

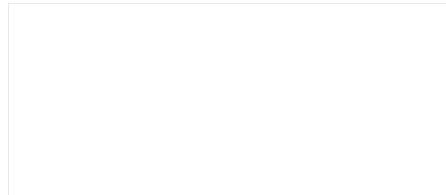
**Question No :** 264

**Question :** Changes to Workers' Compensation Scheme

**Question Date :** 17/11/92

**Member :** Mr BAILEY

**To :** MINISTER for WORK HEALTH and TERRITORY INSURANCE



1. How many people were covered under the Workers' Compensation Scheme before the change within the Work Health Act, effective 1 January 1992.
2. Into which categories did they fall. For example, were they PAYE workers, employed under a different taxation system, contractors and subcontractors who did not have an exemption certificate, or volunteers.
3. How many people were exempted.
4. Were those exempted divided into categories; if so, what were they.
5. What proportion of subcontractors were exempted.
6. How many people are now covered under the Workers' Compensation Scheme.
7. Into which categories do those now covered by the Workers' Compensation Scheme fall.
8. How many people are now exempt and into which categories do they fall.
9. Are there any statistics on private workers' compensation cover policies in operation before the change to the Workers' Compensation Scheme; if so, who owned them.
10. Are there any statistics on private workers' compensation policies taken out after the change to the Workers' Compensation Scheme; if so, who has taken them out.

**ANSWER**

1. The Work Health Authority does not keep statistics on the numbers of workers covered under the workers compensation provisions of the Work Health Act.

Workers compensation premiums paid to approved insurers are a guide to the number of workers covered since they are based

on total wages paid by an employer.

However, they do not necessarily reflect the number of workers employed at any one time.

This is because of the effect of staff turnover and part-time employees and for premium calculation purposes, the inclusion of a worker into more than one risk category due to the nature of duties.

2. Prior to the change of the worker definition on 1 January 1992 the workers compensation provisions applied to a person who performed work or a service of any kind for another person.

There were a number of exclusions -

- ∅ persons employed in the service of the Commonwealth;
- ∅ members of the immediate family of the employer (optional);
- ∅ company directors (optional);
- ∅ most voluntary workers;
- ∅ employers;
- ∅ some domestic workers;
- ∅ independent contractors;
- ∅ prescribed persons; and
- ∅ most sportspersons.

In order to avoid any potential dispute as to the status of an independent contractor a system of Exemption Certificates was introduced. Before being issued with such a certificate the person had to satisfy a range of 'tests, one of which was that he was not a PAYE taxpayer.

3. 3115 Exemption Certificates had been issued when the provision ceased as at 31 December 1991.
4. Exempted persons were not categorised.
5. The workers compensation and insurance provisions of the Work Health Act apply to employers and workers as defined in the act.

'Sub contractor' is not a category under the act, and so the Authority has no records of their numbers, nor a precise definition. Such people could be either employers or self-employed.

Likewise the Australian Bureau of Statistics is unable to advise how many 'sub-contractors' there are in the NT.

6. As per the answer to question 1, the Work Health Authority does not keep these statistics. However, ABS figures show that there were less people employed in the Territory at June 1992 when compared to June 1991.

The workers compensation insurance premium pool has declined correspondingly as has the number of claims through the system. All statistics indicate that there are less people working and less people covered.

7. The legislation in place as at 1 January 1992 provides a far more precise definition on which to determine eligibility to claim compensation. The system is now quite simple and easily understood in that a person who has Pay as You Earn (PAYE) taxation deducted from their pay, by their employer, is covered by the workers compensation provisions of the act.

The legislation takes into account taxation thresholds.

There are a number of exclusions, as follows -

- ∅ persons employed in the service of the Commonwealth;
- ∅ members of the immediate family (optional);
- ∅ company directors (optional);
- ∅ most volunteer workers;
- ∅ prescribed persons; and
- ∅ most sportspersons.

Provisions also exist for persons or a member of a class of persons to be prescribed for the purposes of the definition of 'worker' (ie prescribed 'in'). Those currently prescribed are -

- ∅ a member of the operations branch of St. John's Ambulance;
- ∅ a person complying with a summons to act as a juror;
- ∅ jockeys and stablehands; and
- ∅ taxi drivers engaged by a member of the NT Taxi Council.

8. There are no exemptions, as such, under the act as it currently stands.

There is provision to exclude a person or a member of a class

of persons by prescription in the regulations. Those currently prescribed are -

- ∅ share fishermen;
- ∅ direct selling agents;
- ∅ registered foster parents; and
- ∅ home based child care.

9. The Work Health Authority is notified by approved insurers of all new and renewed workers compensation policies. The number of compensation policies held by approved insurers immediately prior to the legislative changes on 1 January 1992 was 5270.

10. The number of compensation policies held by approved insurers at 31 December 1992 was 5060.

It is impractical to list all policy holders.