



Workers Compensation

Policy Background

- Multiple schemes for workers' compensation operate in Australia. They provide financial assistance to employees injured at work, regardless of fault.
- WorkCover premiums are usually the largest single government on-cost for employers.
- With State authorities holding significant unfunded liabilities, further premium increases are likely.
- The use of building industry-wide ratings is one reason why members of the residential building industry face premium rates almost twice the all-industry average.
- Confusion around the definition and status of independent contractors under state law creates unnecessary challenges uncertainty about coverage.

HIA's Policy Position on Workers Compensation

1. Objectives

To operate fairly, efficiently and effectively, workers' compensation schemes need to be financially viable, and operate on a genuine 'no fault' basis.

2. Definition of injury

A compensable injury or illness must truly arise out of or in the course of employment, or the employment must have played a major or significant part in the development of the injury or disease. Injuries sustained by workers while travelling to and from work should not be included in any workers compensation scheme.

3. Definition of worker

Workers compensation is a responsibility of employers not principal contractors.

HIA opposes the extension of workers compensation benefits to independent contractors and the deeming of independent contractors as employees for workers compensation purposes.

HIA supports a definition of worker that exempts businesses that satisfy the results test and Alienation of Personal Services Income (APSI) rules under the Commonwealth income tax laws.

Persons running their own business should be responsible for purchasing and paying for their own sickness, accident and income protection insurance. Working company directors should not be covered for workers compensation.

4. Common law claims

HIA opposes common law claims. Where they exist they should be restricted to those seriously injured, leading to severe disability or death and balanced against the total benefits provided to injured workers under the scheme.

5. Premiums

Premiums should be calculated according to an appropriate risk assessment, including the safety record of the insured business.

HIA opposes site based premiums. Site based premiums would distort independent contracting arrangements, extending a welfare/employee entitlement to a person running their own business, with the builder ultimately held responsible for site matters.

Wages paid to apprentices or trainees should be exempt from the calculation of workers compensation premiums.

6. Return to work

HIA supports the rehabilitation of injured workers and return to work in a timely, safe and efficient manner and when in the best interests of the employer and the employee.

7. Benefits

The calculation of benefits must be clear and be 'stepped down' to meet return to work objectives and to ensure the viability of a workers compensation scheme.

The use of lump sum payments should be limited and made only to workers who have a permanent total or partial impairment or loss of use of any part of the body.

HIA opposes workers compensation top-up schemes and terms of industrial awards or agreements that require employers to pay 'accident make-up pay' to 'top up' workers compensation payments to the level the worker would normally have earned if they were not off work due to a workplace injury or illness.

8. Insurance regulation

Competition amongst insurers should be encouraged as this will result in improvements in the quality of service being provided and ultimately result in lower workers compensation premiums.

Regulations should allow for free and open competition between public and private insurers.