

WorkCover QUEENSLAND

we cover, **we care**



Declaring Wages in the Labour Hire Industry 2017

Jason Scarrott, Customer Experience Manager
Adam Walshe, Customer Compliance Advisor
30 May 2017

Meet your moderator

Jason Scarrott

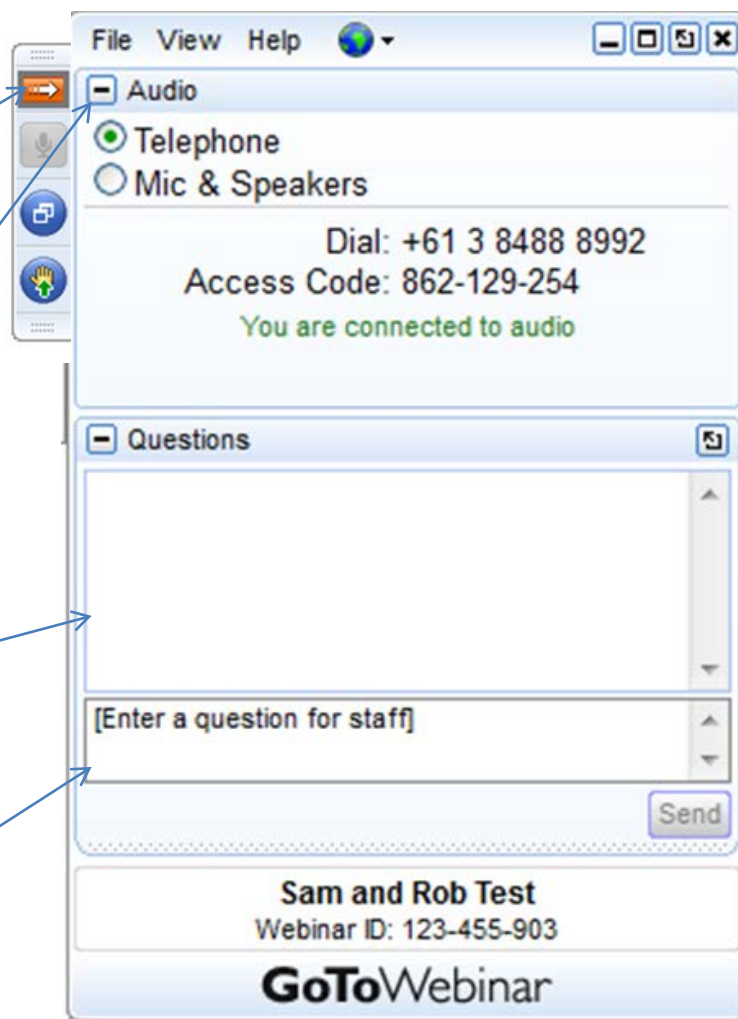
Customer Experience Manager

WorkCover Queensland



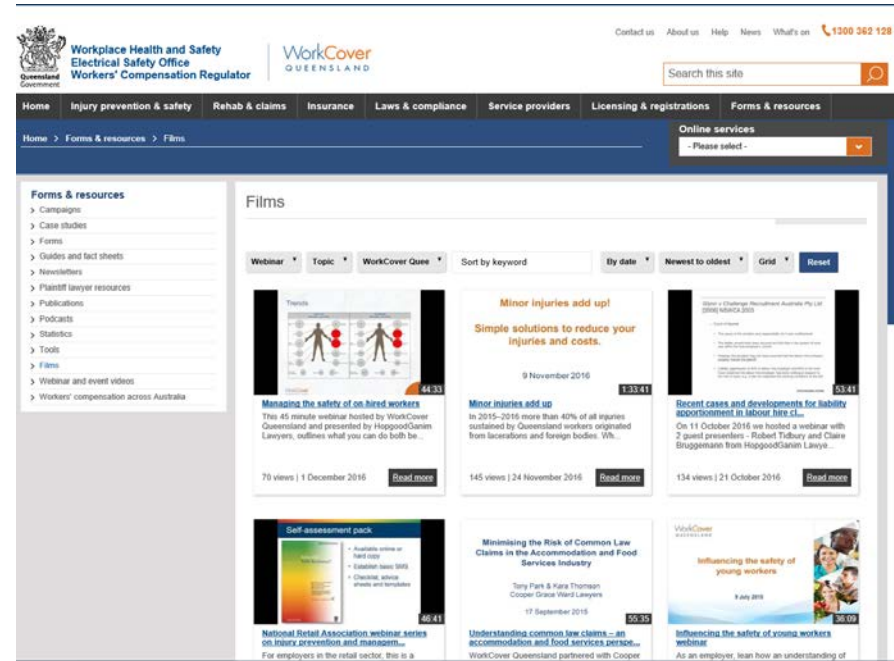
How to interact today

- Click on the red button to hide and unhide the panel.
- Select audio on the control panel to change between computer audio or telephone.
- Your questions and comments will appear here throughout the webinar.
- Type your comments and questions here.



