafe.vic.gov.au/employer)

## How the premium calculation works

If your most recent estimated annualised rateable remuneration for 2018–19 was \$200,000 or less then your premium for 2019–20 is calculated using your industry rate and your rateable remuneration.

If your most recent estimated annualised rateable remuneration for 2018–19 was more than \$200,000, then your 2019–20 premium will be calculated using your industry rate and any recent claims that have been made against your insurance. This is referred to as your claims experience.

The larger your business, the greater the influence your claims experience can have on your premium calculation.

All employers' claims costs are measured in the same way so that your performance can be compared to that of your industry.

Your claims reported in the period **1 January 2016 to 30 June 2018** will be used in the calculation of your premium for 2019–20. Claims reported between 1 July 2018 and 30 June 2019 will not be used in your premium calculation for 2019–20. However, these claims will form part of your claims experience and will affect your premium in the future.

We will provide you with a performance rating in your premium notice (sent in July 2019) so that you can see if you are performing better or worse than other employers within your industry.

Generally, any premium rate increases will be capped at 30% for continuing operations (eg where your classification has not changed and/or you have not added any workplaces to your WorkCover insurance).

## Changes to your business

The *Workplace Injury Rehabilitation and Compensation Act 2013* establishes that employers may be penalised for failing to inform their Agent of a change in their circumstances that may impact on the calculation of their premium. These changes can include the following:

### Acquiring another business

If you take over part or all of another employer's business, you will inherit the claims history of that employer **unless** you can demonstrate that you, the new employer, are not associated with, or connected to, the previous employer.

# WorkCover premium

## Transferring operations to a new workplace

If you transfer your operations to a new workplace, the WorkCover insurance history (the premium and claims history) that you accumulated at your original workplace will transfer with you.

## Changing your activity

If you change your activity at any of your workplaces during the 2019–20 year, the rate applicable to that workplace for the rest of the financial year will be your Employer Performance Rating (EPR) multiplied by the industry rate for your new classification. Capping of the rate in this period is not applied to workplaces after they change classification.

If your main activity changes at any of your workplaces you need to inform your Agent immediately, to ensure your premium is calculated accurately.

## Adding a new workplace

If you added a new workplace to your WorkCover insurance during 2018–19, this workplace will be included in your 2018-19 premium calculation. The rate for new workplaces is determined by your Employer Performance Rating and the relevant industry rate for the new workplace. Capping of the rate is not applied to the calculation of your premium in that year for the new workplace.

## If you change your business status

If you are a sole trader or a partnership and you are going to incorporate, or if you are a sole trader and you are becoming a partnership, or if you are making any other similar change to your business you must contact your Agent to inform them of the change. This change may mean you are now required to have WorkCover insurance.

## Labour or on-hire employers

If your business provides labour or on-hire services the premium you pay will be largely determined using the industry rate of the workplaces in which your on-hired workers are placed (your imputed workplaces). Your premium for 2019–20 will be calculated using your Employer Performance Rating and the industry rate for each of these workplaces.

This approach reduces inequities in premiums between on-hire/employment agencies and other employers. It also encourages labour hire employers to be involved in health and safety improvements in industries they service.

For more details, please talk to your Agent or visit the labour hire/on-hire page at [worksafe.vic.gov.au/insurance](https://worksafe.vic.gov.au/insurance). This section contains guidance material on the process for completing the *Employer Injury Claim Report* form if one of your on-hired workers is injured at work.

## Online Employer Services

Employers can manage their WorkCover insurance online at WorkSafe's Online Employer Services. There are a number of online functions available:

- **Pay your premium online**
- Complete your annual remuneration certification
- Choose how you receive most of your premium related correspondence (ie. via email or post), and view past premium correspondence
- **Obtain a Certificate of Currency** to prove you have up to date WorkCover Insurance.
- Manage your workplace information eg add or remove workplaces, update contact information
- Update your estimate of rateable remuneration for the year
- Correspond directly with your Agent on premium issues. To access WorkSafe's Online Employer Services, visit [worksafe.vic.gov.au/employer](https://worksafe.vic.gov.au/employer)

# Renewing your cover

## Information you need to give us

### What we need to finalise your 2018–19 premium

You need to certify your rateable remuneration for 2018–19 by **25 October 2019** so that your 2018–19 premium can be finalised.

