



Speech by

**Dr DAVID WATSON**

**MEMBER FOR MOGGILL**

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Hansard 4 August 1998

### **WORKERS COMPENSATION**

**Dr WATSON** (Moggill—LP) (Leader of the Liberal Party) (6.05 p.m.): I rise to second the motion moved by the member for Clayfield and also to support the member in this debate. There is no doubting that when we took over Government in February 1996 the Workers Compensation Fund was well on the way to becoming a financial disaster. We already knew that as at 30 June in the previous year, under the previous Labor Government, it had a reported deficit of about \$114m. By the time we took charge and were able to do something, that deficit had spiralled to about \$320m. It was out of control financially, because of a number of decisions made under the previous administration—a number of decisions that I think could be safely referred to as political.

In order to understand what was going on, it is instructive to look at what Jim Kennedy had to say in the report that he produced in early 1996. He indicated that the Workers Compensation Board should try to operate as a business, because it was really an insurance business. He believed that it ought to be an efficient insurance and compensation business. On page 8 of that report he stated—

"There is no doubt that political influence has had an impact on aspects of workers' compensation over many years. This has particularly affected the capacity of the Board to vary premiums and benefits appropriately.

It is difficult to keep politics completely out of a system which generates issues of great importance to individuals, unions, industry and many organisations. However, if the system is to be restored to financial viability and survive in this more accountable and competitive marketplace, political considerations will have to take a back-seat in the future."

That is pretty important—and I will come back to it—because of the issues that have surfaced recently.

He went on to say—

"Evidence presented to the Inquiry indicates that inappropriate decisions, made on at least three occasions in the early 1990s"—

in other words, under the Labor administration—

"with regard to premium levels and benefits setting, in themselves, account for much of today's current level of under funding."

He continued—

"It is not a streamlined, efficient, commercial organisation with a responsible board and significant insurance skills."

Mr Kennedy recommended—

"a commercially experienced Board with full authority to set premiums, provide and modify benefits as the working environment changes, manage claims and outsource rehabilitation and medical services, sue and be sued, but with investment services mandated to be provided by the Queensland Investment Corporation."

That was what we set out to do. Those were the criteria that Jim Kennedy laid down for bringing the Workers Compensation Board back under financial control. This Government has completely gone

against the tenets set down in the Kennedy report. We have seen this Government starting to politicise the appointment and the board process again.

I have known Frank Haly for about 20 years. He was an outstanding businessman. He came from north Queensland and was managing partner of C. E. Smith and Co. The members from north Queensland would recognise that name. He built up that firm. He was an outstanding businessman and not just in the accounting area. He helped to establish Business Queensland; he was the chairman of Metway Bank; and he was an extremely commercially oriented person. What has the Minister done?

The Minister has replaced Mr Haly with Ian Brusasco. What did the Minister say about Ian Brusasco? I think the following quote is instructive given what Jim Kennedy had said earlier about the politicisation of the Workers Compensation Board system and what it was doing. What did the Minister say? He said—

"... Ian Brusasco is an appropriate person to come on as chair with his background in business and his association with Labor and Labor philosophy."

He was clearly a political appointment rather than a commercial appointment. What we see time and time again under a Labor Government is that, when we get into something like workers compensation, which is basically an insurance and compensation scheme which ought to be managed for policy holders in a commercial fashion, the Minister seeks through his appointments to politicise the whole process. What we found previously, and what we will find again, is that because these are political appointments, whether they be from the union or whether they be the Minister's Labor mates, a very simple approach will be taken to decision making on the board—people will go back to entrenched Labor positions.

Time expired.

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