

LMR ROOFING P/L ABN 87 071 945 161

Concrete and Terra Cotta Roof Tiles

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Attention: Mike Woods
Commissioner
Productivity Commission

Date: Wednesday, 18th June 2003

Dear Mike,

Re: Submission to National Workers Compensation and Occupational Health & Safety Frameworks

I applaud the objective manner in which Herb Plunkett has set up and identified issues for debate in the productivity commission. I also thank Minister Joe Hockey for referring me to the Productivity Commission and making me think LMR Roofing Pty Ltd can make a difference in the area of Workers Compensation and Occupational Health & Safety (WC & OHS) reform.

I also applaud the issues and recommendations made by Mike Potter from the Council of Small Business Organisations in his submission to National WC & OHS framework. I would like to comment and extend some of his recommendations.

For the record, I have no political alliance. I am an Australian who wishes to see "all governmental cancer" surgically and progressively removed from the "Australian Political Landscape". This will enhance Australia's productivity and competitiveness under a progressive government that promotes peace, law & order, democracy, equality, liberty and promotes the general welfare of ourselves and our prosperity.

I love to see Australians working, playing, competing and achieving, domestically and internationally

Preamble

I urge all the readers of this publication and authors of submissions on the "net" search criteria of "workcover premiums"(re: Workers Compensation) to group together and represent themselves in a "pressure group" or with a "Council of Small Business". The workcover premium issue, at a state and federal level, should be an electoral issue that will make people think about their **votes** re: employment levels, taxes, insurance (public liability, H.O.W. and Workers Compensation).

I have been guilty of "apathy" in the past, like millions of other Australians in voicing their opinions. However, after coming back into my family Roof Tiling & Construction business, I have confronted many Small Business issues. These issues prevent fair-trading by ineffective, unnecessary antiquated Government regulation and Insurance companies with the ethics of the Information Minister from Iraq, "Baghdad Bob".

In this submission of constructive criticism, I would like to highlight problems with the Workers Compensation and OH&S regulations that effect Australian Small Business. Then, I would like to support many commendable reform recommendations made on the "net" (with the descriptor, workcover premiums) to engineer a "**new regime**" of worker compensation equal to that of GST, in Australian Reform terms.

The problems

Macro problems

Our 3 tiered system of Government needs to be reviewed otherwise Australia will be an “also ran” in the world market. We have mindlessly accepted the Westminster 3 tiered system of Government for too long. In business, you have to keep a focus on overheads ie sales & administration costs. We have to act now to update our system of government to set the international, political and administration “pace”. Do you honestly think that this 3 tiered system of government will be in use 50 years from now?

Australia as a competitive nation, competes on the sporting fields of the world successfully when there are clear and set “plain English” guidelines, referees (with video replay to make it’s right), measurement to see how we are going and training too improve our performance, hence staying ahead of the pack. Always evaluating, improving and never apathetically accepting “Status Quo”.

National Workers Compensation premium increases are a politically based attempt by left wing unionist to fuel their parties agenda’s, through Workcover, the Labour State & Federal Government. Workcover’s political agenda reform, under the guise of OH & S, is decreasing productivity of the workplace, increasing costs without trade offs in productivity. This will be the basis of Cost-Push Inflation and high interest rates in the future (an old favourite to us all).

So many Australians are apathetic towards the political field because of the immense size and tiers of government. A framework is needed to make every vote count, namely an “existing allowable constitutional” moves towards smaller regional electorates and NO STATE OR LOCAL GOVERNMENT.

One vote in a small area carries more political weight by a local “Pollie”, on an issue that will be taken straight to the Senate and House of Representatives in Canberra for prompt debate, objective division of powers and a result to benefit the local community.

Like other Australians, I am sick of seeing billions of dollars wasted on local, state and federal bureaucracies , whose antics and performance are “**embarrassing**”. Especially when funding can be reallocated to Health, Education, Environment and protection of Australians at home and abroad.

How bad is our state government going. They have millions of hectares of crown land to sell that costs them nothing (except infrastructure and a developer can do that) and they all still have problems balancing their budgets.

They are trying to put the HIH directors in gaol. What about politicians & public servants who waste billions of dollars each year in a self perpetuating waste of Australian taxpayers “rediverted hard earned money (taxes)”.

Workcover, insurance companies and the government need to reward efforts towards workplace safety by giving discounts for no claims, yearly audited safe work systems, etc that act as an incentive for human effort and funding to be allocated to REAL SITE PREVENTION of ACCIDENTS and WORKER INJURY.