After the webinar

- A recording and presentation slides will be on worksafe.qld.gov.au within a week (under Forms & Resources > Films)
- If we don't answer all the questions, we will collect them and publish answers on our website
- Please complete a short survey at the end of the webinar. Your feedback will help us improve webinars and identify potential topics.



The screenshot displays the WorkCover Queensland website interface. At the top, there are logos for Workplace Health and Safety, Electrical Safety Office, and Workers' Compensation Regulator, alongside the WorkCover Queensland logo. A search bar is located in the top right corner. Below the navigation menu, the 'Forms & resources' section is active, showing a list of 'Films'. The list includes several items with titles, dates, and view counts:

- Managing the safety of on-hired workers**: This 45 minute webinar hosted by WorkCover Queensland and presented by HoggoodOssim Lawyers, outlines what you can do both be... 70 views | 1 December 2016 | Read more
- Minor injuries add up**: In 2015-2016 more than 40% of all injuries sustained by Queensland workers originated from lacerations and foreign bodies. Wh... 145 views | 24 November 2016 | Read more
- Recent cases and developments for liability exposure in labour hire ca...**: On 11 October 2016 we hosted a webinar with 2 guest presenters - Robert Tidbury and Claire Bruggeman from HoggoodOssim Lawy... 134 views | 21 October 2016 | Read more
- Self-assessment pack**: Available online or hard copy. Essential Issues 2015. Checklist, advice sheets and templates. 46:41
- Minimizing the Risk of Common Law Claims in the Accommodation and Food Services Industry**: Terry Park & Kiera Thompson Cooper Grace Ward Lawyers. 17 September 2015. 50:35
- Influencing the safety of young workers webinar**: As an employer, learn how an understanding of... 30:09

Meet your presenters

Jason Scarrott
Customer Experience Manager
WorkCover Queensland



Adam Walshe
Customer Compliance Advisor
WorkCover Queensland



Topics

- What is a Labour Hire agency?
- Compliance and Education update
- Predominate business activity vs. position description
- How do I determine the correct host WIC?
- Are you correctly classifying your administration staff?
- What are wages
- How do I budget for next year's premium?
- The importance of record keeping
- Key premium renewal dates

What is a labour hire agency?

- A labour hire agency is business responsible for providing temporary staff to employers. Employees are paid by the labour hire agency for the work they conduct at the client's site. Labour hire companies refer to these clients as the host employer.
- Some labour hire companies will specialize in a particular type of worker and some entities will supply various types of workers across various industries.
- You may not be a labour hire agency if you your workers are performing work as part of contracts that your business is directly responsible for.
- If you are unsure of your whether or not you should be classified as a labour hire agency, please contact WorkCover Queensland on 1300 362 128 to clarify the correct classification for your Accident Insurance Policy.



Compliance and education

- ✔ To help Queensland Labour Hire employers do the right thing by having an accident insurance policy and paying the right amount of premium, WorkCover have been conducting wage audits to check compliance in the industry. Key findings on reasons for non-compliance:
- Employers had been found to be incorrectly declaring wages based on the position description of their on hire workers, rather than the correct method of using the labour hire classification associated with the host business.
 - Assessable components of WorkCover wages not being declared in their entirety – e.g. superannuation, salary sacrifice payments and fringe benefits
 - Employers lack appropriate levels of reporting to verify the distribution of assessable wages to host businesses where workers have been placed
 - There is a general misunderstanding within the industry on when employee wages can be declared under the WorkCover Industry Classification of 721236 - Contract Staff Services (Own Administration Staff)

Predominate business activity vs. position description

- Predominate business activity relates to the industry of the client business (host).
- Under the Queensland Government Gazette section 22.2 the wages for all workers supplied to a host are to be declared based on their predominate business activity classification
- For example, if a labourer, a project manager, a cleaner and an accountant were hired out to perform work for a construction company; their wages would be declared under the WorkCover Industry Classification (WIC) E30000 Construction



How do I determine the correct WIC?

You can check the correct WIC of your host employer by performing a verification of cover. Please visit <https://ols.workcoverqld.com.au/ols/public/coverVerification.wc> and enter the ABN of your host employer. The tool will produce a verification certificate that will provide you with a WIC which will correspond with 1 of the 19 labour hire classifications listed on your policy.

If the verification of cover is unable to identify the classification for your host employer, please contact WorkCover to obtain a classification for your host employer.



