

GUIDELINES ON THE WORKCOVER WA PREMIUM RATING CLASSIFICATION SYSTEM



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These Guidelines outline the industry based premium rating classification system used in Western Australia for the purpose of calculating workers' compensation insurance premiums.

The industry based premium rating system is based on the *Australian and New Zealand Standard Industrial Classification* (ANZSIC 2006) coding system.

The Guidelines are to be read in conjunction with ANZSIC 2006.
The Guidelines prevail if there is any inconsistency.

References

The Guidelines should be read in conjunction with the following materials:

1. [ABS - Australian and New Zealand Standard Industrial Classification 2006 - catalogue number 1292.](#)

This is the primary source document and explains the ANZSIC classification system and detailed descriptions for all industry codes.

Also refer to the [ABS ANZSIC 06 Desktop Search Engine](#)

2. [WorkCover WA Premium Rating Codes](#)

This is the full list of WorkCover WA Premium Rating Codes - based on ANZSIC but also includes variations explained in these Guidelines

3. [WorkCover WA Recommended Premium Rates](#)

Published in the Government Gazette and sets out the recommended premium rates applicable for a financial year for all industry classes.

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ANZSIC Structure

The ANZSIC system is a hierarchical classification with four levels:

- Divisions (the broadest level)
- Subdivisions
- Groups
- Classes (the finest level).

ANZSIC Divisional Classes

A	Agriculture, Forestry and Fishing	K	Financial and Insurance Services
B	Mining	L	Rental, Hiring and Real Estate Services
C	Manufacturing	M	Professional, Scientific and Technical Services
D	Electricity, Gas, Water and Waste Services	N	Administrative and Support Services
E	Construction	O	Public Administration and Safety
F	Wholesale Trade	P	Education and Training
G	Retail Trade	Q	Health Care and Social Assistance
H	Accommodation and Food Services	R	Arts and Recreation
I	Transport, Postal and Warehousing	S	Other Services
J	Information Media and Telecommunications		

At the Divisional level, the main purpose is to provide a limited number of categories which provide a broad overall picture of similar economic activities. The Subdivision, Group and Class levels provide increasingly detailed dissections of these categories for the compilation of more specific and detailed statistics. In Western Australia (WA), recommended premium rates are set at the class level.

The numbering system adopted in the ANZSIC is alphanumeric and has a hierarchical structure (see example below), where the leading alpha character denotes the industry division. The ANZSIC subdivision, group and class levels are denoted by numeric codes.

Example of ANZSIC hierarchical structure

Level	Example
Division	C Manufacturing
Subdivision	11 Food Product Manufacturing
Group	111 Meat and Meat Product Manufacturing
Class	1111 Meat Processing

WorkCover WA Premium Rating Codes

The Premium Rating Codes (PRC) used by WorkCover WA to identify an employer's industry are adapted from the ANZSIC coding system. In general this is achieved by adding a "0" to the end of the ANZSIC codes. However, there are some instances where the industry classifications vary from the ANZSIC.

Specifically, industries that have similar economic activities but present a significantly different workers' compensation risk have been identified and allocated separate individual PRC codes (WA specific codes). The specific variations are set out at Appendix One and modify the following ANZSIC classes:

- Labour Supply Services
- Oil and Gas Extraction
- Gold Ore Mining
- Other non-metallic mineral mining and quarrying
- Other mining support services
- Other non-metallic mineral product manufacturing
- Fresh meat, fish and poultry retailing
- Other water transport support services
- Sports and Physical Recreation Venues, Grounds and Facilities Operation
- Laundry and dry-cleaners
- Private households employing staff

PRC coding rules for employers

There are annual recommended premium rates published for 517 industry classes all of which have a specific PRC. The PRC applicable to an employer will depend on the employer's predominant business activity as determined in accordance with these Guidelines.

PRC based on predominant business activity

The relevant PRC is the one that corresponds to or most closely describes the employer's predominant business activity. The predominant business activity is the one with the largest aggregate remuneration paid to workers over the policy period.

There should be one PRC for an employer, unless specified below regarding:

- a) More than one business activity and business location
- b) Labour supply.

One location but different business activities = 1 PRC

Where an employer operates more than one business activity at the same geographical location, the PRC allocated will be the one that is the predominant business activity. The PRC will apply to all business activities of the employer at that location.

