

## INQUIRY INTO NSW WORKERS COMPENSATION SCHEME

**Name:** Name suppressed  
**Date received:** 16/05/2012

---

Partially Confidential

16 May 2012

The Joint Select Committee on the NSW Workers Compensation Scheme  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

By email to: [workerscompinquiry@parliament.nsw.gov.au](mailto:workerscompinquiry@parliament.nsw.gov.au)

## **SUBMISSION**

### **NSW GOVERNMENT WORKERS COMPENSATION SCHEME (INQUIRY)**

As a small employer in the Automotive Industry, located on the Far North Coast of New South Wales, we would like to comment on our experience with the NSW Workers Compensation Scheme.

We have operated our business for the last 17 years and currently have 10 employees, three of whom are Automotive Apprentices.

We wish to provide the following comments for your consideration:

**I. We support the submission of the Motor Traders Association of New South Wales**

We fully support for the proposal put forward by our industry association, the Motor Traders Association of New South Wales to this inquiry. The Motor Traders Association has always been the clear voice of our industry and as such understands the specific needs and challenges faced by its members.

Membership-based organisations ensure the needs of members (who have a vested interest in ensuring the ongoing success of their industry) are met in full. All industry-specific challenges should be addressed and worked through at an industry level. It is more likely that fair outcomes will be achieved for workers compensation policy holders if industry can take a self-directed role to ensure the best outcomes for all parties. Workers Compensation compliance is carried out at an industry level and therefore industry associations should also be able to take control of the management of their workers compensation liabilities. This allows industry to self-correct very quickly and easily when and if problems arise. If benefits can be returned to members, then there is a much greater incentive for employers in our industry to operate an efficient and effective workers compensation scheme.

## 2 High workers compensation premiums

Even as a small employer our annual workers compensation premiums are approximately \$10,000.00 per annum. This is a very high cost impost on our business when you consider the amount of money we must also spend on compliance with Workplace Health and Safety regulations including staff training.

Also, this amount would be much higher, except that we employ three apprentices who do not have workers compensation premiums levied against their wages. This was a good initiative to encourage employers to take on more apprentices, and we have taken advantage of this as an employer.

Unfortunately, there are Group Training Organisations who continue to tell uninformed employers that they will pay the workers compensation premiums for their apprentices, if the employer agrees to "host" an apprentice through the Group Training Company. There is some deliberate and misleading conduct going on in the training system for apprentices, by Group Training Organisations, surrounding the payment of workers compensation premiums. Our employer association, would be able to stop the rot, if they were able to take control of the workers compensation system for their members.

As premiums are so high, we cannot afford to employ a specialist Workplace Health & Safety Officer, so the burden of compliance falls on the small business operator (usually one person) to fulfill all of the compliance requirements legislated by Governments.

It would be better for the government to focus on the amount of money an employer expends on providing a safe workplace (and reduced claims) than the amount of money the employer can pay into a scheme for "compensation" to injured workers, some of which could have been prevented if there was a safe workplace in the first place.

We would rather spend \$10,000.00 to employ a specialist health and safety officer in our business than pay money to the government in the form of insurance premiums. It is always better to pay for a safe workplace than pay for injured workers. So, in fact higher premiums prevent us from employing more people and reduce our financial ability to provide a safe workplace. This would be a common experience by many members of the automotive industry who operate small businesses.

Workplace Health & Safety is not legislated on the basis of the size of a business. As a sole trader, our industry association is the only way we can realistically manage the compliance burden because the MTA provides the small business operator with the same comprehensive information and tools required for workplace health and safety, as every other business operating in our industry, regardless of size.

Our industry needs to equally be able to manage our workers compensation liabilities so we can all work towards reducing the number of claims and therefore the high premiums we must pay. Reduced claims means we have achieved fewer workplace injuries and members should benefit from lower workers compensation premiums as an industry whole. The NSW Workers Compensation Scheme would then provide a reward to those industries that are able to achieve positive outcomes.

## 3 Red Tape Compliance

There is a need to streamline the claims process, especially for small claims which is characteristic of our industry. Our industry association could take over the management of injured workers for us to ensure all WorkCover requirements are met including medical expenses and other out-of-pocket expenses are

paid, arrange re-imbusement of wages to the employer (once workers compensation has been approved) and ensure the worker is returned to work as soon as possible with the best support.

At present, the employer must take responsibility for all of these matters including completing all claim forms (and usually helping the employee fill in their form as well), completing wages details, approving payment of medical expenses, and liaison with our Workers Compensation Insurer, QBE Insurance. As you could imagine, this takes up a lot of time for an employer who is sole trader. Injured workers are not well supported by WorkCover in this regard. It would be much better and simpler for the employer to only have to deal with one organisation, the Motor Traders Association of New South Wales, which could work with employers in our industry to streamline the process and reduce premiums.

Another ridiculous aspect of the current workers compensation system, is that employers are required to calculate annual premiums based on their total wages paid, at any time of the year. This is because the Workers Compensation Insurer, simply renews policies at any time of the year based on when the employer took out the original policy – just like any other type of insurance.

Workers Compensation Insurance is not just “any type of insurance”. It is not a voluntary insurance and employers have no say as to what type of cover or level of cover they require. It is a mandated percentage based on the total annual wages of the employer (excluding apprentices in the automotive industry). All Workers Compensation policies should be legislated to commence on 1 July each year so that employers simply submit their annual declaration of wages at the end of financial year, at the same time they submit their “Payment Summary Annual Report” to the Australian Taxation Office.

In fact, it may be possible for employers to simply provide their Workers Compensation Insurer with a copy of their “Payment Summary Annual Report” – meeting all requirements to declare actual wages. Or, heaven forbid, maybe the Workers Compensation Insurer could obtain a copy of the “Payment Summary Annual Report” directly from the Australian Taxation Office and base the next year’s estimate of premium on those same wages as well. Any shortfall in annual premium would be billed to the employer the following year (which already happens). The employer would have to do nothing!

In conclusion, we believe the government would be able to make considerable improvements to the workers compensation scheme, if it could be managed at an industry level. The Motor Traders Association of New South Wales could manage a more effective and sustainable system than currently exists, and it would strive to meet our business needs and the needs of all members and employees working in our industry.

Thank you for this opportunity to provide our submission.

Yours faithfully