



Humphrey Law & Co Pty Ltd

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Monday, 19 May 2008
Professor Roy Green
Reviewer TCF Review
C/- The Manager, TCF Review Secretariat
Department of Innovation, Industry, Science and Research
GPO Box 9839
Canberra ACT 2601

Review of TCF Industries May 2008

Dear Professor Green,

Humphrey Law is a small Australian Sock manufacturer that does not import any socks from overseas. We still have 100% Australian Production and employ more than 20 staff in our factory in Heathmont.

I wish to raise two matters; the first concerns WorkCover Premiums and fits well into the terms of reference. The second concerns the loss of raw wool processing in Australia; this is not well supported by the type of evidence I am allowed to use.

1. Work Cover Premiums

In May 2006 the Victorian Government announced a 10% reduction in WorkCover premiums, Humphrey Law however received a 38% increase in that year. We had one claim in the year before the “reduction” was announced for \$4000 and this was our first claim in over 10 years. To put the amount in perspective, \$4000 is only a small part of one year’s premium. As I was unable to get a useful response from the premier Mr Bracks, I contacted the Victorian employer group VECCI who told me that the problem is that the Victorian WorkCover premium formula is industry based so that as the Textile Industry moves offshore there is a increase in claims to be paid to redundant workers by a decreasing number of employers. The VECCI figure was that 8% of all workers who are made redundant in the textile industry make a work cover claim.

I have written to Greg Tweedly from the Victorian WorkCover Authority and explained the above but did not receive any reduction of premium.

I can provide the exact figures to support my statements above but I am not willing for them to be part of a public submission, however a general summary is that from 2002/03 to 2006/07 we have had an increase in remuneration of 24% and an increase in WorkCover premium of 51%. We have always been concerned about staff well being, we have a back to work co-ordinator and have put considerable effort into OH&S. In fact we covered the medical procedure costs for the employee who made the \$4000 claim before the claim was approved by WorkCover so that he would be back to work sooner. We have received no reduction in premium for this work so the figures show that the Victorian Work Cover Authority has done very well out of Humphrey Law.

Obviously the formula being used for premium calculation adds an unfair and unreasonable cost to what remains of the local industry and actually acts so as to penalise those who are left.



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2. Wool Processing in Australia.

We are now forced to have our raw wool processed in China, as there is no Australian Top-maker left willing to process special lots. So we purchase wool direct from a group of farmers here, it is shipped to China for topmaking, shrinkproofing and spinning then returned to us. The global market supporters tells us that this is OK but,

- Where is the value adding for Australia? It is interesting to note that the Chinese view is different. They are more intelligent and would prefer to ship finished garments not yarn for socks back from China
- What is the environmental cost of increased pollution in China from the scouring the raw wool? This process can be done here by pumping the effluent onto the land – we have rather a lot of dry land.
- What is the environmental cost of transport to and from China?
- Is it worth losing control of the raw wool industry? The actual cost saving when we started receiving shipments of yarn from China was only about \$2 per Kg. That is from around \$25 to \$23 per Kg for yarn.

As stated above this argument cannot be used for “evidence based policy recommendations” however it is my firm belief that it is the guiding principals that are wrong for Australia and not my argument.

Thank you for the opportunity to express my views.

Yours Faithfully

Robert Law
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