Example – one location different business activities

Company A performs plumbing and tiling services.
70% of Company A's wages are for plumbing and 30% are for tiling performed.
The predominant business activity of company A is plumbing services.

Result: Company A will be assigned PRC 32310

More than one location and different business activities = multiple PRCs

More than one PRC may be allocated to an employer if:

- a) the employer carries on more than one business activity, and
- b) each business activity operates from separate and distinct geographical locations, and
- c) the business activities are not incidental to each other, i.e.
 - (i) they operate effectively without the other
 - (ii) one does not provide essential support to the other
 - (iii) goods produced or acquired by one business activity are not used in the other business activity
 - (iv) workers engaged by the employer do not work across different business activities
 - (v) the business activities do not have the same customers

The allocation of separate PRCs to an employer's policy will correspond to or most closely describe each of the employer's business activities.

Example – more than one location & different business activities

Company B operates two businesses: a petrol station and a café, located 20km apart.

80% of Company B's wages are for operating the cafe and 20% are for operating the petrol station.

Are the business activities incidental to each other?

Both activities operate from different shop fronts 20km apart and are separate businesses in their own right. They exist without each other. One business activity retails fuel, the other operates a cafe. These activities are not essential to each other. Both activities have workers independent of each other and different customers. The business activities do not provide essential support to each other.

Company B carries on more than one business activity, operating from separate locations and the activities are not incidental to each other.

Result: Company B will be assigned both PRC 40000 Fuel Retailing & PRC 45110 Cafes and Restaurants. The aggregate wages of workers at each location will be declared under each respective PRC.

Head office or service support to employer

Where an employer operates a head office or establishes a separate service entity to provide administrative or clerical support solely to that employer, the relevant PRC is the one that corresponds to the predominant business activity of the employer.

Where there is more than one PRC for that employer (more than one location and different business activities) the relevant PRC for workers providing administrative or clerical support is the employer's PRC with the largest aggregate remuneration paid to workers over the policy period.

Example 1 – separate service entity or head office providing administrative support to one business activity

Company C is a large construction company. Their PRC is 30200 Non-Residential Building Construction. They set up Company D to provide administration services to Company C and no other entity.

Are the business activities incidental to each other?

Both activities operate from different locations and have workers independent of each other. However they cannot exist without each other. Company D provides essential support solely to company C. In this example the business activities are incidental to each other.

Result: Company D will be assigned PRC 30200 Non-Residential Building Construction. The aggregate wages of workers working with Company C and Company D will be combined and declared under PRC 30200.

Example 2 – separate service entity or head office providing administrative support to more than one business activity

Company E is a large construction company that has two businesses that are not incidental to each other:

- a) PRC 30200 Non-Residential Building Construction
- b) PRC 19190 Other Polymer Product Manufacturing

Company E sets up Company F to provide administration services to Company E. Because company E has two different PRCs it is necessary to determine which PRC to allocate to company F.

Company F will be allocated to the employer's PRC with the largest aggregate remuneration paid to workers over the policy period. In this example 70% of workers' aggregate wages are paid to support Non- Residential Building Construction.

Result: Company F will be assigned PRC 30200 Non-Residential Building Construction.

Labour Supply Services

Different PRC industry classification rules apply to the following labour hire arrangements:

- labour hire employers supplying predominantly non-clerical staff to host employers
- labour hire employers supplying predominantly clerical staff to host employers

Labour Supply Services – not elsewhere classified (rate as per Industry)

Where a labour hire company supplies workers (other than predominantly clerical staff) to a client host employer's business on a fee or contract basis and the work is performed under the supervision of the host employer or at the host employer's work site, the relevant PRC is the one that represents **the predominant business activity of the host employer to which workers are supplied.**

This category applies to most labour hire arrangements.

Example – non clerical workers supplied to a host employer

A labourer, project manager, engineer and accountant are supplied to a mineral exploration business. The appropriate industry classification is 10120 (*Mineral Exploration*) and all of the workers' wages would be assigned and declared under the same PRC.

N.B – Use the PRC code that applies to the predominant business activity of the host employer, not the occupation of the worker.

Labour Supply Services - Predominantly Clerical Staff

Where a labour hire company supplies predominantly clerical workers to a host employer's business on a fee or contract basis and the work is performed under the supervision of the host employer or at the host employer's work site, the relevant PRC is 72120 Labour Supply Services (Predominantly Clerical Staff).

