

Changes to workers compensation policy requirements - FAQs

What has changed?

From 4pm on 30 June 2008 employers will no longer be required to obtain a workers compensation insurance policy for workers if they pay, or expect to pay \$7,500 or less in annual wages. This includes private households employing domestic staff and paying \$7,500 or less in annual wages.

Wages includes amounts such as allowances, fringe benefits, superannuation and payments made to contractors who are deemed to be workers. Please refer to the [Wage Definition Manual](#) for more information.

However, a workers compensation insurance policy will still be required if you engage an apprentice or trainee, or are a member of a Group for workers compensation purposes regardless of the amount of wages paid.

When will the changes take effect?

The changes will take effect for policies commencing on or after 4pm on 30 June 2008.

If your policy is due for renewal before 30 June 2008, you are required to renew the policy for 12 months and at expiry you can cancel the policy.

If your policy expires on or after 30 June 2008, you are required to maintain the policy until the policy expiry date, after which the policy can be cancelled.

Who needs a workers compensation policy?

Currently, all employers in New South Wales are required to provide workers compensation insurance cover for their workers. This applies even if you are a small company, partnership or sole trader with only one or more workers or contractors who are deemed to be workers. This also includes private households employing workers to carry out domestic duties, for example, a gardener or cleaner.

From 4pm on 30 June 2008, you must take out a workers compensation insurance policy if:

- you engage workers or [contractors deemed to be workers](#) and you pay, or expect to pay, more than \$7,500 a year in wages, or
- you engage apprentices or trainees, or
- you are a member of a Group for workers compensation purposes.

Penalties may apply in the event that you do not take out a workers compensation insurance policy.

How will the change affect you?

Employers who paid \$7,500 or less in annual wages in 2007/08:

- If you expect your circumstances to remain unchanged you will not require a workers compensation insurance policy from 30 June 2008, unless you engage an apprentice or trainee or are a member of a Group for workers compensation purposes. To finalise your policy, you simply need to complete and return your declaration of actual wages paid for the 2007/08-policy period. Your policy will not be renewed and you will no longer receive renewal notices. However, if at any time your circumstances change and you expect to pay more than \$7,500 in wages for the financial year, you will need to obtain a workers compensation policy.

If **at any time in the future** you expect to pay more than \$7,500 in wages for the financial year (1 July to 30 June), or you become a member of a Group for premium purposes or engage an apprentice or trainee, contact a [Scheme Agent](#) immediately as you will then require a workers compensation insurance policy.

Penalties may apply if you fail to take out a workers compensation insurance policy.

- If you expect to pay more than \$7,500 in annual wages over the next year you will need to complete and return your declaration of actual wages paid for the 2007/08-policy period and your wages estimate for 2008-09 and renew your policy as usual. You will also need to complete and submit your estimated wage declaration if your estimated wages are \$7,500 or less but you employ an apprentice or trainee or are a member of a group for workers compensation purposes. Details of apprentice wages must be noted on all wage declarations.

Employers who paid more than \$7,500 in annual wages in 2007/08:

- If you expect your circumstances to remain unchanged you will still require a workers compensation insurance policy. To renew your policy, complete and return your wage estimate for 2008/09 as usual. You should also ensure you return your declaration of actual wages paid for the 2007/08-policy period.
- If you expect to pay \$7,500 or less in wages over the next financial year, you will still need to complete and return your declaration of actual wages paid for the 2007/08-policy period and your wages estimate for 2008/09 to your Scheme Agent. Your policy will not be renewed if you meet the exemption conditions and you will no longer receive renewal notices. However, if at any time your circumstances change and you expect to pay more than \$7,500 in wages for the financial year, or you employ an apprentice or trainee or become a member of a Group for workers compensation purposes, you will need to obtain a workers compensation policy.

If **at any time in the future** you expect to pay more than \$7,500 in wages for the financial year (1 July to 30 June), or you become a member of a Group for workers compensation purposes or engage an apprentice or trainee, contact a [Scheme Agent](#) immediately as you will then require a workers compensation insurance policy.

Penalties may apply if you provide incorrect wage declarations or fail to take out a policy when you become aware that your wages will exceed \$7,500 per annum.

What if my circumstances change or I have underestimated my annual wages?

From 30 June 2008, you must contact a Scheme Agent immediately to take out a workers compensation insurance policy, if at any time it appears that you:

- will pay more than \$7,500 in wages for the financial year to workers or [contractors deemed to be workers](#);
- you engage an apprentice/trainee or become a member of a Group for workers compensation purposes.

Penalties may apply in the event that you fail to take out a policy when you become aware that your wages will exceed \$7,500.

What happens if my worker makes a claim for compensation?

If you are an employer who pays wages of \$7,500 or less and are no longer required to hold a workers compensation insurance policy from 30 June 2008, your workers will still be covered.

If one of your workers makes a claim for workers compensation, you will need to contact WorkCover on **13 10 50** to report the claim. WorkCover will allocate a Scheme Agent to manage the claim. You will have the same obligations as you do now to provide assistance with injury management and return to work.

An administrative fee, currently \$175, will be payable for any claim.

Incidents involving injury or illness to workers should be reported to WorkCover within 48 hours.

For **serious incidents** involving a fatality or a serious injury or illness (refer to clause 344 of the OHS Regulation 2001):

- Phone WorkCover **immediately** on **13 10 50** as an urgent investigation may be needed.

My wages are less than \$7,500 can I have my current policy cancelled?

No, the changes only take effect for policies commencing or renewed on or after 4pm on 30 June 2008.

If your policy is due for renewal before 30 June 2008, you are required to renew the policy for 12 months and at expiry you can cancel the policy.

If your policy expires on or after 30 June 2008, you are required to maintain the policy until the policy expiry date, after which the policy can be cancelled.

After this time, you will no longer be required to renew your workers compensation policy if your total wages is \$7,500 or less, and you do not employ an apprentice or trainee, and you are not a member of a Group for workers compensation purposes.

My domestic staff are covered under my home insurance policy, how do these changes affect me?

- Private householders who expect to pay \$7,500 or less in wages over the next financial year will not require workers compensation insurance cover for domestic staff from 30 June 2008 (unless you engage an apprentice or trainee).

If **at any time in the future** you expect to pay more than \$7,500 in wages for the financial year (1 July to 30 June), or you engage an apprentice or trainee, contact one of WorkCover's [Scheme Agents](#) immediately as you will then require a workers compensation insurance policy.

Penalties may apply in the event that you fail to take out a policy when you become aware that your wages will exceed \$7,500 per annum.

- If you expect to pay more than \$7,500 in wages for the financial year (1 July to 30 June), or you engage an apprentice or trainee, contact one of WorkCover's [Scheme Agents](#) to obtain a workers compensation insurance policy.
- If you included workers compensation cover in a new or renewed home insurance policy effective on or after 30 June 2008, and you are not required to hold workers compensation insurance (wages payable are \$7,500 or less over the financial year,) you may be entitled to a refund of premium paid for this aspect of your cover. Contact your insurer for further information.

Changes to workers compensation record keeping requirements**How long do I need to retain wages information for?**

From 20 May 2008, wages information will be required to be kept for five years.

NSW workers compensation legislation previously required employers to retain all records relating to wages for a period of seven years. This requirement has been in force since the inception of the Workers Compensation Act 1987.

Under the changes, the administrative burden on businesses will be reduced, by decreasing the requirement to retain workers compensation insurance records to five years.

This is consistent with Australian Taxation Office requirements and aligns with Victorian workers compensation requirements.