NSW Workcover lives in a “glass house”. During the construction of their new HO at Gosford in NSW , a construction worker was tragically killed, combined with other “safety shockers”. All the major political parties have dirt on their hands re: donations from developers and major builders. We can only assume that a \$100,000 donations must attract political favours , for both Liberal and Labour.

I have witnessed fraud and can state that it is a major factor of Workers Compensation insurance being so high , re: faked back injury, incorrect categorisation the risk that workers are exposed to, dollar hungry solicitors pursuing unethical claims by clients, insurance companies and brokers doing deals to waive contentious pay-outs for a promise of more business from another source.

Insurance companies don’t enjoy the best profile because they take money from everybody and never pay out. This leads people to fraud that fuels the increase to WC skyrocketing debt levels. My next door neighbour faked a back injury (Lebbo back) for five years, got a payout then left the country to go back to the Middle east. We are paying for that jerk!

Unrealistic and vague Workcover guidelines have motivated workers and businesses to seek unethical answers to seeking compensation and avoiding guidelines at the expense of safety to workers and the public. This translates into accidents, injury and large pay-outs at large that cost taxpayers, therefore increased government debt (more taxes) and businesses higher premiums.

Taxpaying Australians having their money mindlessly wasted by over regulation instigated by negotiations between big business and government. The voice of 44.5% of the workforce (Small business) is not being heard because the widespread nature of small business (1,240,000 business units). Whereas, Big Business (52,000 business units) are much easier to control via deals that executives make with government.

The ATO , ASIC and every State Workcover bodies have different interpretation of what constitutes a worker and deemed worker for partnerships and other entities. The government is setting the rules three different ways and business has to comply with all of them. I will back the Federal Tax department and ASIC interpretations because they are organised and pleasantly helpful, using the latest IT around.

Small business (less than 20 employees) makes up 44.5% of the Australian Workforce over 1,240,000 businesses across Australia. Big Business (more than 20 employees) makes up 55.5% of the Australian Workforce over 52,000 businesses. (As per Mike Potter ABS figures). The voice of small business (44.5% of the workforce) needs to be heard otherwise the WC & OHS system will be doomed because of non-involvement in policy engineering.

Big business has the resources to lobby governments and make sizeable advertised campaign donations to seek favourable decisions in regard to government/business issues ie. self insurance for multi state a large companies. Big business also can collude in setting up cartels eg the Banks before de regulation, collusion of Building Manufacturers before, during and after the Royal Commission into Building. Big Business and government interaction is at the expenses of national productivity and to the detriment of Small Business.

Big Business seems to have the advantage of having self-assessment safety , self-insurance and therefore achieving a substantial cost saving without real reform. Except for photo copied safe work systems that are “window dressing”.

Australian businesses need to change their focus on OH & S and establish individual workplace cultures that had are as important as bringing sales through the door to justify their wage.

Small Business needs real and tangible incentives to do this by the Federal Government. Our State and federal regulation system makes as much sense as the different “old railway track gauges” for each state . It is not in the interest of the greater “good” of Australia, we need National Guidelines for WC & OHS that are objectively policed.

Micro problems

My family business is a small Roof Tiling and Construction business with under 20 employees. Our compliance to local, state, federal government regulation is a multi facet challenge that sets to limit competitors in our particular market. A competitive advantage that is good for LMR, but bad for other competitors that aren't as strategically balanced.

However, LMR Roofing Pty Ltd (LMR) is complying with safe work systems, daily risk assessments, erecting our own safety rail, using anti fall sarking on the roof, training apprentices in safe work methods, giving tradesmen mentor relationships to the apprentices in order to prevent injury, accident and workers compensation claims. We have had NO Workers Compensation Claims since 1979 (Touch Wood!)

LMR increase their safe working systems and their WC premium go up to 14.1% (for all staff , clerical and field) instead of going down. Current discount systems (PDS) involve safety audit costs of \$7-8,000 that give a regressive discount 15%, 10 %, and 5% cost reduction pa over a three year period. 850 firms out of 1.2mil small businesses and 52,000 big business have taken this option up. Another successful Workcover innovation, I think "not" with a **0.065% adoption rate**. A decreasing reward for maintaining audited & high safety standards, hardly a "Palov's dog" stimulus and reward situation.

As a small business (44.5% of the workforce) owner, I command a better representation on how premiums **are set** and **the method in which they are applied to the workplace**, focusing on PREVENTION and REWARDING EFFORTS TOWARDS PREVENTION BASED ON REAL SITE RISK ASSESSMENT.

