

IMPORTANT NOTICES

GIO WORKERS COMPENSATION AUSTRALIAN CAPITAL TERRITORY

The information provided in this guide should not be regarded as a substitute for obtaining professional advice on your workers compensation or other insurance requirements. It is important to note that workers compensation legislation is frequently amended.

1. General information

Workers compensation insurance is compulsory throughout Australia where you have Workers. GIO offers business and domestic workers compensation cover in Western Australia, Australian Capital Territory, Tasmania and Northern Territory.

2. Business numbers

Australian Company Number (ACN)

An ACN is issued to any company registered with the Australian Securities and Investments Commission.

Australian Registered Business Number (ARBN)

An ARBN is issued to any business other than companies registered with the Australian Securities and Investment Commission.

Australian Business Number (ABN)

An ABN is issued by the Australian Taxation Office. You must have an ABN to register for GST purposes; however, the issue of an ABN does not automatically mean you are registered to claim GST Input Tax Credits.

GST

If you are a registered business or non-profit organisation you must inform GIO of the extent to which you are entitled to Input Tax Credits on your insurance premium. This advice is required prior to the commencement of each period of insurance or when you have a claim. However, if you do not provide this information it will be assumed that you are registered and that you are entitled to claim 100% of the GST paid on your premium as an Input Tax Credit.

3. Definition of wages

Your premium will be calculated using your estimate of the Wages you will pay during the period of insurance.

Wages is the total gross earnings of your workers before you deduct tax.

Wages includes:

- Salary;
- Overtime¹;
- Shift and other allowances;
- Bonuses;
- Over-award payments;
- Commissions;
- Dividends to working directors (if in lieu of wages);
- Directors fees to working directors;
- Sick leave payments;
- The value of board and lodging you provide for the workers (only if fringe benefit);
- Superannuation contributions over and above the Superannuation Guarantee Levy;
- Any other money or anything worth money, given to workers under their employment or work contracts;
- Payments for public and annual holidays (and loadings).

Wages does not include:

- Allowances to reimburse costs arising out of obligations incurred under a contract;
- Weekly workers compensation payments;
- Non-working directors fees;
- Any GST component in a payment to a worker.

Following the period of insurance, the premium will be recalculated using a statement by you of the total amount of Wages actually paid during the period of insurance and the recalculation may result in an additional premium amount or a refund to you.

Please visit <http://www.accesscanberra.act.gov.au> for further details.

4. Who is a worker?

Worker includes:

An individual who works under a contract of service with an employer, whether the contract is express or implied, oral or written, and an individual who works under a contract, or at piecework rates, for labour or substantially labour only.



'Workers' also include casuals, working directors of the company, outworkers, and in certain cases, contractors (Refer point 5).

Note: In the ACT:

'Trainees' are considered to be a worker unless:

- The trainee's employment with the employer has been arranged by an educational institution where the individual is enrolled; and
- The employment is part of a work experience program run by the educational institution.

'Volunteers' are generally not considered to be workers unless they fall within specific categories².

A worker does not include an individual who is employed by the employer, if the individual is a family member of the employer and lives in the employer's home. However, if the employer tells the insurer who insures the employer against liability under the *Workers Compensation Act 1951*, the name, nature of employment and estimated wages of the individual, when the employment begins and whenever the insurance is renewed, then that individual will be considered a worker.

5. Contractors

Workers compensation insurance is also compulsory for:

- Casuals who provide their services to you on a regular and systematic basis;
- Contractors who provide their services to you on a regular and systematic basis;
- Contractors engaged by you under a labour hire arrangement where their labour is to be supplied to a third party and no contract exists between the contractor and the third party;
- Outworkers who provide services to you on a regular and systematic basis.

Examples of contractors who are considered to be workers under the *Workers Compensation Act 1951* are:

- A sales representative engaged under a short-term contract for payment; on a commission basis, where the contract forms part of a regular and systematic pattern of similar contracts;
- A consultant engaged on a retainer under which it is agreed that the consultant will be regularly and systematically available to you;
- An owner/driver of a truck engaged under a contract for services to perform work for you on a regular and systematic basis;
- A bricklayer engaged by a particular builder for some years who generally doesn't do work for any other builder.

You must include as wages the full value of the contracts (we may then make an adjustment to calculate the wage component for premium calculation purposes).

Count as a worker all contractors you have unless they are true independent contractors.

If the contractor is an incorporated company then you are not required to count that contractor as a worker. Other examples of contractors who will not be workers and whose payments should not be included as wages are:

- A consultant who is occasionally engaged by a small business for a week or more at a time under a contract for services, but not on a regular basis;
- An owner/driver of a truck who is engaged by a small business for a week or who provides those services on an intermittent as opposed to a regular and systematic basis;
- A bricklayer engaged under contracts for services by a particular builder several times a year, but who is not regularly engaged by the builder.

Generally, contractors engaged in timber work are also deemed to be workers. Timber work includes:

- Logging (felling, crosscutting, snigging, loading, carting, bundling and debarking trees);
- Felling trees for firewood, delivering timber or firewood; and
- Clearing timber, cutting scrub, preparing land for tree planting, planting trees or coppice cleaning.

6. Do not count as a worker

Someone who is a casual employee and employed otherwise than for the purposes of your trade or business unless on a regular and systematic basis.

7. Signature of person making declaration

As per sections 155, 155A, 156 & 157 of the *Workers Compensation Act 1951*, any declaration of wages must be signed for the employer by any of the following:

- a. if the employer is a corporation (As defined in section 57A of the *Corporations Act 2001*)—an officer of the corporation authorised to sign the statement;
- b. in any other case—an owner of the employer's business.

8. Claims excess

No excess

9. Common law cover

ACT – Unlimited

10. Terms and conditions

Any cover under the policy is subject to the terms, conditions and exclusions of the policy and the provisions of applicable State, Territory and Commonwealth laws.

¹ Please refer to s25 of the *Workers Compensation Act (1951)*

² See s17A of the *Workers Compensation Act (1951) ACT*

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