*Note: Information required to access Online Employer Services can be found in the initial WorkCover insurance renewal letter issued in July 2019.*

**If you do not certify your rateable remuneration for 2018–19**, it will be assessed to be a minimum of 20% above the highest previous figure. **Where rateable remuneration is not certified, or is incorrectly certified, penalties may be applied.**

For more information about what should be included as rateable remuneration please see pages 18 to 20 of this booklet.

If your rateable remuneration was less than \$200,000 in 2018–19 then you do not have to certify your rateable remuneration until March 2020. This extended timeframe is provided to give smaller employers the opportunity to gather the information they require to complete the declaration, while continuing to focus on running their business. This does not stop you from completing the declaration before March; it can be submitted at any time before the due date.

To access WorkSafe's Online Employer Services, visit **[worksafe.vic.gov.au/employer](https://worksafe.vic.gov.au/employer)**

### What we need to calculate your 2019–20 premium

Your 2019–20 premium will be calculated using estimated rateable remuneration determined by WorkSafe. This amount will be based on the most recent estimated 2018–19 remuneration figure available. If you agree with this estimated remuneration, and there are no other factors that require a change to your registration, then you do not need to provide any other information to your Agent.

If you do not agree with the estimated remuneration figure used in your 2019–20 premium calculation then you need to provide your own figures based on what you expect your rateable remuneration to be for the 2019–20 financial year. This estimate will be used to recalculate your initial premium for 2019–20. Premiums are still due by the dates indicated in the *Renewal Notice* or any subsequent *Adjusted Premium Notice*.

Estimated remuneration for 2019–20 can be submitted using the WorkSafe's Online Employer Services: **[worksafe.vic.gov.au/employer](https://worksafe.vic.gov.au/employer)**

### If your actual rateable remuneration differs from your estimate

You are required to revise your estimate of rateable remuneration if it exceeds, or is likely to exceed the WorkSafe estimate, or your own previous estimate, by more than 20%, or **if at any time (prior to 30 April 2020)** the rateable remuneration you have paid, or you are liable to pay, is greater than the last estimate you provided your Agent.

You **must** provide your Agent with a revised estimate **within 28 days** of becoming aware of the changed circumstances.

In the event you fail to advise your Agent of changes to your estimated rateable remuneration, a penalty of up to 100% of the premium difference may be applied for the financial year.

You may also advise your Agent if your actual rateable remuneration during the premium period will be less than your previous estimate of rateable remuneration. Your premium can then be adjusted in line with the reduced amount. However, you need to be sure that your estimate is realistic or penalties may apply.

You can update your estimate of rateable remuneration online at **[worksafe.vic.gov.au/employer](https://worksafe.vic.gov.au/employer)**

# Renewing your cover

## Paying your premium

Renewal notices are sent out in July, with the first premium payments due on 1 October 2019. If your premium is \$1,000 or less, you **must** pay the full amount by 1 November 2019.

If your premium is greater than \$1,000 there are different payment options available. You can choose to pay your premium either as a one-off payment in advance, or in quarterly or monthly instalments.

You can pay your premium online at [worksafe.vic.gov.au/employer](https://www.worksafe.vic.gov.au/employer)

## Paying via credit card

You can make your premium payments using your credit card. Payments of up to \$10,000 are possible using Visa or MasterCard. Further information about all available payment options will be provided in your *Renewal Notice*.