Verification of Cover

Statement of coverage

This certificate confirms that the following employer has a worker's compensation insurance policy with WorkCover Queensland which covers the full amount of the employer's liability under the *Workers' Compensation and Rehabilitation Act 2003*.

The information provided in this Verification of Cover is correct as at:

17 May 2017

Employer's information

Employer name

WORKCOVER QUEENSLAND

ABN

40577162756

WorkCover Industry Classification (WIC)

General Insurance (632204)

Are you correctly classifying your administration staff?

Understanding WIC 721236

- To understand the proportion of wages we apply to this WIC we refer to Section 22.1 (a) of the Queensland Government Gazette which states ‘identifying the proportion of the total wages paid by the employer which are paid to workers whose labour is not supplied to third parties’.
- Examples of roles which may form part of this section of the declaration include recruiters, administration and payroll staff, O H & S team members, internal business managers.
- Examples of roles excluded under own administration include but are not limited to a manager permanently assigned to a third party site to supervise workers, dual focused roles ie a site rehabilitation officer that also performs work for the client.



What do I include as wages

Don't forget to utilise our online wages working sheet and wages definition manual to correctly declare your wages.

Payments you must include

- Total of all PAYG gross salary and wage payments
- All superannuation payments including super salary sacrifice
- Any fringe benefits or other entitlements having a monetary value
- Total of all individual contractor payments for deemed workers (excluding GST)

Payments you should exclude

- Any allowances or expenses reimbursed for work related expenses
- Lump sum termination payments
- Excess period payments
- Compensation payments reimbursed by WorkCover
- All payments to, or in respect of, Directors/Trustees/Partners

How do I budget for next year's premium?

- Whether it is for budgeting, contract tendering or contract renewal, the Premium Simulator tool is a great resource.
- Actual and provisional wages can be adjusted to provide a more accurate prediction
- Currently the tool is based on gazetted rates for 2016/17. The 2017/18 gazetted industry rates will be released by the state government in the coming weeks.

Premium Simulator in WorkCover Connect

The screenshot displays the WorkCover Connect dashboard. On the left is a dark blue navigation sidebar with icons and labels for Home, Safety, Claims, Analytics, Insurance, Contact, and Admin. The 'Insurance' menu item is highlighted with a red box, and a dropdown menu is open, showing 'Premium simulator' and 'Remittances'. The main content area features a large banner image of a smiling man in a grey cap and shirt. Below the banner is a text prompt: 'Are your domestic workers insured? Get 2 years of protection for just \$50. Visit WorkCover online to apply for a policy.' Below this are two data visualization panels. The first panel, 'Industry claims graph', shows a line chart of 'Average days first return to work (statutory)' for 'Mining (WIC)' and 'Mining (group)' from 2012/13 to 2016/17. The second panel, 'Industry hotspots', shows a silhouette of a person with callouts for injury hotspots: Hand and fingers (37), Back (35), and Shoulder/Upper arm (20).

Home

Safety

Claims

Analytics

Insurance

Contact

Admin

Premium simulator

Remittances

Are your domestic workers insured? Get 2 years of protection for just \$50. Visit WorkCover online to apply for a policy.

Industry claims graph

Average days first return to work (statutory)

| Year | Mining (WIC) | Mining (group) |
|-------|--------------|----------------|
| 12/13 | 38 | 38 |
| 13/14 | 38 | 38 |
| 14/15 | 25 | 25 |
| 15/16 | 25 | 25 |
| 16/17 | 48 | 48 |

See the industry claims dashboard

Industry hotspots

Injury hotspots for Mining (WIC) for 2016

| Body Part | Count |
|--------------------|-------|
| Hand and fingers | 37 |
| Back | 35 |
| Shoulder/Upper arm | 20 |

See the industry safety dashboard

Premium summary

Your simulated total premium is \$

| | Assessed 2016/2017 | Simulated 2016/2017 | Simulated 2017/2018 |
|----------------|---------------------|---------------------|---------------------|
| Premium | \$ 7,000,000 | \$ 7,000,000 | \$ 7,000,000 |
| GST | \$ 70,000 | \$ 70,000 | \$ 70,000 |
| Stamp duty | \$ 32,000 | \$ 32,000 | \$ 32,000 |
| Premium | \$ 7,102,000 | \$ 7,102,000 | \$ 7,102,000 |

Your total premium ⁱ is the difference between the simulated and assessed amounts for 2016/2017, plus the simulated premium amount for 2017/2018.

Your premium is affected by your wages, industry rate and performance. Your performance is your premium rate relative to your industry.

Activity summary

Calculate

Edit your actual and estimated wages against each of your business activities below then click the Calculate button.