Workcover regulations also prevent the dynamics of market forces, supply and demand. So much so, that Alan Fels from the ACCC has concerns the premium increase being more than what should be claimed re: a 10% GST based increases.

Mr Fels should also be concerned about creating a government-initiated monopoly towards big business(55.5% of workforce) away from Small Business(44.5% of the workforce) because of a big business and government collaboration without small business input.

Small business is being persecuted by WC insurance companies and every states State Workcover (that has union infiltration that act like the German SS) that have vague, descriptive and ever changing guidelines for safety systems. Australia didn't run the 2000 Olympics like that, why do we run our government and businesses like that. I think they did blow the budget and State & Federal governments blamed each other but the games were great . However , the 2000 games were just "window dressing" to the world to cover up our inadequate system of government.

Big business constantly gives out large pay outs to out going executives at the expenses of their shareholder Funds (other peoples money) without being held accountable eg AMP, BHP, HIH, Rodney Adler, Skase, Williams, etc. Big Business ethics and public perception are at an all time low . So is the trust in company directors that make decisions to line their pockets at the expenses of shareholders funds without notification of these obscene payout amounts.

Small business accounts for just under half of the workforce and usually has it's "**own assets at risk**" therefore is PASSIONATE about controlling cost and preventing injury and accident. Small business knows that if it makes a claim, the cost of the claim will have to be repaid to the insurance company via increased premiums, as well as a history of a claim. Most Small Businesses would not make a claim to keep premiums down, they would just pay the bills related to the claim and try to prevent the accident from happening again.

Insurance lawyers also have case to answer by achieving high levels of damage claims eg. no signs for a drunk swimmer, diving outside the flags at Bondi. They need to be regulated for unethical behaviour with a code of conduct. The government needs to legislate to prevent abuse by lawyers by capping payouts and setting up safe work systems in all businesses and Government workplaces.

The premium for the Roof tile administration office staff (should be **1.7%** or less for paper cuts) is the same as the roof tilers **14.1 %**. The premium is tipped to go to 20% to cover the debt of NSW government mismanagement of Workers Compensation . This is just as bad as the HIH and AMP mismanagement of other people's money. Small business don't want to have to make claims, they want workers to be safe and be rewarded for maintaining a safe workplace AND PREVENT ACCIDENTS BEFORE THEY HAPPEN.

The Answers

Clear consistent national definitions of employers, employees, workplace, and classification guidelines actioned by one government department. Maybe in conduction with the, BAS or IAS forms from the Tax Department.

Insurance companies need to have new legislation to cap injury payouts and encourage systems that work hand in hand with rewarding safe work systems. Government legislation should focus on setting up and rewarding safe culture of working systems in small and big business.

Use certified consultant investigators to investigate fraudulent claims hence, minimising claims and reducing the burden of high insurance pay-outs in the insurance industry.

A Hybrid Mud Map WC & OHS model

Deregulation Insurance Companies in the Workers Compensation Insurance Industry

Compliance with National WC & OHS regulations and capping each category of injury pay-out in all industries

Establish a Code of Conduct for “unethical lawyers” pushing for large pay-outs to line their pockets, re their cut of the action . Clear , concise, guidelines for lawyers like double Yellow lines. Cross them and they get fined, simple.

A choice of Workers compensation insurance with any approved insurance company with premiums based on REAL ON SITE ASSESSMENT OF RISK . For example, clerical and field staff premiums will be set based on the risk they are exposed to and real on site incentive discounts for allocation of human resources and improved safety systems .

Establishing self insurance guidelines for small business, with underwriting of major risk, and real discounts for yearly audits from certified consultants

National Industry specific WC &OHS guidelines complied by small , big business, workcover, insurance companies, government ministers. These **Plain English** guidelines will allow for reward incentives for businesses that pass yearly audits and certifications on safety standards from licenced consultants, acting on National guidelines. These Guidelines will be policed by State Workcover (which will monitored by a Ombudsman).

Every business should file a tax return and a worker compensation return, that has a safety audit certification (like car rego) together, so the tax department can administer tax and WC &OHS levies quarterly with the BAS and IAS forms.

Set up Small Business Self-insurance funds (with similar protection rules to a Superannuation fund) or deregulated insurance fund or pay the directly to the government based on workers payments and established premium levels.

Deliver clear ,concise interpretations of worker classification in each industry , re: worker, deemed worker and independent contractors or consultants and any other changing workplace arrangement.

The beginnings of a two tiered Government

Small business(less than 20 employees) makes up 44.5% of the Australian Workforce over 1,240,000 businesses across Australia, their voices need to be heard by formal forums like this commission. The government has the democratic responsibility to facilitate this communication with Small business.