## Pay in full to receive a discount

There are two available discounts to WorkCover insurance premiums for 2019–20. If you pay the full amount stated on the Renewal Notice by **5 August 2019 you will be entitled to a 5% discount**. If you pay the full amount stated on the *Renewal Notice* by **1 October 2019 you will be entitled to a 3% discount**.

To obtain either discount, you need to pay the discounted premium for 2019–20 and any outstanding amounts for prior years.

If you are paying the minimum premium of \$228.80 (including GST), you are still eligible for either of the discounts.

## Paying quarterly

If you pay using a quarterly instalment plan, you must pay the instalments by the first day of **October, December, March and June**.

## Paying monthly

If you choose to pay your premium monthly, payment is due in 10 instalments on the first day of each month, starting on 1 October 2019 and ending on 1 July 2020.

## Premium under \$1,000

If your premium is \$1,000 or less you **must** pay the full amount by 1 November 2019. Remember you can receive either 5% or 3% discount if you pay your full premium by 5 August 2019 or 1 October 2019, respectively.

## Late payment penalties

Late payments attract a penalty on the outstanding amount, compounding monthly. The interest rate applied to late payment of premiums will be calculated in accordance with section 454 of the *Workplace Injury Rehabilitation and Compensation Act 2013*. It uses the average daily Reserve Bank Bills Rate for the month of May each year plus an 8% penalty. The rate applied for 2019–20 is **9.54%**.

Your instalment plan may be cancelled if you do not make the required payments by the due date. If this happens, the remaining premium for the whole year will be due immediately.

## Goods and Services Tax

Your premium is subject to the Goods and Services Tax (GST). The majority of businesses can claim all or part of the GST from the Australian Taxation Office (ATO) as an input tax credit. GST is added after your premium has been calculated.

If you pay your premium by either 5 August 2019 or 1 October 2019, the invoice becomes a tax invoice for the discounted renewal amount. If you pay your premium in full by 1 November 2019, the invoice becomes a tax invoice for the full renewal amount. Otherwise, it is a tax invoice for the instalment amount.

If you pay by instalments, the invoices issued to you during the year are also tax invoices for GST purposes.

## Buying out your excess

If one of your workers is injured at work, in most instances, as their employer you are responsible for the first 10 days of weekly benefit payments and also for the first **\$721** (indexed annually) of reasonable medical and related like expenses.



# Renewing your cover

You can remove this amount, known as an employer excess, by taking up the buy-out option and paying an additional loading of 10% on your premium. This means that your claims are managed and paid for by your Agent from day one. This makes it easier for employers, especially small businesses, to manage the early stages of a claim.

The buy-out option is available to all employers. If you intend to take up this option for the 2019–20 premium period, or you already have buy-out and do not intend to continue with it, you need to notify your Agent by **1 August 2019**.

## Compliance and audit

To ensure employers pay their fair share of premium, WorkSafe operates a premium compliance program to identify employers who have potentially underpaid their premium or failed to register for WorkCover insurance. The program undertakes audits of employers, issues *Employer Self Assessments* and investigates unregistered employers.

Audits are undertaken on employers, or in industries, that may have issues in their classification, remuneration, or other factors relating to their premium calculation that may result in them paying an incorrect premium.

*Employer Self Assessments* allow employers to review the factors that contribute to the calculation of their premium and self-disclose any inaccuracies. If an employer self-discloses inaccuracies, they will be given favourable treatment such as lower penalties for underpaying their premium.

If you provide incorrect information or withhold the information required, you can be liable for a penalty of up to 120% of the difference in premium that results from correct information being applied to your premium calculation. If you intentionally provide incorrect information or in any other way set out to avoid paying your correct premium, you can face penalties of up to 200% of the difference in premium between the amount paid at the correct premium.

Further information on premium compliance, employer self-assessment and compliance audits can be found at **[worksafe.vic.gov.au/insurance](https://www.worksafe.vic.gov.au/insurance)**

## Premium penalties

Penalty provisions play an integral role in WorkCover insurance as they promote equity among employers, deter non-compliance by making it unprofitable, and compensate the scheme for being denied the use of funds to which it is entitled.

