

Labour Hire Employers

Fact sheet



Labour hire businesses have obligations to take out workers' compensation insurance for workers supplied to host employers and provide accurate statements for premium assessment purposes. They also have obligations to compensate injured workers and support their return to work.

Cover your workers

Labour hire workers, or 'on-hire' workers, are employed and paid by labour hire companies but work at client organisations known as host employers.

As a labour hire company you must cover workers employed or engaged by you and on-hired to host employers.

Many working arrangements are covered including workers paid under an industrial award or agreement, casual workers, and contractors who are remunerated in substance for personal manual labour or services.

Avoidance arrangements, or "sham contracting arrangements", are prohibited.

Maintain full insurance

You must maintain insurance for the full extent of their liability to pay compensation and damages to workers.

When taking out and renewing insurance you must submit a wage declaration to the relevant workers' compensation insurer.

Good record keeping practices are integral to providing accurate wage declarations.

Do not deliberately understate the number of workers supplied to host employers or the amount of wages paid to workers when making declarations.

It is important that estimated and actual wages are calculated and declared accurately. The provision of false wage declarations is an offence and lost premium can be recovered.

Having effective records is particularly important for labour hire companies that supply large numbers of workers with host employers in diverse industries.

It is acknowledged there is some confusion and inconsistency in the way labour hire is being classified for premium rating purposes.

When declaring wages of labour hire workers, employers should apportion the wages based on the premium rating classification(s) that represents the **predominant business activity of the host employer to which workers are supplied.**

WorkCover WA's [Guidelines for Labour Hire Employers](#) set out the labour hire coding rules and include templates to assist with wage declarations and apportioning wages based on the premium rating classification(s) of host employers.

Labour hire employers, brokers and insurers should become familiar with the premium rating classification codes for labour hire, described in the Guidelines. A transitional period will apply to ensure all parties have sufficient time to modify systems to report correctly. It is expected new and renewed policies comply with the premium rating classification rules from 1 July 2020.

Participate actively in injury management and return to work

You have the same claim and injury management responsibilities as any other employer under the workers' compensation legislation.

This includes establishing injury management systems and return to work programs for injured workers. It also includes keeping an injured worker's pre-injury position available, if reasonably practicable, for 12 months from the date of incapacity, or providing suitable duties if the pre-injury position cannot be performed.

Labour hire employers and host employers are strongly encouraged to work cooperatively in the return to work process and should not wait until a worker is fully fit for work before considering return to work options or the provision of suitable duties.

Further information to assist labour hire employers can be found in WorkCover WA's [Guidelines for Labour Hire Employers](#) located on the WorkCover WA website.