



Speech by

**Mr W. BAUMANN**

**MEMBER FOR ALBERT**

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Hansard 15 April 1999

**WORKCOVER QUEENSLAND AMENDMENT BILL**

**Mr BAUMANN** (Albert—NPA) (9.33 p.m.): In speaking against the WorkCover Queensland Amendment Bill I want to concentrate on this Labor Government's imposts on the building and construction sector. Before doing so, I would like to comment briefly on the contributions made to this debate by some members opposite.

Government members seem to have this fixation with a mistaken belief not only in the infallibility of Labor policy but also in the principle that business is part of the welfare sector. It is not. Business is what drives this State—small business in particular. As my colleague the honourable member for Gregory said in this place a little while ago, small businesspeople are the real battlers today. That is an economic fact of life. It is one of the many facts of life that the Labor Party simply does not seem to understand.

Labor plans to wreck the sensible reforms to workers compensation put through the Parliament by my colleague the honourable member for Clayfield. Labor's purpose is blatantly political. Labor is paying off its union mates. Those opposite know it. We know it. The people of Queensland most certainly know it. The people of Queensland will also know it when, under Labor's rule, workers compensation again goes down the gurgler because of the typical Labor mismanagement which was displayed by the previous Goss Government. Who will pay for it? The people will pay for it!

This Bill makes it abundantly clear that this Labor Government regards the building and construction industry as the new milch cow to transfer massive funds to its mates in the construction unions. No fewer than three new levy arrangements have been announced and/or implemented in as many months. These arrangements involve new and additional charges. Those new levy arrangements are the Building and Construction Industry (Portable Long Service Leave) Regulations, the Workplace Health and Safety Regulations and now the WorkCover Act. Who pays these levies? The building and construction industry, which is struggling under very tight economic conditions and wafer-thin margins, pays them, as do ordinary Queenslanders, especially those people who are building their first home and who cannot afford the dramatic increases in building costs which these Labor levies will most certainly impose.

I will deal with the housing sector first—the area where average Queenslanders are about to be massively slugged with the triple-barrel Braddy taxes. On 3 December 1998 the Building and Construction Industry (Portable Long Service Leave) Regulations were amended to widen the definition of "employee"—now called "worker"—and to siphon off another .05% of the value of all building work done in Queensland. That may not sound very much to many people but it is not just wages or labour costs that are involved; it is all materials and other services as well. The proceeds are to be used to create a building and construction industry "training fund". This fund will be in addition to the traditional sources of training funding which benefits all industry sectors, including construction.

The Government might say that the overall effect of these changes was a net reduction in the total long service leave levy proceeds. This is misleading for two reasons. Firstly, had the Government stuck to the original purpose of the Building and Construction Industry (Portable Long Service Leave) Scheme and had proper regard for actuarial assessments of future funding requirements of the scheme in its original form, it would have found that the scheme was on the verge of being self-funding. The long service leave levy would have been able to be abolished. Now, thanks to the current Minister's changes, there will be an ongoing tax on building and construction work in Queensland and it will not be

for the purposes of funding long service leave, as the name of the Act which first authorised the levy clearly states.

The second reason why this manipulation is a confidence trick on the house builders and home buyers of Queensland is that this levy is massively applied to house building for the first time. The Minister and member for Kedron, Mr Braddy, does this by the second of his amendments—this time to the Workplace Health and Safety Regulations.

Also on 3 December 1998 the Workplace Health and Safety Regulations were amended to remove the exemption from the workplace health and safety levy for the building of houses which cost less than \$120,000. The threshold at which this levy now becomes payable is the same as the BCI threshold—\$80,000.

So the overall result so far is that, whereas the previous coalition Government had maintained the exemption from these workplace health and safety fees for the vast majority of houses built in Queensland—houses which were mainly targeted at the first home buyer and the battlers in the real world—this Labor Government has now reversed this situation and imposed fees on the vast majority of new houses built. The costs for the first home will go up. This burden has been imposed on the people who can least afford it.

**Mr Santoro:** They are mainly the non-unionised sector of the building industry. So they are not having union rates.

**Mr BAUMANN:** True and correct. Furthermore, these fees are set at a rate of 0.125% which is, of course, in addition to the BCI levy of 0.075%. However, that is only the start. In this Bill now before the House, which proposes to amend the WorkCover arrangements, we find yet another levy to reform the workers compensation arrangements. Every time this Government reforms anything, the taxpayers of Queensland foot the bill and the unions get the benefits. This is especially the situation in relation to how these changes to WorkCover affect the building and construction industry.

Labor's third levy works like this: the Government is going to put yet another levy on all building and construction work and it is going to use the proceeds to pay benefits to people who are not really employees in the true sense but whom they hope might be persuaded to join the unions, I guess, and for conditions which are not really caused by their work. This is what comes from departing from the definition of "employee" as a PAYE person, which was the definition implemented by the coalition Government in the light of the Kennedy recommendations. I ask members to take the housing industry as an example and simply ask: will the people who will actually pay the new Labor levy—the struggling small house builder and his first home buyer client—get any benefits? No! They will get no benefits whatsoever beyond the knowledge that they are subsidising Labor's union mates elsewhere than on their house site. That is very sad indeed.