The penalty provisions are important given that the premium system is largely based on the principle of employer self-assessment. This places the onus on employers to exercise reasonable care and make full and true disclosures to their Agent and to WorkSafe regarding their WorkCover insurance.

Penalties can apply if you underestimate your rateable remuneration by more than 20% or fail to notify your Agent of the correct figure within 28 days of exceeding your last estimate.

Usually when an employer identifies that they have provided incorrect information that has caused their premium to be calculated incorrectly, as a result paying less premium than they should, and they inform their Agent of the error, any penalty that is applied will be minimal.

Where an employer identifies that they have provided incorrect information as a result of WorkSafe compliance activities and they assist in rectifying the error, the penalties will be reduced in line with the relevant WorkSafe guideline.

Guidelines relating to all premium penalties and their application are available at **[worksafe.vic.gov.au/insurance](https://www.worksafe.vic.gov.au/insurance)**

# How premiums are calculated

## For small employers

If your rateable remuneration for 2018–19 was

\$200,000 or less, then your premium for 2019–20 is calculated using the overall industry rate.

The individual claims experience of small employers does not affect the premium they pay. However, it may affect the overall rate for their industry. For small employers premiums are based on industry-wide experience and risk.

The rates of small employers depend on a number of factors as summarised in the following table..

If in 2018–19 your premium was calculated using:	In 2019–20 your premium will be calculated using:
The relevant industry rate	Your rate, moving up or down with the industry rate
A rate frozen below industry rate	Your rate, that remains frozen below the industry rate if you have had no claims in 2018–19 Your rate moving to the industry rate (subject to capping) if you have had claims in 2018–19
A rate transitioning to industry rate	Your rate either continuing to move to, or being the industry rate (subject to capping)

Generally, unless your activity or your industry classification changes at a workplace, any premium rate increases will be capped at 30% for continuing operations (e.g. where your classification has not changed and/or you have not added any workplaces).

Many small employers will only be required to pay the minimum premium of \$228.80 (including GST).

## For larger employers

If your rateable remuneration for 2018–19 was over \$200,000 then your premium rate for 2018–19 is calculated using:

- the rate of your industry
- your claims experience compared to your industry's experience
- the size of your business (measured by your remuneration).

If your claims performance is better than your industry's you will pay less than the industry rate. If your claims performance is worse than your industry's you are likely to pay a higher amount than the industry rate.

The degree to which you can move above or below your industry rate is dependent on the size of your business (based on your remuneration), the performance of the industry you operate in and your claims performance in relation to claims reported in the Claims Reporting Period (1/1/2016 to 30/6/2018) compared to the performance of your industry.

## Your industry classification

When you first register for WorkCover insurance, you are asked to give details of your workplace(s), including a description of the activities carried out there. This information is used to identify the activity that contributes, or is likely to contribute more than any other activity, to the value of goods and/or services produced, or provided by operations carried out within your workplace(s). This is used to determine your workplace's industry classification and is one of the key factors in your premium calculation.

# How premiums are calculated

In most cases, when a new business starts, the premium is set at the industry rate relevant to the predominant activity at that workplace.

Industry rates are calculated using the claims experience of all employers in the industry over a five year period. If your industry's health and safety, and return to work performance improve, employers within the industry will benefit from a lower industry rate.

You must notify your Agent of any changes in your business activity that may affect your classification. If you do not, penalties may apply.

If you think your business may be wrongly classified, you should write to your Agent providing full details of the activities you undertake and the reasons why you believe the current classification is wrong.

## The impact of claims

If you reported WorkCover insurance claims in the period between 1 January 2016 and 30 June 2018 then you will be able to access a *WorkCover Insurance Claims Statement* using WorkSafe's Online Employer Services at [worksafe.vic.gov.au/employer](https://worksafe.vic.gov.au/employer). These claims will be used in the calculation of your premium for 2019–20.

