



Speech by

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**MEMBER FOR MOGGILL**

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**WORKCOVER QUEENSLAND AMENDMENT BILL**

**Dr WATSON** (Moggill—LP) (Leader of the Liberal Party) (2.30 p.m.): It is a pleasure to rise to take part in the WorkCover Queensland Amendment Bill debate. Just before the luncheon break, I was listening to the member for Cairns who, I think, indicated in her speech that she wanted a real measure of balance in this debate. I think that she was trying to comment adversely on the contribution of the member for Clayfield. Let me assure members of the Government, as the member for Clayfield actually did in his speech, that the speakers on this side of the House will cover the broad range of issues that are involved in this WorkCover debate. Although the speakers on this side may concentrate on particular aspects of the Bill, in total there will be a very balanced and thorough debate on it.

Let me also assure honourable members that we have balance in another, and very important, sense. We on this side of the House are committed to financially viable funds being available for workers or employees when they become injured. If those people have a legitimate, job-related injury, we want to make sure that the funds are there to help them. Further on in my speech I will discuss this matter in some detail. We are firmly on the side of the injured workers, because we believe that they deserve to know that, if they have a legitimate claim to the funds, then those funds will be there. That is a key difference between a coalition in Government and Labor in Government.

This amendment Bill is exhibit A in proving the case that the unions are running this State. Recently, in the Gordonstone dispute in central Queensland and in the Sun Metals dispute in Townsville, a very clear message was sent to potential investors in this State. That message was that, in Queensland, unions are above the law.

**Mr Braddy** interjected.

**Dr WATSON:** There is absolutely no question about that. The Minister wants to laugh, but he knows that that is the truth. These proposed changes to WorkCover send another clear message, and that message is that what the unions want, the unions get. There is no other possible way to justify why WorkCover needs to be changed.

When the coalition came to power, the workers compensation system was broken, but we fixed it. I commend my colleague the honourable member for Clayfield for the job that he did in turning around the Workers Compensation Fund. I also join the honourable member for Clayfield in totally opposing the amending legislation that has been brought into this place by the Minister for Employment, Training and Industrial Relations.

The tragedy of this Labor Government is that it has not learnt from its past mistakes. The people who end up paying for Labor's mistakes are ordinary Queenslanders. Before the coalition came to Government and fixed the workers compensation scheme in this State, it was one big mistake. It was \$400m in the red. It was compo cheats heaven, because it encouraged a compo culture. The coalition fixed that, and now Labor wants to break it down yet again.

This State cannot afford to have such an important financial entity running along non-commercial lines. We have seen what happens when Labor Governments try to interfere in commercial markets. I refer to the infamous HOME scheme, which was meant to stand for "home ownership made easy". It ended up standing for "home ownership mismanaged entirely". It cost the taxpayers of this State something like \$19.1m—\$19.1m written off in bad debts. I guess that debt fades in comparison with the workers compensation debt that was left to the then Minister for Training and Industrial Relations in the coalition Government.

One would think that Labor would have learned that Governments get into trouble when they interfere and run things in a non-commercial fashion. However, Labor has not learned. Let me remind the House of the ringing endorsement given to the WorkCover model created by the coalition by its current chairman, Ian Brusasco. As members know, Ian Brusasco is a well-known Labor Party stalwart and a respected and successful businessman. What Ian Brusasco says about the coalition WorkCover model is worth listening to. In his covering letter to the Minister in presenting the 1997-98 annual report of WorkCover, which of course was all but three days of the term of the coalition Government—and at that time WorkCover was presided over by the respected chartered accountant and business leader, Mr Frank Haly—Mr Brusasco states—

"We are clearly focused on achieving full funding. We have a strong commitment to customers and a commercial focus."

That commercial focus is going to become very blurred by these totally unnecessary changes that are being proposed by the Government.

**Mr Braddy:** Are you aware that Mr Brusasco's board supports it?

**Dr WATSON:** The focus will become blurred because, frankly, the proposed changes are blurred. In answer to the Minister: he changed the board.

**Mr Braddy:** You just praised him a minute ago. He supports every single one.

**Dr WATSON:** I am saying that the Minister changed the board. Mr Brusasco was praising the outcomes under the board appointed by the coalition Government. He was honest about that.

As I said, the focus is going to become very blurred because, frankly, the proposed changes are blurred. For example, take the Government's proposed redefinition of "injury". They want it changed from employment being "the major significant factor causing the injury" to now read employment being a, and I quote, "significant contributing factor"—end of quote and beginning of troubles! No-one—not the employers, not the taxpayers, and not even the employees—can afford the luxury of ambiguous definitions in relation to compensation. If the definition of "injury" is blurred or ambiguous, then it is open to rorting. That can lead to a debilitating impact on the effectiveness of the whole WorkCover operation.

The new definition of "injury" that the unions want has already been discredited by the 1996 Kennedy inquiry findings. It is a return to the discredited version that applied under the previous Goss Labor Government's 1994 workers compensation legislation. Members should remember that it was the Goss Labor Government Act that got workers compensation into a huge financial mess in the first place. In this amendment Bill, this blurred definition sends another clear message to potential investors in this State: Queensland—beautiful one day, compo claim the next.

The coalition opposes the amendments because they signal a return to a growth of the compo culture in Queensland—the culture that Kennedy said must be fought and eliminated. By weakening the definition of "injury", Labor will make it much more difficult to control claims of doubtful work origin, thereby increasing costs to employers. The ability to sneak through fraudulent claims is made easier.

