

# Declaration of Remuneration

## Important Information

This document is an important guide to assist employers to provide an accurate statement of remuneration under the *Workers Compensation and Injury Management Act 2023* from 1 July 2024. WorkCover WA has published detailed [WorkCover WA Remuneration Guidelines](#).

The [WorkCover WA](#) website also provides important information on the meaning of 'worker' that will help you understand the types of workers and working arrangements for the statement of remuneration. This includes fact sheets on the meaning of 'worker' and a contractor guide.



### 1. Defining remuneration

The [WorkCover WA Remuneration Guidelines](#) provide for a clear definition of 'remuneration' to assist employers to provide a remuneration declaration.

When completing section 3 of the declaration form, you are required to specify the total amount of remuneration paid or payable to your workers over the policy period.

### 2. General workers/employees (section 3.1)

In this section you are required to declare remuneration for general workers or employees covered under a contract of service, including full-time, part-time, casual, seasonal workers, and apprentices, among others. Some contractors and subcontractors may also be classified as workers under a contract of service.

For a more comprehensive definition of a 'worker', please refer to the [WorkCover WA](#) information sheet definition of 'worker'.

### 3. Premium rating codes (PRC) for employer's business activities (Section 3.1)

This section also requires you to provide the premium rating code (PRC) and premium rating class description for your business activities.

The [WorkCover WA Industry Classification Order](#) can guide you in identifying the correct PRC code and class description.

#### [Premium rating codes \(PRC\) for labour hire](#)

For labour hire employers, the [WorkCover WA Industry Classification Order](#) clarifies the correct PRC code and class description for the following labour hire arrangements :

- labour hire employers supplying predominantly non-clerical staff to host employers
- labour hire employers supplying predominantly clerical staff to host employers
- workers engaged by a labour hire company to provide administrative services that support the operation of the labour hire company but are not supplied to a host employer, and
- companies whose predominant activity is recruitment and job placement services.

If a labour hire employer is supplying staff to a host employer, the [host employer's PRC code](#) and class description must be identified in Section 3.1.

#### **4. Working directors (Section 3.2)**

This section requires you to provide details of each working director covered under the policy and their remuneration.

It is important to note a working director is not covered under the policy if they are not named in this section along with the statement of remuneration for each working director.

From 1 July 2024 public company directors are no longer excluded. If they require cover under the policy, they must be named on the policy along with the remuneration declaration for the public company director.

The [WorkCover WA Remuneration Guidelines](#) set out what constitutes 'remuneration' to assist employers to provide a remuneration declaration with respect to working directors and the significance of the declaration on the amount of income compensation payable if there is a compensation claim.

#### **5. Contractors/ subcontractors (Section 3.3)**

This section requires you to declare the remuneration for contractors/subcontractors that are, or are deemed to be, your workers.

The information below includes important information on the circumstances in which you will be taken to be an employer of contractors or subcontractors and therefore required to make a remuneration declaration in section 3.3 of the declaration form.

##### Remuneration declaration for individual contractor

You are required to declare remuneration for an individual contractor if you engage an individual to do work for your business, and the work performed by the individual is not in the course of or incidental to a trade or business regularly carried out by the individual in their own name or under a business or firm name.

##### Remuneration declaration for contractor`s workers

If you're a principal employer with a contractual arrangement with a contractor for work that is directly a part of your trade or business, then both you and the contractor are considered the employers of any workers the contractor may employ.

You are required to declare remuneration for a contractor's workers if:

1. You are a principal contractor with a contract for work that is directly a part of your trade or business, and
2. You cannot provide records the contractor who employs the worker holds a workers compensation policy that indemnifies you.

#### **Additional Information**

##### **Premium Calculation**

Unless you have an adjustable premium policy, the first premium and every renewal premium payable to us will be calculated on the amount of the remuneration you estimate you will pay or be liable to pay during the year following the issue or renewal of the policy. This includes all amounts you estimate you will pay contractors.

##### **Adjustment of Premium**

Within 1 month after the expiry of the policy period you must provide us with a statement of the total amount of all remuneration paid or payable by you in that year (including remuneration paid to contractors). If required, please include the number of workers and contractors you employed or engaged in that year.

Unless you have an adjustable premium policy, if the remuneration amount, the number of workers and contractors or the type of business in which they were engaged differs from the information on which the premium for that year was calculated, the premium will be adjusted and you will need to pay a further premium to us or we will refund part of the premium to you, subject to our retaining a customary minimum premium.

## **Lapsing a Policy**

In accordance with the Workers Compensation and Injury Management Act 2023, it is essential for employers to maintain a workers compensation policy.

Should you decide not to renew your policy with Zurich, it is still important to adhere to certain statutory requirements to avoid potential legal repercussions and penalties.

You will need to complete a Remuneration Declaration for the expiring policy period, as required by the Act. This ensures continued compliance and accurately reflects the total remuneration paid during the insurance period. It's also necessary to inform us about the reason for non-renewal of the policy. An example would be selling the business and not employing staff or being insured elsewhere with another insurer.

To support you through this process, please complete and return the Actual Remuneration form to us at [wcoverwriting.wa@zurich.com.au](mailto:wcoverwriting.wa@zurich.com.au) within 30 days of the expiry date of the policy. If we don't receive a response within this timeframe, we will need to notify WorkCover WA, which will result in the lapse of your policy without further notice.

## **Policy Cancellation**

If permitted by WorkCover WA to do so, we may cancel this policy if, for example, you have not paid the premium, and, in that event, you must provide us with the remuneration amount you have paid in the most recent year of the policy period up to the day of cancellation. We will then adjust the premium as described above and refund any unearned premium.

To avoid potential policy cancellation for non-payment of premium, it's essential to make premium payments promptly. If you face any issues with paying your premium, please contact us immediately to explore potential solutions.

## **Records**

Employers must keep records for not less than 7 years after the record was made, including supporting information to declarations of remuneration for each period of insurance. This includes number of workers insured under your policy, the industry classification, the total remuneration paid to insured workers, and any relevant information for each insurance period.

### **Inspection or audit of remuneration record**

Records must be accessible and can be requested by WorkCover WA for inspection.

At any time, not limited to the policy period, you must allow an officer authorised by us to inspect your remuneration record and any other record given to us that is relevant to the calculation of your premium. We may also arrange for an audit of those records.

### **Certificate of Currency**

You must ensure that a valid certificate of currency issued by your insurer is available for inspection by WorkCover WA. Failure to do so may result in a penalty of a \$5,000 fine.

### **Offences for non-compliance**

It is important the information you provide in the remuneration declaration is accurate and does not contain any false, misleading or incomplete information.

An employer who fails to provide the remuneration declaration or provides information in the declaration that the employer knows to be false or misleading in a material particular commits an offence. A fine of up to \$10,000 in respect of each of the employer's workers to whom the offence relates may apply.

Also be aware that it is an offence to contract out of an employer's liabilities under the Act or to engage in workers compensation avoidance arrangements (also known as sham contracting). Refer to WorkCover WA's technical note on contractors for further information.