If you haven't had any claims for the period between 1 January 2016 and 30 June 2018 you will not receive a statement.

Your claims statement highlights the actual cost of the claims for the period and any estimated future cost of those claims. This estimated future cost is calculated using statistical data drawn from the experience of many thousands of previous claims managed by the WorkCover insurance scheme.

The estimated future cost represents potential costs of a claim at a given date, based on the claims experience of the entire scheme. The estimate is a measure of the potential future liability for the claim. It accounts for the probability of any changes occurring with the claim multiplied by the resulting cost or benefit to the scheme.

Claims estimates are calculated with a three month set back. This is to allow for a complete understanding of the status of the claim to develop before an estimate is included in an employer's claims experience.

Your estimated costs and those of all the other employers in your industry are used to determine the industry rate. All employers have their claims costs measured in the same way – objectively and consistently – so your performance relative to your industry can be compared.

Your relative performance is determined by comparing your estimated claims costs with the industry claims cost rate, and is a factor in the determination of the premium you pay.

If you work to improve your occupational health and safety, reduce the incidence of workplace injury and work with your Agent to manage your claims more effectively by achieving safe, sustainable and timely return to work outcomes, you will be rewarded with a premium lower than your industry rate.

## If you believe your premium calculation is incorrect

The *Workplace Injury Rehabilitation and Compensation Act 2013* provides for the review and adjustment of an employer's premium if it has been incorrectly calculated. A review may be initiated by an employer or by WorkSafe.

If you consider that your premium is incorrect, you should first lodge a request for review with your Agent using the *Request for Review of Premium Form*, available from [worksafe.vic.gov.au/insurance](https://worksafe.vic.gov.au/insurance)

The *Request for Review of Premium Form* should be sent to your Agent within 60 days of receiving your notice of premium. If you are dissatisfied with the outcome of your Agent's decision, you have the right to request a further review by WorkSafe within 28 days of receiving the Agent's decision.

If you consider that your premium is incorrect as a result of a WorkSafe audit you should complete a *Request for Review of Premium Form* and lodge it directly with WorkSafe. This request needs to be made to WorkSafe within 60 days of your receipt of your *Notice of Adjusted Premium*.

It is important to be aware that you are still required to pay the premium indicated in the disputed notice by the due date. If your request for review is upheld, any overpaid premium will be refunded to you.

# How premiums are calculated

You may also be entitled to interest on the overpayment.

Employers who are dissatisfied by the outcome of a formal premium review undertaken by WorkSafe may request a review by the Victorian Civil and Administrative Tribunal (VCAT). Alternately, or following a VCAT review, employers may apply for a hearing by the Supreme Court.

For more details and to obtain the Request for Review of Premium Form, visit the **Applying for a review of your premium** section of [worksafe.vic.gov.au/insurance](https://worksafe.vic.gov.au/insurance) or contact your Agent.

# Rateable remuneration

One of the key determinants of your WorkCover premium is the size of your business. WorkSafe determines the size using your rateable remuneration (eg gross wages, salaries and other benefits provided to your workers).

## **Rateable remuneration is more than payroll**

It is important to identify your rateable remuneration accurately. You need to know what should, or should not, be included as there are penalties for underestimating your rateable remuneration.\* If you think you may have calculated your rateable remuneration incorrectly contact your Agent.

## **Some remuneration may not be obvious**

Some payments to workers are not part of your payroll, however they can still be considered rateable. These payments may be provided as fringe benefits or they may be payments that are expensed as payments to contractors or consultants. It is important that you are aware of what must be included in your calculation of rateable remuneration.

Rateable remuneration can include both cash and non-cash (in-kind) payments.

See the rateable remuneration checklist on pages 18 to 20 of this booklet for details.

