

Employers' Workers Compensation Cheat Sheet

Caratti Accountants & Business Advisors



As an employer, workers compensation isn't optional — it's the law with significant penalties for non-compliance. If a worker is injured on the job, you're legally required to have a valid workers compensation insurance policy in place. This covers medical costs, wages during recovery, and more. Your obligations include registering for a policy, paying premiums, keeping a safe workplace, and reporting incidents promptly. It's all about doing the right thing — for your team and your business.

WHAT IS WORKERS' COMPENSATION?

Workers' compensation is a financial compensation provided to workers who become injured as a result of their work. It is a state based MANDATORY scheme for employers. It protects employers from the cost of workers compensation and common law claims.

Any worker who suffers a work-related injury requiring medical treatment or time off work is entitled to claim workers compensation, regardless of who is at fault.

The types of payments made by this insurance include.

- Income compensation to cover loss of earnings.
- Assistance with medical and related expenses
- Workplace rehabilitation assistance to return to work.
- Lump sum payments, in some circumstances

WHO DO I NEED TO COVER?

Basically, anyone who fits the definition of a "worker" under the *Workers Compensation and Injury Management Act 2023* ("the Act").

This includes.

- Full-time workers on a wage or salary
- Part-time, casual and seasonal workers
- Commission and piece workers

In some circumstances, you may also insure.

- Contractors/sub-contractors
- Working directors (optional)



HOW DO YOU GET AN INSURANCE POLICY?

There is a list of approved insurance companies that you can contact directly to obtain a premium quote from on the Workcover WA website.

Alternatively (and preferably), you can use an insurance broker who will look for the best quotes and negotiate with the insurance on your behalf.

Please note that business insurance packs do NOT automatically include workers compensation insurance and this insurance does not auto renew every year. You will need to manually renew your policy annually and receive a new Certificate of currency every year.

WHAT HAPPENS IF I DON'T GET INSURANCE?

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Workers' compensation claims can cost hundreds of thousands of dollars. Without insurance, you will be responsible for all costs associated with the claim.

In addition, there are penalties of up to \$10,000 per worker for failing to hold the required insurance as an employer. Workcover WA routinely conducts audits to ensure that employers have the required level of cover.

HOW MUCH DOES IT COST?

This depends on your total wages cost, your claims history and the type of industry that you operate in. Different industries have different rates, depending on their perceived level of risk. For example, if you are a glazier, then the risk is perceived to be much higher than say an accounting practice.

Practically, employers are required to provide an estimate of their wages for the upcoming year, and the initial insurance will be based on this. At the end of the year, you then provide the actual wages cost and there is a reconciliation process where there is either an adjusting refund or payment required. This is done as it is usually extremely difficult to employers to accurately provide wages information for a year in advance.

WHAT ARE MY OBLIGATIONS AS AN EMPLOYER?

As an employer, your key obligations under The Act are to

- Have a current workers compensation insurance policy.
- Progress any claim made to your insurer promptly.
- Develop and implement return to work programs.

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WHAT HAPPENS IF ONE OF MY STAFF HAVE AN ACCIDENT?

Generally, if a worker has an accident, you will be required to continue to pay their wages and workers compensation will pay you as the employer to reimburse you. This occurs until the employee is able to return to work.



WHAT DOCUMENTATION DO I NEED TO KEEP?

All employers are required to establish an injury management system which is a written description of the steps to be followed when there is an injury in the workplace. A template for this is available at <https://www.workcover.wa.gov.au/employers/understanding-your-rights-obligations/injury-management-systems/>

WHERE CAN I GET MORE INFORMATION?

For further information, please either speak to your insurance broker or visit workcover.wa.gov.au. You can also call the Workcover WA's Advice and Assistance service on **1300 794 744**.

A detailed employers' guide can be found at.

<https://www.workcover.wa.gov.au/resources/forms-publications/>