The Government says that this new additional levy is fair and equitable. I say that it is neither. The first part of Labor's argument goes like this: some employers in the building and construction industry are not paying the workers compensation levy, and that may well be true. The Government thinks that that is somewhere between 30% and 70%. It is an enormously wide range of uncertainty on which to base a radical new tax. Therefore, Labor says that everyone in the industry will now pay a levy on all construction work, and that that is fair and equitable. In other words, because some unknown number of builders are not paying what Labor thinks is their fair share of compensation premiums, everyone now has to pay an additional levy. Those builders who do not conform do not have the support of this side of the House, either. Everyone should carry their fair share of the insurance burden that sees this wonderful scheme remain viable and in place for the benefit of those PAYE people. What is worse, the main reason for this levy on the building and construction sector is that Labor is extending the benefits of workers compensation to people who are not really employees, that is, the contractors and subcontractors about whom I spoke who operate under the prescribed payment system and who most certainly are not PAYE employees.

If there are no rebates for the premiums paid by the 30% to 70% of employers on the other side of the equation who do the right thing at present and pay workers compensation premiums—and I might add that none are mentioned in the papers released so far—then these people go on paying a much higher amount. If there are to be rebates on the levy, how will Labor sort out the value of work done by firms and employees on maintenance as opposed to new building sites—a situation which prevails for so much of the construction industry trades and against which policy or levy claims will be charged? Either way, the big losers are the very people who derive the least benefit. They are the house building contractors and most if not all of their subcontractors who will be under pressure to trim margins even further to meet this levy, from which they will derive little or no benefit at all. The house buyers of Queensland are going to be required to contribute to all three Labor levies to fund benefits to union mates on a fairly massive scale indeed.

The scale of the new WorkCover building and construction levies are not disclosed in this Bill, and that says a lot for the openness and integrity about which we heard quite a lot previously this week

in this House. But I repeat: the problem with these three hidden tax increases is that they burden the people who can least afford to pay, including first home owners and house builders, who have struggled to keep costs down in a very competitive market. They provide no benefits to them whatsoever. They add to the costs of the WorkCover scheme, and that means higher premiums. All Queenslanders should bear in mind that as a result of the negligence of the previous Labor Government, the average premium as a percentage of wages for all industries rose by 50%. I might add, though, that the increase for the building and construction industry is about to be very much larger than that.

This Labor Government is following exactly the same irresponsible path as the previous Goss Government followed. It is extending benefits when the solvency of the scheme has not yet been fully re-established after the coalition reforms and it expects Queensland taxpayers to foot the bill for this sort of negligence. This Bill also conceals what will undoubtedly be a massive hike in labour on-costs for the building and construction industry. All of us should be concerned not only about the future solvency of the scheme but also about the huge additional levies that will be imposed on the industry generally and house buyers in particular. These new levies also militate against job creation in a sector which has, in the past, shown its great potential to lead growth in our State.

I refer to the comments of the member for Bulimba who, when speaking to this Bill, said that the two great barometers for this State's financial soundness and progress are probably the rural industries and most certainly the building and construction industries. If they are both strong, the State is prospering, probably well above any other State in our great country of Australia.

In summary, the additional charges on the building and construction industry provided for in this Bill will be substantial, but they serve only to direct funds to Labor's mates, the unions, and everyone else has to pay. Yesterday in his speech the honourable member for Clayfield, the former Minister—the man who rightly regards the WorkCover reforms instituted by the coalition to be a proud legacy of his service as a Minister of the Crown—carefully detailed the definition of "injury".

**Mr Fouras** interjected.

**Mr BAUMANN:** This is a serious part of this Bill, and I say to the member for Ashgrove that the definition was contained in the coalition's 1996 Bill. As members would agree, the definition of "injury" is crucial to the performance of the building and construction industry. The 1996 provision required employment to be the "major significant factor causing the injury" and strengthened the link between employment and the particular injury. This provision was introduced because the then current definition—the definition to which this misguided Government seeks to return—led to situations where compensation had been paid for extended periods for injuries that related to underlying conditions rather than work-related conditions. The 1996 provision was fair. It meant that, under the then prevailing rules, employers were held liable only for an injury where their employee's work was the major significant factor causing the injury. This helped control costs. It looked after the bottom line. That is what a prudential scheme must do, or else it goes broke. The Labor Party knows all about how to send things broke.

Journey claims are also an important element in the building and construction industry. The proposed changes to the journey claims provisions will impact heavily on the cost structure of the workers compensation scheme. Two tests relating to the shortest convenient route and denial of compensation for those who voluntarily subject themselves to risk are being removed. Much has been made of the shortest practical route to work. To the best of my knowledge, applications in cases such as those quoted—for example, where a woman has dropped children off at school and has found herself in the unenviable position of being injured on the way to work—have not been refused. Undoubtedly, the removal of the two tests will open up the floodgates. That is what the unions wanted, so of course it is what the unions got.

At this stage of the debate it is worth repeating the reasons why the coalition is opposing the Bill. We oppose it because it will fundamentally undermine the recovery of the workers compensation system from the financial coma in which the coalition found it when we came to Government in February 1996, and because it represents the questionable motives that underpin the Labor Party's operations in this Parliament and Parliaments elsewhere in Australia. We oppose the Bill because of the reckless abandonment of prudent and proven financial practices in the administration of Government departments and instrumentalities such as WorkCover Queensland. We oppose the Bill because of the Labor Party's total capitulation to the whims and demands of its friends and supporters, including the anti-business and vested interests that unfortunately drive the union movement in this State and, of course, because of the unravelling of the pro-business achievements of the coalition Government through Labor's fundamental lack of support for business, and particularly the battlers of small business. It is essential that the Parliament rejects flawed policy, and this Bill is flawed policy in spades.