## **Remuneration deductible benefit**

Employers who operate for a full financial year have the first \$15,500 of their total rateable remuneration automatically deducted in the calculation of their premium. Those who operate for part of the year receive a pro-rata amount of this deduction.

This deduction will be shown as the remuneration deductible benefit on your 2019-20 premium notice. Employers whose annual rateable remuneration is between \$7,500 and \$15,500 are still required to pay at least the minimum premium of \$228.80 (including GST) less any applicable discount for early payment.

## **Workers and contractors**

The term **contractor** covers a wide variety of people in different work circumstances. It includes consultants, service providers and people working under similar arrangements. These people may operate, and are engaged, as sole proprietors, partnerships or propriety limited companies.

If you hire such persons on a contract, you need to know that they may actually be workers, or deemed to be workers, under some contracts. Each time you hire a contractor, you need to determine whether he or she is a worker or deemed to be a worker.

If the person is a worker or deemed to be a worker, you effectively become his or her employer for WorkCover insurance purposes and you must include the amount you pay in your total remuneration.

## **What remuneration is rateable in Victoria?**

If you have workers who work for you in other states or territories you must ensure you only include the remuneration relating to them if they are connected to Victoria for WorkCover insurance purposes.

## **Interstate workers**

To determine which workers' compensation jurisdiction applies for a worker who works in more than one state or territory, consider the following 5 steps. Always start with Step 1. After that, it is only necessary to consider the next step if the previous step does not decide which jurisdiction applies.

*\* Please refer to the 'If your actual rateable remuneration differs from your estimate' section on page 7 of this booklet.*

# Rateable remuneration

<b>Step 1</b>	Where does your worker usually work?
<b>Step 2</b>	Where is your worker usually based?
<b>Step 3</b>	Is there a there a place in Australia from which the employer's business activities are managed?
<b>Step 4</b>	What if steps 1, 2 and 3 don't decide the relevant jurisdiction and your worker works on a ship?
<b>Step 5</b>	If steps 1, 2, 3 and 4 don't decide the relevant jurisdiction and your worker is injured - unless the worker is entitled to compensation for the same injury under the laws of a place outside Australia, then the relevant jurisdiction is the State or Territory in which the injury or illness was suffered

More information regarding workers in other states or territories can be found in the *Premium Guideline – Interstate Workers*, available from [worksafe.vic.gov.au/insurance](https://www.worksafe.vic.gov.au/insurance)

*Note: You should speak to workers' compensation authorities in other states or countries where you engage workers outside of Victoria, even if your worker is connected with Victoria. You may also have an insurance obligation interstate or in another country.*

## If you employ apprentices and/or trainees

If you hire any apprentices and/or trainees – even if you only hire one – you must register for WorkCover insurance, regardless of the size of your rateable remuneration.

Some apprentice and trainee remuneration (including superannuation) is exempt from WorkCover insurance so you need to be aware of the restrictions and qualifications that apply.

Remuneration is **exempt** if the apprentice or trainee:

- is employed by you under a current training agreement as part of an approved training scheme
- hasn't worked for you under any previous training agreement, but if they have – the time between any two agreements must be less than 3 months
- did not work for you, outside of a training agreement, during the two year period before the start of the current training agreement, but if they did -
  - any full-time employment must be no more than 3 months in total
  - any part-time or continuous casual employment must be for no more than 12 months in total.

However, the 3 month or 12 month restriction does not apply to you if the apprentice or trainee:

- was aged under 19 years at the start of the current training agreement
- previously worked for you while they were a school student
- had not previously commenced a training agreement with you

## Trainee remuneration threshold

In addition to the above rules, there is a cap on the amount of trainee remuneration that is exempt (but not on apprentice remuneration). This means you can only claim an exemption for your trainee's remuneration (including superannuation) if it is:

- \$46,130 or less for 2018/19.
- \$47,610 or less for 2019/20.