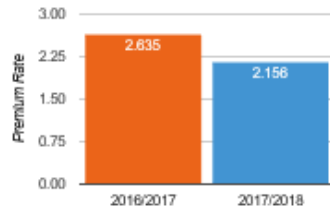
● A green icon indicates that the default values have been overridden.

| WIC | Actual wages 2016/2017 | Estimated wages 2017/2018 | Rate | Premium | Wages override | Claim exp. override | Industry rate override | |
|---|---------------------------|---------------------------------|-------|----------|-------------------|---------------------------|------------------------------|---------------------------------|
| 721236 - Contract Staff Services (Own Administration Staff) | \$1 | \$1 | 0.082 | \$0.00 | | | | Edit detail |
| A01100 - Agriculture, Forestry & Fishing | \$1 | \$1 | 0.348 | \$0.00 | | | | Edit detail |
| B06000 - Mining | \$ 25,000 | \$ 25,000 | 0.216 | \$ 54.00 | | | | Edit detail |
| C11000 - Manufacturing | \$ 250,000 | \$ 250,000 | 2.156 | \$ 5,390 | | | | Edit detail |

Premium



Your simulated premium rate is 73%* of the industry rate



| | Assessed 2016/2017 | Simulated 2016/2017 | Simulated 2017/2018 |
|--------------|--------------------|---------------------|---------------------|
| Wages | \$ 7,000,000 | \$ 7,000,000 | \$ 7,000,000 |
| Premium rate | x 2.635 | x 2.635 | x 2.156 |
| Premium | \$ 184,450 | \$ 184,450 | \$ 150,920 |

Your total premium \$ 150,920 ⓘ is the difference between the simulated and assessed amounts for 2016/2017, plus the simulated premium amount for 2017/2018.

Your premium is affected by your wages, industry rate and performance. Your performance is your premium rate relative to your industry.

* rounded up

Experience component ▾

Wage change ▲

Enter actual wages for this year

\$ 7,000,000

Enter estimated wages for next year

\$ 7,000,000

| | 2016/2017 | 2017/2018 |
|----------------------------|--------------|--------------|
| Estimated wages | \$ 7,000,000 | \$ 7,000,000 |
| Actual wages 1st year (W0) | \$ 6,000,000 | \$ 7,000,000 |
| Actual wages 2nd year (W1) | \$ 5,000,000 | \$ 6,000,000 |
| Actual wages 3rd year (W2) | \$ 3,000,000 | \$ 6,000,000 |
| Actual wages 4th year (W3) | \$ 3,000,000 | \$ 3,000,000 |

The importance of record keeping

- Good record keeping can help you protect your business and ensure that you're paying the correct amount of premium. Developing a system to track and record the following information, will make sure that you're getting it right at renewal time -
 - Name of host employer
 - Host employer ABN
 - Host employer WIC and associated Labour Hire classification
 - Wages paid to each host employer

Example of payroll reporting to assist employers declaring WorkCover assessable wages

Basic payroll example

| Worker Name | Gross wages | Superannuation |
|--------------|------------------|-----------------|
| Worker 1 | \$50,000 | \$5,000 |
| Worker 2 | \$80,000 | \$8,000 |
| Worker 3 | \$10,000 | \$1,000 |
| Worker 4 | \$50,000 | \$5,000 |
| Total | \$190,000 | \$19,000 |

Supplementary host listing for wage reconciliation and declaration

| Host business | Host ABN | Host WIC | Labour hire class | Total wages | Total superannuation |
|---|--------------|------------|---|------------------|----------------------|
| Internal administration for your own business | Own business | 721236 | 721236 - Contract Staff Services (Own Administration Staff) | \$50,000 | \$5,000 |
| Mining business as host | 11111111111 | 060063 | B06000 - Mining | \$80,000 | \$8,000 |
| Insurance business as host | 22222222222 | 632204 | K62000 - Financial & Insurance Services | \$30,000 | \$3,000 |
| Retail business as host | 33333333333 | 426003 | G39000 - Retail Trade | \$30,000 | \$3,000 |
| Total | N/A | N/A | N/A | \$190,000 | \$19,000 |

*Please note this example is basic in nature and does not account for other wage additions and deductions which you may need to consider when you are declaring your own wages.

Important policy renewal dates

- From 1 July: Go online or call us to declare your wages information and pay your premium
- 31 August: Wage declarations due
- 16 September: Receive a 3% discount on your premium if you pay it in full by this date
- 30 September: Full premium payment due or if electing to pay via payment plan, this is the last day to request this.

More information

- Visit [worksafe.qld.gov.au/premium](https://www.worksafe.qld.gov.au/premium) for more information on declaring wages and renewing your policy from 1 July.
- More information specific to the labour hire industry can also be found at: <https://www.worksafe.qld.gov.au/labour-hire> including our new resource - [Labour hire codes](#) – which you can use to reference the host WIC and obtain the related labour hire classification.

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