

PETER DRAPER

INDEPENDENT MEMBER FOR TAMWORTH

MEDIA RELEASE

Farmers, small business operators pockets' hit hard by changes to WorkCover levy

28 September 2004

Member for Tamworth Peter Draper has called on the NSW Minister for Industrial Relations John Della Bosca to consult with country-based employers about the impact of changes to WorkCover legislation.

In an address to Parliament, Mr Draper told the Minister changes to WorkCover's definition of wages were proving to be financially debilitating to farmers and small business operators in country areas.

"Workers compensation premiums may prove to be the greatest challenge and threat that business in the bush has ever faced," Mr Draper said.

Under laws introduced in July 2003, major changes to the WorkCover levy meant superannuation contributions, long service leave payments, director's fees and trust distributions were considered as wages.

"The changes were designed to catch out those employers who sought to avoid paying WorkCover premiums or who under declared wages paid to employees but they have swung too far and are now penalising farmers and small business operators," Mr Draper said.

Mr Draper led a debate on the issue in the NSW Parliament on Thursday which prompted responses from the NSW Parliamentary Secretary Tony Stewart and support from the Opposition on the issue.

Mr Draper said the new legislation failed farmers who ran operations as a trust as they were forced to include profit made on the farm as salary in the calculation of their workers compensation premiums even though when they didn't have any employees.

"The fact that superannuation payments are now assessable as wages is proving to be a real burden on those farmers who have set up their business as a family trust.

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“WorkCover assesses as wages the profits paid to family members from the trust as well as the superannuation contributions even though the hard-won profit from the farm is not salary.

“I have heard of farmers who are running their operations under a trust but are not declaring contributions to superannuation hoping they do not get caught, many others ignore the regulations.

“ WorkCover is broadening the net over non-compliance but is forcing law-abiding citizens to break the law,” he said.

Mr Draper told Parliament the changes to what WorkCover considered as “assessable” wages had been described by professional advisors to farmers and business owners as hostile, obscene, unreasonable and a disgrace.

He requested the Minister send a consultant to WorkCover seminars his department holds in regional NSW to gather feedback on the impact of the changes.

“I can guarantee the Minister would learn of intense frustration, hardship and a sense of helplessness due to the requirement of employers and farmers under this scheme,” he said.

Mr Draper also urged the Minister to consult with business and farming communities where many effective operators had been forced to the wall due to unaffordable premiums.

“The one-size-fits all legislation is causing the demise of country businesses and needs to be urgently addressed,” he said.

End Release

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