If your trainee's annualised remuneration is more than this amount none of their remuneration is exempt.

For a list of apprenticeship and traineeship qualifications that this relates to, please visit [worksafe.vic.gov.au/insurance](https://www.worksafe.vic.gov.au/insurance) or the Department of Education website at [education.vic.gov.au/training](https://www.education.vic.gov.au/training)

# Rateable remuneration

## If you have more than one workplace

You need to declare the rateable remuneration paid or payable to workers at each workplace. Rateable remuneration should be declared against the relevant workplace at which workers were engaged during each period.

If an employee regularly works at two or more workplaces, you should allocate their rateable remuneration as a proportion of the number of hours that they worked at each workplace.

## Items that may be considered as rateable remuneration

Rateable remuneration is the gross amount paid or payable before tax. The relevant items listed on pages 18 to 20 of this booklet should be included in your certification and estimation of rateable remuneration. You can complete your certification and estimation of rateable remuneration requirements online at [worksafe.vic.gov.au/employer](https://worksafe.vic.gov.au/employer)

To help you, the items have been grouped and numbered to correspond with the *Certification of Rateable Remuneration* form. For example, under the heading 'A. Salaries & wages' it lists items that should be included under 'A. Salaries & wages' on the form.

This list contains items that are commonly included in each of the five components. A more comprehensive list is available online at [worksafe.vic.gov.au/insurance](https://worksafe.vic.gov.au/insurance)

## Exempt allowances

### Determining the rateable component of motor vehicle allowances

A motor vehicle allowance is paid or payable to a worker in relation to the use of their own vehicle for work purposes. The basic formula for determining the exempt component of a motor vehicle allowance is:

$$E = K \times R$$

where **E** is the exempt component, **K** is the number of business kilometres travelled and **R** is the exempt rate.

- For 2018/19 the exempt rate **R** = 66 cents
- For 2019/20 the exempt rate **R** = 66 cents

After determining **E** as a dollar amount subtract it from the amount of allowance paid to the worker. Any remainder is considered to be rateable remuneration and should be included in the determination of salaries and wages.

### Determining the rateable component of accommodation allowances

Accommodation allowances are paid to workers to compensate them for the expense of having to stay overnight in a location other than their home for business purposes. Where the accommodation allowance extends beyond 30 continuous days the worker must also be maintaining a personal domestic dwelling for their own use in order for the allowance to retain the exemption.

- For 2018/19 the exempt rate is \$266.70 per night
- For 2019/20 the exempt rate is \$278.05 per night

Any amount paid per night over the exempt rate is considered to be rateable remuneration and should be included in the determination of salaries and wages.

# Rateable remuneration checklist

## A. Salaries and wages

The following payments are generally considered to be payments in relation to work performed by an individual:

- salaries
- wages
- gross pay before tax
- allowances, including (but not limited to):
  - the non-exempt component of motor vehicle and accommodation allowances
  - clothing
  - cost of living
  - dirt money
  - dry cleaning
  - entertainment
  - footwear
  - meal
  - overtime
  - site
  - tools
  - travelling
  - representation allowance
  - uniform
- annual leave payments (including leave loading)
- long service leave
- paid parental leave
- make-up pay
- back pay
- bonuses
- commissions

- directors' fees and all remuneration to directors or members of a governing body of a company
- fees for work performed by a worker or deemed worker

## B. Payments to contractors

Where contractors have been deemed to be your workers under the *Workplace Injury Rehabilitation and Compensation Act 2013*, payments made to them should be included as rateable remuneration.

*Note: Where a contractor operates as a company, the person who performs the work may also be deemed to be a worker. Payment for services supplied by such contractors should also be included in rateable remuneration.*

Additional information regarding workers and contractors is available from [worksafe.vic.gov.au](https://www.worksafe.vic.gov.au)

## C. Fringe benefits

Employers are required to total their fringe benefits (ie add together their type 1 and type 2 benefits), and gross this amount up using the type 2 gross up rate for WorkCover Insurance purposes.