Example – labour hire company supplies predominantly clerical staff to host client

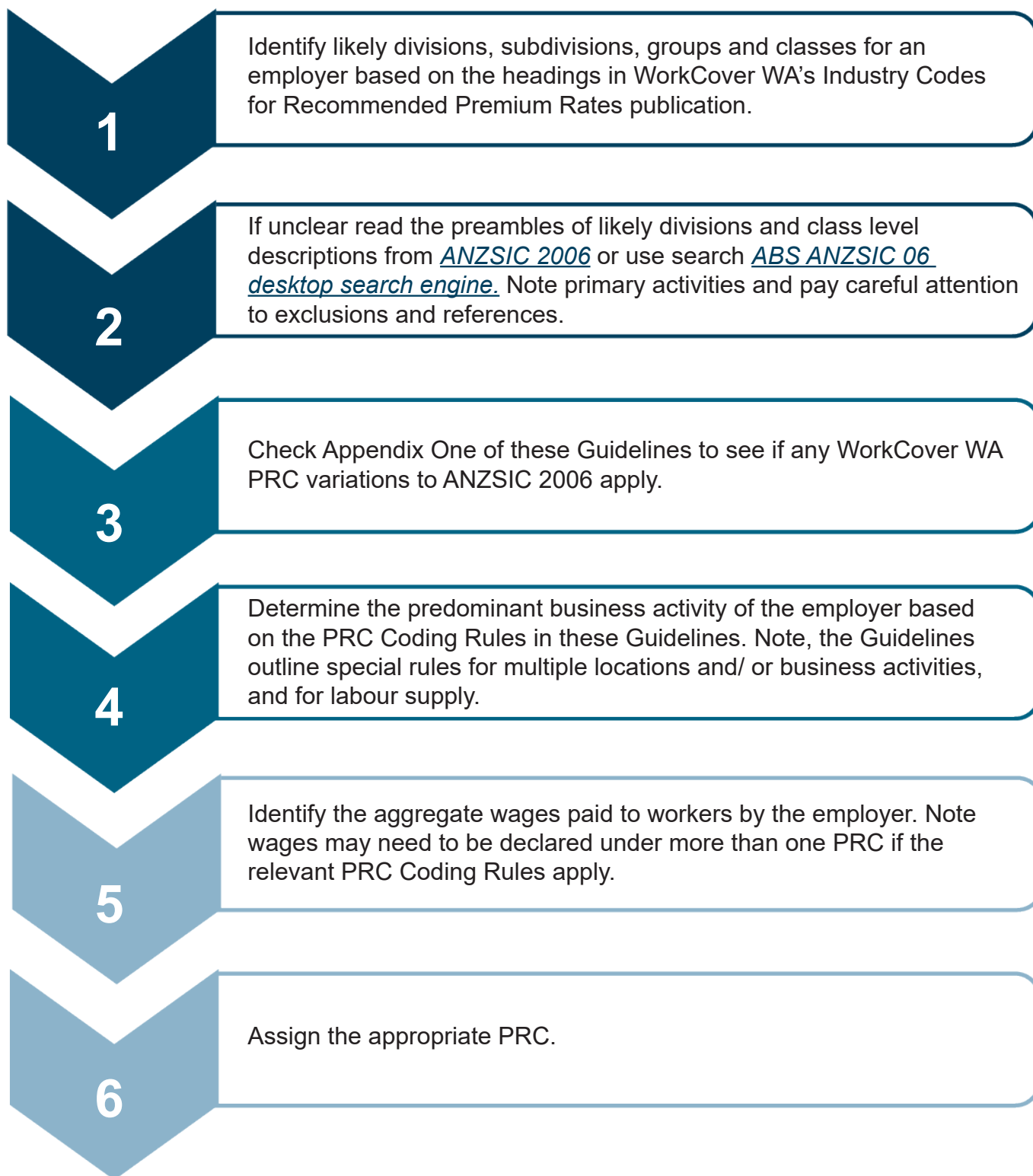
A labour hire company specialises in supplying clerical staff (e.g. receptionists, office assistants) to host employers. The appropriate industry classification is *PRC 72120 Labour Supply Services – Predominantly Clerical Staff* and each worker's wages would be declared under *PRC 72120*.

N.B – use PRC 72120 only if the labour hire company supplies predominantly clerical staff to host employers over the course of the insurance period.

A labour hire company's staff that support the administration of the labour hire company and are not supplied to any third party host employer, are to be classified under PRC 72910 Office Administrative Services.