Even in relation to claims that originally are legitimate, the Government's approach will also enable some workers to stay on compo longer than is necessary. The open-ended, ill-defined terms that this Bill proposes might be music to the compo cheats, but I for one can hear the alarm bells ringing. Under Labor's proposed changes, WorkCover is back on the slippery side to financial disaster. All the good work will be undone.

**Mr Braddy:** Same definition.

**Dr WATSON:** The Minister may interject, but there is absolutely no question that, when Labor left Government, it left the workers compensation scheme in a mess, it made it more likely that injured workers in the future would not be covered, and it was up to the coalition to fix it, and we did so.

As everyone knows, the Goss Labor Government left the Queensland workers compensation scheme in a mess, with in excess of \$400m of unfunded liability. When we took over, the whole workers compensation system was facing a disaster of titanic proportions. Fortunately, the coalition saw the iceberg coming and each year over three years injected \$35m from consolidated revenue into the Workers Compensation Fund. That was in the Budget. We have been through this numerous times and in the past the member for Clayfield has explained it ad nauseam to the House. Under the good management of the coalition, the whole fund was turned around.

I am sure that none of the Government speakers in this debate would tell anyone that WorkCover Queensland had improved its solvency margin from minus 7.4% to plus 2.2%. In one year alone, in 1997-98, it turned its position around from a \$126m deficit to having \$43m in net assets. Because of judicious investments through the Queensland Investment Corporation, it received a 10.21% return on investments, which translated into \$192m worth of investment income. However, there is more: in 12 months it saved \$3m through fraud detection. That is the sort of financial impact that the coalition Government and the board that was appointed by the coalition Government had. That

is the sort of surety that employees who may become injured need. They need to be sure that the fund that is going to fund their legitimate claims is financially viable.

What is the future of WorkCover under a Labor administration? The business community in Queensland has some legitimate questions that need to be answered by this Government. They need to know what the projected financial positions for the fund will be at 30 June 1999 and at 30 June 2000. What are the prospects for further premium relief for employers in future years? What is the Government's policy intention if solvency is achieved earlier than expected, particularly in respect of reform that may put the benefits achieved in recent years at risk?

WorkCover is not broken and does not need fixing. These amendments represent union payback time, pure and simple. The unions bankrolled Labor's extensive advertising campaign at the last election and they forked out for all those nauseating TV commercials of Peter Beattie smiling with ordinary Queenslanders in the street. Now they want to get some of their money back by allowing their members to have easier access to workers compensation funds, and ordinary Queenslanders will suffer.

Because we have another blow-out of the Workers Compensation Fund, services somewhere else will have to be cut to fund it. Public hospital patients who need surgery will wait longer because of compo cheats. Communities will wait longer for policemen because of compo cheats. Schoolchildren will wait longer for resources because of compo cheats. No-one in the coalition wants to deny legitimate WorkCover for legitimate injuries. However, none of us wants a return to the compo culture that stifled investment and ultimately cost jobs. That culture said to the workers, "The funds to cover legitimate injuries may not be available."

Another aspect of this legislation that is pure sop to the unions is the undermining of the self-insurance provisions. The legislation has been framed to discourage self-insurance, yet Labor has clear, undeniable evidence that self-insurance generates strong incentives for good occupational health and safety practice, and better control and management by employers. Most importantly and critically, it creates the environment for quicker decision making on claims for the benefit of workers. From what the member for Clayfield said earlier, I understand that the Government deserves some credit for agreeing to modify some elements relating to self-insurance. I have not actually seen the amendments, so I rely on the very brief statement of the member for Clayfield. I understand that the original proposed amendments to the self-insurance provisions, particularly the one that would have limited self-insurance to companies or enterprises with a work force of 2,000 or more rather than the present 500 or more, would have been bad for workers. I am not sure if that has changed.

**Mr Santoro:** No, the 2,000 remains at this stage.

**Mr Schwarten:** The blind leading the blind.

**Dr WATSON:** The Minister has not had the courtesy of giving me the amendments, so I am relying on what Mr Santoro said earlier. The problem is that that is a disincentive to employers to provide self-insurance. Self-insurance must continue to play a big role. It encourages competition and it provides options for business.

At the beginning of my speech I said—and I will say it again—that this Bill is exhibit A in proving the case that the unions are running this State. The Bill does nothing more than widen the opportunity for workers to make workers compensation claims. The sole aim of the Bill is to ensure that workers can access as many of the dollars that their employers put into workers compensation as possible. In the past couple of years, employers have incurred considerable expense in adjusting their administrative procedures brought about by the changes to the WorkCover Act following the Kennedy inquiry. Now, thanks to Labor kowtowing to the unions, employers will be put to further expense to amend their procedures to cover the additional workers who will be brought under the umbrella of this legislation. In many cases it will not be easy to work out who is or is not eligible to be covered. The increased coverage will add to the premiums of those employers who engage contractors and the like who have not previously been covered by the legislation. Claims by any of those workers will further increase the premiums of the employers under the experienced based rating system.

In conclusion, the coalition introduced a fair system for workers compensation in this State that was and is working. However, the unions want their payback from Labor. The price of that payback will be an inferior system that does not serve workers, does not encourage investment and ultimately, in two to four years' time, will end up costing this State jobs and services and will cost taxpayers and ordinary Queenslanders more money.

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