



Speech by

JAN JARRATT

MEMBER FOR WHITSUNDAY

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WORKCOVER QUEENSLAND AMENDMENT BILL

Ms JARRATT (Whitsunday—ALP) (3.13 p.m.): I rise to give support to this bill, which introduces some important modifications to the WorkCover Queensland Act. I am sure we will hear about many aspects of the changes that the amendments will make to the act, including cross-border compensation arrangements and changes to succession rules. I welcome all of these amendments as commonsense arrangements which add an extra dimension of fairness to the implementation of the WorkCover Queensland Act.

I wish to direct my comments to the issue of structured settlements and in particular to the area of taxation. The WorkCover Queensland Amendment Bill 2002 encourages the use of voluntary structured settlements for injured workers, their dependents and the state's insurers. Structured settlements are a means of paying all or part of the compensation payable for a personal injury by periodic payment. Such payments are funded by the purchase of an annuity. This form of settlement is structured so that the periodic payments match as closely as possible the financial needs of the injured person over their lifetime. For example, it may be desirable to structure payments to coincide with expected periods of future medical treatment or family needs such as payments of university fees or other education expenses. For many people structured payments offer an opportunity to achieve financial security through forward planning over what can be an extended period of years.

The Queensland Labor government is committed to providing voluntary structured settlements as a means of compensating for personal injuries. This commitment is reflected in the Personal Injuries Proceedings Act 2002 and the recent consequential amendments to the Motor Accident Insurance Act 1994, which allows courts to make orders on structured settlements. Consultation with stakeholders, including employers, over this bill has highlighted overwhelming support for voluntary structured settlements for Queensland's workers compensation scheme.

The bill amends the WorkCover Queensland Act 1996 to provide that where the parties to a common law claim agree to settle a claim by making a structured settlement the court may make such an order. It would be a tragedy if the advantages offered by structured settlements to Queensland's injured workers, their dependents and the state's insurers were to be lost because the federal government's current tax laws create a major disincentive to the use of structured settlements for workers compensation awards.

In September 2001 the federal government announced tax changes to encourage the use of structured settlements, making annuities purchased by a claimant or insurer tax free. This change involved making annuities purchased by a claimant or their insurer for an accident, both on return of capital and investment income, tax free. The effect of this announcement is that the federal government has agreed to forgo some tax revenue that would otherwise be collected from invested lump sums in order to provide financial incentive for claimants to choose periodic payments of compensation.

These changes make sense and are certainly welcome. However, the federal government, without explanation, has deliberately excluded structured settlements for workers compensation awards. The exclusion of workers compensation awards from these tax changes negates any incentive for their use. The Queensland government is currently making representations to the Commonwealth government to reconsider the status of workers compensation damages awards. I hope that, in the interests of the recipients of workers compensation payments, agreement can indeed be reached. With those few words I commend the bill to the House.