Employment Placement and Recruitment Services (PRC 72110) should not be used by labour hire companies where the predominant activity is supplying workers to a host employer.

PRC coding flowchart



Appendix 1 – WorkCover WA PRC variations to ANZSIC

Appendix One sets out the WorkCover WA PRC variations to certain ANZSIC codes.

Labour Supply Services

ANZSIC 2006	WorkCover WA PRC	
7212	72120 - Labour Supply Services - Predominantly Clerical Staff	
	Labour Supply Services - n.e.c. (rate as per Industry)	Host employer industry code

Oil and gas extraction

ANZSIC 2006	WorkCover WA PRC	
0700	07000 - Oil and gas extraction – on land This class consists of units as described above where the activity occurs <u>on land.</u>	
	07001 - Oil and gas extraction – offshore This class consists of units as described above where the activity occurs <u>offshore.</u>	

Gold ore mining – distinction between above ground and underground

ANZSIC 2006	WorkCover WA PRC
0804	<p>08040 – Gold ore mining - above ground</p> <p>This class consists of units as described above where the activity occurs <u>above ground.</u></p>
	<p>08041 – Gold ore mining - underground</p> <p>This class consists of units as described above where the activity occurs <u>underground.</u></p>

Other non-metallic mineral mining and quarrying

ANZSIC 2006	WorkCover WA PRC
0990	<p>09900 – Other non-metallic mineral mining and quarrying</p> <p>This class consists of units mainly engaged in mining or quarrying for minerals n.e.c. <u>excluding salt harvesting.</u></p>
	<p>09901 – Salt harvesting</p> <p>This class consists of units mainly engaged in <u>mining or quarrying for salt.</u></p>

Other mining support services

ANZSIC 2006	WorkCover WA PRC
1090	<p>10900 - Other mining support services – on land</p> <p>This class consists of units as described above where the activity occurs <u>on land.</u></p>
	<p>10901 - Other mining support services – offshore</p> <p>This class consists of units as described above where the activity occurs <u>offshore.</u></p>

Other non-metallic mineral product manufacturing

ANZSIC 2006	WorkCover WA PRC
2090	<p>20900 - Other non-metallic mineral product manufacturing</p> <p>This class consists of units as described above where the activity <u>excludes fibreglass and insulation and stone products manufacturing.</u></p>
	<p>20901 - Stone products manufacturing</p> <p>This class consists of units as described above where the activity is <u>stone products manufacturing.</u></p>

Fresh meat, fish and poultry retailing

ANZSIC 2006	WorkCover WA PRC
4121	<p>41210 - Fresh meat and poultry retailing</p> <p>This class consists of units as described above where the activity <u>excludes fish retailing.</u></p>
	<p>41211 - Fish retailing</p> <p>This class consists of units as described above where the activity is <u>fish retailing.</u></p>

Other water transport support services

ANZSIC 2006	WorkCover WA PRC
5219	<p>52190 - Other water transport support services</p> <p>This class consists of units as described above where the activity <u>excludes marine salvage service.</u></p>
	<p>52191 - Salvage Service, Marine</p> <p>This class consists of units as described above where the activity is <u>marine salvage service.</u></p>

Sports and Physical Recreation Venues, Grounds and Facilities Operation

ANZSIC 2006	WorkCover WA PRC
9113	<p>91130 - Sports and physical recreation venues, grounds and facilities operation</p> <p>This class consists of units as described above where the activity <u>excludes speedway operation.</u></p>
	<p>91131 - Speedway operation</p> <p>This class consists of units as described above where the activity is <u>speedway operation.</u></p>

Laundry and dry-cleaners

ANZSIC 2006	WorkCover WA PRC
9531	<p>95310 - Laundry and Dry-Cleaning Services (excludes Industrial Laundries)</p> <p>This class consists of units as described above where the activity <u>excludes industrial laundries.</u></p>
	<p>95311- Industrial laundries</p> <p>This class consists of units as described above where the activity is <u>industrial laundries.</u></p>

Private households employing staff

ANZSIC 2006	WorkCover WA PRC
9601	96010 - Private Households Employing Staff Permanent Staff
	96011 - Private Households Employing Staff Occasional Staff
	96020 - Undifferentiated Goods-Producing Activities of Private Households For Own Use
	96030 - Undifferentiated Service-Producing Activities of Private Households For Own Use