

Gig Economy Red Flags Strikes Warning APP-licable To Pink Batt Fiasco

Before hiring a gig economy worker to save a fast buck for any home renovation, you might want to heed what the world's savviest investor had to say about bargain basement buys for goods and/or services: "Price is what you pay, value is what you get."

Warren Buffett may not have been specifically talking about hiring a freelance contractor to fix his fence, but the principle that a cheap, easy deal can swiftly transform into an expensive meltdown is particularly APP-licable in a digital world of online services that are increasingly defining and dominating the workforce.

Australian Accident Helpline managing director, Liam Millner, says Australia is courting potential disaster in the current phenomena of gig economy services swamping the market, as many freelance tradie contractors lack skills and the vast majority are not covered by personal accident insurance policies.

"You would have thought Australia would have learned the lesson of the pink batt fiasco," Mr Millner said of a scrapped government-sponsored home insulation scheme that resulted in the death of four workers in 2009-10 and a class action in Victoria brought against the Commonwealth Government on behalf of 140 businesses seeking \$150 million in damages.

The \$2.7 billion home insulation program had intended to install pink batts in 2,2 million Australian homes, but was shut down after a year for safety reasons having incited unqualified tradies to join the lucrative gold rush installing the batts in the ceilings of homes.

According to the Bureau of Statistics, eight years on from the pink batt debacle about 2.5 million Australians, comprising one quarter of the workforce, are working as independent contractors being deployed from digital platforms.

Australian online success story Airtasker is one of the few companies that offers automatic accident insurance cover for work transacted via its platform, but it has been estimated that up to 90 percent of all casually contracted workers do not have personal indemnity and other critical insurances that come with full-time employment.

"In much the way that Uber drivers are notorious for not factoring their expenses, notably fuel, maintenance and car depreciation costs, into their earnings, casual workers are renowned for not ticking personal liability boxes," Mr Millner said.

"It's a double-edged sword which can rebound and cut the bargain seeking home owner to pieces in two ways. The first worry is that you hire a sub-standard or worse, wholly unqualified, tradie whose work hits you with an even larger damages bill. As Red Adair (famous oil fire fighting specialist) once said, 'if you think it's expensive to hire a professional to do the job, wait until you hire an amateur.' In this instance, you might not have much joy pushing a legal claim against someone who's only assets are a ute and a tool box.

"The second big danger you face is a damages' claim for injury or death brought against you by a hired hand, or their family, who did not have personal injury cover but suffered serious injuries on your property. This could arise, for instance, from a worker falling off your roof and you being held responsible for sending them aloft onto a weakened, dangerous structure. In this instance, a job quoted for a few hundred dollars could multiply into a lawsuit for hundreds of thousands of dollars.

"Technology moves at a rapid rate, as we've seen with societal transformation phenomena such as Uber and Airbnb. The problem is that regulations needed to safeguard the rights of both consumers and service providers follow at a sluggish rate, as the wheels of government turn at a much slower pace," Mr Millner said.

Nevertheless, the gig economy looks like it's here to stay with an estimated 50 percent of young workers in their 20s and 30s in Western economies opting for the flexibility of freelancing as opposed to full-time employment – even if this means sacrificing the security of regular wages, superfund contributions and paid sick and holiday leave perks.

"It's here for the long-haul, as reflected by Uber's estimated upcoming IPO value of \$120 billion and Airbnb's \$31 billion valuation," Mr Millner said. "The benefit for business is short-term flexibility and reduced long-term liabilities, especially for lean and mean start-ups. And entrepreneurs can put

their toes into the water and keep wading in buoyed by these short-term, independent engagements.

"It's a system that has turned million of Americans into contractors and it's no surprise that the Upwork and Freelancers Union in the U.S. says studies show that the freelance workforce is growing three times faster than the overall U.S. workforce. At this rate, most people will be working as independents by 2027."

ENDS

Contacts

Rachel Erin

0401640858

mailto: rachelerin@australian-accident-helpline.com.au