- For and 2018–19 the gross up rate is 1.8868\*
- For and 2019–20 the gross up rate is 1.8868\*

Employers that have a fringe benefits tax (FBT) exemption provided by section 57, 57A or 58 of the *Fringe Benefits Tax Administration Act* will be required to declare any amount that exceeds their exemption threshold as provided by the ATO (ie the amount they declare to the ATO on their FBT return).

*\*This rate is tied to the type 2 lower gross up rate for the given FBT Year published by the ATO.*

Employers covered by sections 57, 57A and 58 of the *Fringe Benefits Tax Assessment Act* include: Public and



# Rateable remuneration checklist

not-for-profit hospitals, public ambulance services, public benevolent institutions, health promotion charities and religious institutions (for benefits provided to ordained religious practitioners).

Benefits declared by these exempt organisations have already been subjected to grossing up so further grossing up is not required.

## D. Superannuation contributions

Employer superannuation contributions in respect of a worker or deemed worker are rateable remuneration. This includes any contribution (including compulsory, voluntary or pre-tax salary sacrifice) made by an employer to a superannuation fund or scheme, a superannuation guarantee charge, or any other form of superannuation provident or retirement fund. This also includes employer contributions to defined benefit funds as required by actuarial determinations on amounts in relation to service after 1 January 1998.

## Items not included in remuneration

The following types of remuneration are exempt from your WorkCover insurance premium calculation:

- some remuneration paid to apprentices and trainees is not included in the calculation of your premium. If you employ apprentices or trainees, please refer to page 16 of this booklet for further information
- compensation payments under the *Workplace Injury Rehabilitation and Compensation Act 2013* or the *Accident Compensation Act 1985* (eg weekly benefit payments). This includes payments made under the employer threshold
- dividends paid to a shareholder
- Trust distributions paid to a beneficiary of a trust
- payment by you as host employer for work experience purposes:
  - to a student of a TAFE provider in an approved TAFE course
  - a pupil at school

These arrangements must be made in writing.

- partners' drawings
- payments to Construction Industry Long Service Leave Board and contributions to the Redundancy Payments Central Fund, as long as they are not taxable under the *Fringe Benefits Tax Assessment Act 1986*
- termination payments (eg payments in lieu of notice, accrued holiday pay, long service leave or severance pay) made to a worker on cessation of employment

*Note: If a person is given notice of termination or gives notice of resignation but works until the termination or resignation takes effect, the payment for this period is not exempt remuneration.*

# Notes





### **Advisory service**

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Phone 03 9641 1444

Toll-free 1800 136 089

Email [premium@worksafe.vic.gov.au](mailto:premium@worksafe.vic.gov.au)

Website [worksafe.vic.gov.au](http://worksafe.vic.gov.au)

### **WorkSafe Agents**

For individual claims or WorkCover insurance premium enquiries, please contact your Agent:

#### **Allianz Australia Workers' Compensation (Victoria) Limited**

Tel: 03 9234 3285

Toll free: 1800 240 335

#### **Xchanging**

Tel: 03 9947 3000

Toll free: 1800 802 200

#### **CGU Workers Compensation (Vic) Limited**

Tel: 03 8630 1000

Toll free: 1800 066 204

#### **Gallagher Bassett Services Workers' Compensation Vic Pty Ltd**

Tel: 03 9297 9000

Toll free: 1800 774 377

#### **EML VIC Pty Ltd**

Tel: 03 7000 0700

Toll free: 1800 365 842

For information about WorkSafe in your own language, call our interpreter service

Mandarin	1300 559 141
African	1300 650 535
Greek	1300 661 494
Italiano	1300 660 210
Japanese	1300 662 373
Russian	1300 722 595
Spanish	1300 724 101
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Arabic	1300 554 987
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Other	1300 782 343