

INQUIRY INTO NSW WORKERS COMPENSATION SCHEME

Organisation: Name suppressed
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Partially Confidential

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**Submission from [redacted] to the Joint Select Committee on the
NSW Workers Compensation Scheme (May 2012)**

Background on Our Business

We are a Sydney based SME in the fencing wholesaling, manufacturing and installation industry which has been operating since 1982. In 2006 we acquired another Sydney based fencing manufacturer / wholesalers and merged it with our existing business. We operate from three branches all located in Sydney. Our business is mainly NSW based but we do install fencing in other states. We have a wide customer base that includes residential, commercial, construction and government entities. Our workforce currently consists of 45 direct employees and 12 contract installation teams.

We are finding the market in NSW extremely depressed. The number of NSW government fencing tenders has noticeably decreased in the last year. This has coincided with the residential construction market in NSW stalling at the bottom of the cycle.

Despite the tough market, we have held our direct employee workforce relatively constant since 2006. We have enhanced our productivity and are constantly attempting to eliminate excess costs from our business. There are some business costs, that despite our best endeavours, we cannot easily control. These are basically government related charges.

The 2006 acquisition resulted in additional payroll taxes and workers compensation premiums being paid by the merged entity relative to the two individual businesses that were paying prior to the merger. The additional payroll tax was due to the loss of one threshold and the workers compensation was due the industry classifications. The combined business operation remained the same with the same workforce, same customers and same markets, yet the payroll tax and workers compensation premiums were higher.

Comments on the NSW Workers Compensation Scheme from Our Viewpoint

In the past five years our workers compensation insurance premium has increased by more than 83% (over the same period our general insurance premium has increased by 22%). We have had 18 claims over this five year period totaling approx \$[redacted] (including one significant claim of [redacted] 2010). Unlike general insurance where claims made do not dramatically affect premiums paid, our workers compensation insurance premiums appear to "fall into a black hole" and when a claim is made, the premium is increased to recover the cost of the claim over a short period. This results in excessive premiums for the cover provided. We have paid approx [redacted] in premiums over this five year period (with [redacted] being this year's premium). Our business cannot continue to bear such excessive premiums. These excessive premiums, over and above the cost of the claims, should raise serious questions about the financial sustainability of the Scheme in NSW.

As an employer, we are in full agreement with the key objectives of Workers Compensation Scheme of promoting better health outcomes and return to work outcomes for injured workers. We operate safe workplaces and hold all employees (management and staff) responsible to work in a safe and effective manner. Also as an employer, we believe we have social obligations to the community and by employing
