

INQUIRY INTO NSW WORKERS COMPENSATION SCHEME

Name: Name suppressed
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Partially Confidential

My opinion is based on and refers to the Construction Industry in NSW.

I have been in the industry for all of my working life and have been self employed since my apprenticeship.

Experience has shown me that Workers Compensation Premium compliance in the industry is at best mediocre.

Because it is left to an employer to confirm the number of employees he has (and cost of premium) and because the employer needs to compete in the industry the employer understates the number of employees (and consequently premium) to enable him to remain in business. This i feel must create a massive shortfall of WC premiums collected.

It would be simple for Work Cover to ascertain this by calculating the following;
What is the current yearly percentage premium revenue received from the construction industry compared to the yearly value of construction projects?

I can almost guarantee that it will be nowhere near the 10% premium that is charged. More likely 2-3%.

If this is the case would it not be more equitable to not have to rely on the tens of thousands of employers to pay the premium?

As a builder every time i submit a project to council for approval there is a levy charged for Long Service Leave which is paid prior to the project commencement.

To me it makes perfect sense that at council submission all projects that need to be approved by council should have a Workers Compensation Levy applied.

All of a sudden it would;

ADVANTAGES

- 1) Make contractors/builders more competitive because there would have been a level playing field created (the honest contractor would decrease his cost and the dishonest contractor would now need to compete equally).
- 2) The end consumer would reap the benefit of lower prices.
- 3) Work Cover would have sufficient income to enable compensation to injured workers.
- 4) The premium charged can be adjusted at any time by Work Cover to enable adequate funding.
- 5) Instead of tens of thousands of contributors there will be only hundreds (councils) which would eliminate non-compliance.
- 6) Cash flow income to Work Cover will be instant.
- 7) Would be a fairer system as it would reflect the true cost value of premiums to the value of construction projects.

DISADVANTAGES

- 1) Would take the responsibility of safety away from the producer of the services however this to a certain degree is/can be offset by the imposition of heavy penalties for unsafe work practices or require employers to obtain yearly Work Cover Compliance Certificates, which would not be

issued to unsafe work practice employers. This Certificate would need to be provided by sub-contractors to principal contractors to Council before issuing approval for construction. I trust that the Committee of Inquiry makes a fair assesment of the above submission. Thank you for your time.