However, the views from the majority of the Australian population that live in a 200 km band from Brisbane to Sydney to Melbourne ,including Tasmania to Adelaide aren't represented in the structure of the Senate and House of Representatives.

The non representative nature of the political landscape extremely contrasts with the demographics of where the population lives and works. Pressing issues can't make it through Local, State and Federal firewalls of governments to be actioned, therefore democracy is watered down .

The PM recently expressed dismay of the ability of the Parliament to govern effectively. Again politicians acting inappropriately to their position.

Smaller regionalised areas that represent the population and identify issues vital to the area and going straight to Canberra for debate via a non political aligned Regional representative . No 1st or 2nd preferences , gerrymanders , no compromising deals .

Just small areas that increase the value of a vote on issues that make differences to their areas, without politicians acting “embarrassingly badly” in Parliament. Plugging the Black hole of the politics that engulfs pressing issues in a 3 tiered government system.

Mark Drummond has done a study by a mathematical formula to estimate the cost of a 3 tiered government is \$30 Billion . That is, 30 lots of one thousand million dollars, which means it is costing each Australian \$1,578.95 per annum and per person (based on est pop of 19 mil) or \$ 6,789.47 per 2 adult + 2.3 kids family pa, or \$ 3,157.89 pa for retirees or empty nesters. That would be a nice Holiday for all Australians and give the domestic tourism industry some home grown spark.

Australia’s “accounts receivable” (ATO) are doing a great job , they have effected major change in three years and established a debtors statement for every Australian individual and business using the latest technology.

You can deal directly with the ATO, a Federal Government body, that has every persons details and every business reporting to it and has got it “on a string” (their even being nice on the phone). Australia’s problem lies with the mismanagement of the “accounts payable” section .

My accountant could slash the accounts payable of the government in one afternoon and relocate Government spending to areas of need , **Health** (doctors & nurses, equipment, hospitals), **Education** (new regime, use retired business persons and tradespersons as consultants, train kids to deal with the real world outside academia), **Environment, Terrorism protection, Industrial Relations, Solar Energy, Self Subsistence** (re establish a sustainable farming industry through innovation).

My Accountant could also make our small and big business competitive by streamlining regulation . Therefore, business can employ and promote **safe efficient** workplaces at near full employment levels, establishing a code of conduct for directors of Australian large and small companies, eg trading while insolvent or gutting the company for person gain .

I could start a party up tomorrow and call it the “Free Beer and Wine Party”(just to gain national attention).Use a trusted, ethical Australians Icon like Steve Waugh and other trustworthy public figures , add the style and or personnel of administration of the ACB and ARU, a well balanced street wise team from each section of the old government departments, add a 2 tier Federal & 131 province regional system of government (without changing S121,123 ,124 in conjunction with S51 of the Existing Constitution), keeping the Gov. General (how embarrassing however consistent with the way the Royal Family acts) and keep the Flag.

Organise a financial benefit for all Australians per year ie net of savings on the government administration cuts and spending on areas that need spending. Plus, a voucher for case of free beer or wine or a charity of their choice. The party would be “in like Flynn”.

Conclusion

I remember Graham Brown, a Senior Law lecturer at Newcastle University, stating that if you can say that “there should be a law against that, then there usually should be a law against that”.

Change is exciting for the person causing change, but threatening when change is done to you. However, the trick is to get all parties involved in the change, so as to achieve a better outcome that everybody is committed to.

Infectious Commitment from involvement will diminish apathy and cause change. Australians will be fair and constructive given the opportunity and change facilities.

Business and government reform in WC & OH&S must take place and all affected parties must be a part of engineering change for it is equitable and effective. New National Workers Compensation & Occupational Health & Safety regulations and guidelines can be applied objectively to the workplace with out fear or favour.

Deliver a productive system of government that helps the average Australian communicate their opinions on issues that affect them personally on a local, national, and international basis. The Information Technology and administration capability is present to achieve this reform. Otherwise, the scars of historic Australian apathy will let the destiny of all be run by too few. Hardly, democratic.

Our best chance of getting major political reform in Australia would be to say “everyone in favour, say or do nothing” because of the past antiquated culture of government . Disgusting National apathy.

I am committed to starting a tide of change my convincing as many people as I can to band together and bring pressure to bear come election time.

As a nation, we only rise to greatness when we are confronted with major adversity and it is at our doorstep.

If you have any further questions ,please contact me on 0243 58 1555 or 0418 438 511.

Regards,

Michael Martin
Director
LMR Roofing Pty Ltd