

# NSW Legislative Assembly Hansard Full Day Transcript

## Proof

Extract from NSW Legislative Assembly Hansard and Papers Tuesday, 26 October 2004 (Proof).

### WORKERS COMPENSATION PREMIUMS

**Mr PETER DRAPER** (Tamworth) [6.12 p.m.]: I want to highlight the impact that the New South Wales WorkCover scheme is having on a major industry in the electorate of Tamworth. I have previously raised the broader issue of the impact this scheme is having on business owners, employers and farmers, in a bid to impress the need for a more targeted reform to the scheme. I acknowledge efforts by the Minister for Commerce, John Della Bosca, to improve the scheme by focusing on better claims management and services. The Minister recently announced a \$576 million reduction in WorkCover's \$2.9 billion debt, which indicates that debt is heading in the right direction. Much more work needs to be done on the way premiums are calculated, but it is heartening to know that this particular area is subject to a significant review.

However, in the meantime I continue to be approached by business owners for whom the scheme continues to be a threat to their very existence. I was recently invited to attend an urgent meeting with the Managing Director of Country Fresh Australasia Pty Ltd, Mr Graham Jackson, and senior staff members of Peel Valley Exporters Pty Ltd. Specialising in mutton and lamb products, Peel Valley Exporters opened in Tamworth in 2002 as a state-of-the-art processing plant built to service all export meat markets, including the United States of America and European Union countries. The plant produces premium quality product for global markets, and services leading domestic industry operators including Woolworths, Kachels Wholesale Meats Pty Ltd, Tenderplus Pty Ltd, Country Fresh Australasia Pty Ltd and Westend Wholesale.

Peel Valley Exporters and Country Fresh Australasia belong to the JSA Jackson and Son Pty Ltd group of companies, a third generation family company which has been in the meat industry for almost 70 years and employs several hundred people in Queensland and New South Wales. Peel Valley Exporters, in particular, has been a great success story for the group and for the Tamworth region. It provides not only vital employment and viable career paths but a strong, reliable market for the region's sheep and lamb producers. Peel Valley Exporters employs approximately 300 staff, and plans to expand that number to 600 in two years. However, the lamb abattoir is facing a significant crisis due to an increase in the company's workers compensation premium, which has soared this year from 13 per cent to 33 per cent. Based on the wages of the business, this percentile equates to a \$1.9 million premium that the business has to pay this year. I was told at the meeting this figure is unaffordable and could effectively force the abattoir to close.

Employers have their premiums adjusted in part according to their claims, and it appears this increase in premium is due to an onslaught of false workers compensation claims against which the company has been powerless to act. Despite strong evidence to the contrary, insurance companies have accepted the claims as valid. The cases include an employee who received workers compensation after being stood down due to industry downturn. The employee was to be offered work once it became available but told the occupational health and safety return to work co-ordinator he would apply for workers compensation if stood down. The employee went to a general practitioner and received a workers compensation certificate for a work injury which was allegedly sustained five months earlier. That person is receiving full workers compensation, even though he later resigned from a position at Peel Valley Exporters. The company has learned that the employee in question is now working as a volunteer at a canteen, carrying heavy cartons of soft drink, despite having told Peel Valley Exporters of restricted shoulder movement and severe pain.

In liaison with the insurance company, Peel Valley Exporters has been told that the employee will receive full workers compensation until assessed by an independent specialist. If the employee cannot perform tasks in another vocation, he will continue to be paid compensation for 26 weeks and then receive payment at a statutory rate. The insurance company has not acted upon the company's request to investigate. In another case, an employee who is receiving workers compensation was dismissed for breaching the drug and alcohol policy after testing positive to drugs in an approved urine test. The insurance company stated that the employee would continue to receive full workers compensation even though the policy was breached. The company offered to re-test the employee in 30 days to determine whether the drug had cleared, but the offer was declined. Peel Valley Exporters is concerned that an employee can stay at home and receive full compensation even though a position is available if the

employee is drug free.

Another employee suffered a shoulder injury and receives workers compensation but fails to comply with his rehabilitation program. Payments continue despite Peel Valley Exporters urging the insurer to deny the claim. The employee underwent surgery and returned to work on yet another rehabilitation program, but was again non-compliant with the return to work plan. The employee was gaoled and was non-compliant for six months, in which time he did not take part in any rehabilitation program. The employee was terminated from Peel Valley Exporters, as no position was available. On his release from gaol he re-opened his workers compensation case and receives workers compensation payments. These cases contributed to the significant increase in the company's workers compensation premiums. Mr Jackson has rightfully asked for assistance in addressing these false claims. Is it fair to expect the company to pursue court proceedings to pave the way for a reduction in the cost of their claims? Would it not be fairer to prevent fraudulent claims from being factored into the equation in the first place? The premium could be adjusted once the claim was proved to be genuine. As demonstrated in the case of Peel Valley Exporters, employers have little defence against the system as it stands. I urge the Minister to continue with his reform process.

---