

Aegis' Kathy Li spent 7 years working in WorkSafe's Premium department, assisting the regulator in driving in over \$13Mil a year in additional premium and penalties through premium audits.

Having conducted over 1000 audits Kathy identified that 70% of the employers made mistakes which resulted in the payment of additional premium and significant penalties.

To help you avoid adverse outcomes if you are audited, Kathy has outlined the common mistakes that most employers made when it came to declaring their wages.

1. Contractors Deemed to be Workers

Many employers make errors relating to the legal and statutory definitions of a worker, especially as it pertains to Workers' Compensation. This often results in employers failing to understand that many people engaged as contractors are actually workers.

Because of these errors, employers often fail to include payments to relevant contractors as part of their wage declarations for the calculation of their Workers' Compensation premiums.

Some employers are of the mistaken belief that as contractors have their own ABN and WorkCover policies, they don't need to include their wages in the declaration. This is not correct. Just because a contractor has its own ABN and WorkCover policies, does not mean that they are not a worker of the company that has engaged them.

In addition, employers need to be aware that how the parties choose to label the relationship is irrelevant. Two parties agreeing that the relationship is that of a contractor and a principal has no legal bearing on whether or not the contractor is deemed a worker.

Companies must also note that despite a contractors Pty Ltd status they may still be considered a worker for the purposes of Workers' Compensation.

It is important for businesses to assess every contractor situation individually to identify whether the contractor meets the definition of worker or is deemed a worker.

WorkSafe Victoria have developed an online contractor assessment tool to assist employers in identifying the payments to which contractors they need to include in their declarations. The Worker and Contractor Assessment Tool can be found [HERE](#). Aegis recommends utilising this tool to identify which Victorian contractors need to be included in your Workers' Compensation wage declarations.





2. Apprentices and Trainees

Under the Victorian workers compensation system certain exemptions exist in relation to the declaration of wages for Apprentices and Trainees.

Many employers exempt every single apprentice or trainee without fully understanding the rules around these exemptions or understanding that not all apprentices or trainees are exempt.

There are a number of parameters that must be met in order for Apprentice and Trainee remuneration to be exempt, these include starting dates and income thresholds.

WorkSafe Victoria have provided clear guidelines in relation to Apprentice and Trainee exemptions, these can be by clicking the following link [Apprentices & Trainees](#) and selecting Apprentices and Trainees from the “*Other types of workers (A-Z list)*”.

Do You Need Help?

If you would like assistance with understanding your obligations relating to the declaration of remuneration, please contact Kathy Li, Account Manager (see details below).

Note: The situations outlined above are specific to Victoria, the requirements relating to the declaration of wages vary between states. Aegis are able to assist you in this area across all states of Australia.

Kathy Li

B. Commerce (Honours). CPA

Account Manager – Workers' Compensation

Phone: (03) 9860 4228

Mobile: 0438 035 008

E-mail: kathy.li@aegisrms.com.au