



Speech by  
**Mr DENVER  
BEANLAND**

**MEMBER FOR INDOOROOPIILLY**

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Hansard 15 April 1999

**WORKCOVER QUEENSLAND AMENDMENT BILL**

**Mr BEANLAND** (Indooroopilly—LP) (12.33 p.m.): The issue that I would like to address as part of this debate relates to Labor's clear lack of consideration of the cost to business of workers compensation and the impact on competitiveness for businesses, particularly those operating at an international level and, therefore, the impact on jobs. In 1989, when the Goss Labor Government was elected, the average premium rate for workers compensation in Queensland was approximately 1.43%. By the time Labor lost Government in February 1996, the average premium rate for employers in Queensland had risen by a staggering 50% to an average rate of 2.145%. What more evidence is needed that, where money is concerned—other people's money, of course—Queensland Labor has convinced itself that the only way is up? Throughout this period the problem of a narrowing gap in the long-term actuarial soundness of the scheme was well known to Labor. But it deliberately chose to use the blunt policy instrument of premium increases imposed on employers rather than attempting to address the underlying causes of cost blow-outs.

This practice—of Governments not wanting to address underlying issues in workers compensation schemes when they emerge, but simply to impose costs on some other party, particularly employers—has been the course in many Western countries. If one looks to the workers compensation schemes in this country, in the United States and in Canada, one finds that their history is characterised by emerging financial difficulties and by the lack of will by Governments to introduce and maintain effective controls or management disciplines. Closer to Queensland, one only has to study the history of the New South Wales scheme since the mid 1980s to understand the political and stakeholder self-interest which can drive the emergence of financial problems and to understand the cause of long-term instability within a workers compensation scheme. Other Australian jurisdictions have demonstrated similar histories with current relatively high premium rates because the underlying control issues and management disciplines have not been developed, outlined and applied.

Labor's lack of cost control in 1993, after financial difficulties emerged in the Queensland scheme, ultimately caused considerable cost to employers and instability—and, I might add, considerable cost to Queensland taxpayers. This approach is typical of the approach adopted in many other Western economies and particularly in other Labor States. However, it does not have to be like this. Governments which have seized the agenda and decided to apply reasoned approaches to achieving a balance between the genuine rights of workers and the rights of employers who fund workers compensation schemes have invariably found that their action has been a popular one. It has resulted in reasonable approaches to achieving a balance within a workers compensation scheme to the benefit of all people in the community. Regrettably, Labor through the 1990s has demonstrated that its approach has been one aimed at applying premium increases before addressing the issues which need to be remedied.

As a general comment, whenever Labor has come to power in Australia—at Federal and State level—it has proved to be a financial bungler. One only has to look at Victoria as a classic example, where the Cain Government sent the State virtually bankrupt. In Western Australia we had the Burke administration, which undertook a similar exercise of getting that State into a great deal of financial difficulty. The classic example, of course, is South Australia. The current Liberal Government is still

coming to grips with and overcoming the problems in that State. Let no-one ever forget the State Bank fiasco in South Australia.

Also, let us not forget the shambles in New South Wales, where, for example, the workers compensation system, which had \$1 billion in reserves—that is, \$1,000m—fell into financial chaos under Labor's provisions. And when the coalition Government came to office in that State it was unable to rectify the problems because of the obstruction in the Upper House. At the Federal level, Labor left this country in a financial mess when it was voted out of office in 1996, leaving a Budget deficit of more than \$10,000m—\$10 billion. Labor in Queensland has not done any better. It concealed the problems in the Workers Compensation Fund prior to the 1995 election and only saw fit to reveal the deficit after the election had been concluded.

Against this background of Labor's financial ineptitude in a number of areas, we find that Labor is proposing to introduce measures which will increase costs and reduce revenue to WorkCover at a time when the scheme has not had the opportunity—the time, in other words—to demonstrate longer term stability. The public is aware that the financial effect of such changes as we are debating today will not be known for several years.

This policy approach has a worrying parallel with the New South Wales approach of the early 1990s. The New South Wales scheme has an average premium rate of 2.8% and an underlying cost of around 3.2%. The scheme is in a rapidly deteriorating financial position. There appears to be no political solution in sight, given the problems of the New South Wales Labor Government. Even if the New South Wales Government had the capacity to pass the legislation in the Upper House, it is questionable whether it would introduce the types of disciplines that are so badly needed.

How can Labor justify increased costs and the risk to future premium stability against its policy of achieving 5% unemployment within five years? Actually, it is now four years until the target date is reached. If Queensland is to remain internationally competitive, premium costs need to be maintained at the lowest reasonable level. This is necessary because—as even the hyper-marketeers opposite understand, even if they will not say so—global trading conditions are far from ideal for an economy such as ours. We are all aware of low commodity prices. We are also aware of the difficulty of competing in the international marketplace.

We have a lot going for us. We have a vibrant IT industry which shows real promise of becoming really big-time in the medium to longer term. We have a range of possibilities in new technology, and in technology applied to our traditional industries. However, the real game is to lift our market share in the global economy. The fact is that Australia's market share is all but invisible. Queensland's market share is microscopic. In this environment we can afford no uncalled-for depressants on business activity. We need a whole-of-Government approach. We need a real approach, not the hype version that we so often hear from those on the other side of the Chamber. We need an approach that cuts out all the unnecessary nonsense lying in the way of maximising business profits and thus maximising job opportunities. After all, it is business—particularly small business—that is going to create jobs in this State. That argument holds good for whatever level of business we are discussing. It holds good regardless of what imposts we are talking about. Queensland's business community is a fair community. It pays its whack. It pays its fair share of taxes. It plays a crucial part in building the State's future. It does not deserve to be thumped around the ears by Government. It does not deserve to be viewed as part of the welfare system.

Fair compensation for injury sustained in the workplace is one thing—and I am sure no decent Queenslander would argue against fair compensation—but if we expect business to build our economy so that we can compete in the new century with its new challenges we have to be very vigilant against unwarranted imposts that depress profits and job creation. It is only with a financially healthy business sector that long-term job creation can occur. It is precisely in this area that Labor walks all over everything with its feet of clay.

We have seen an example of this in Labor's plans for workers compensation. Labor is creating a situation in which costs will run out of control and employers will have to pay the penalty in terms of higher premiums. This tells us that those opposite have learnt nothing. They still believe that the world owes them a living. They believe that business can pay for them to be kept in the style to which they like to think they should become accustomed. Those days are gone. No-one owes us a living. We have to make our own living by being innovative, entrepreneurial, active and energetic. We have to keep the tightest rein that we can on business costs.

It will be said that most businesses do not pay excessive workers compensation premiums, but that is not the point. The argument is about having policies which keep premiums down. We need a whole raft of policies which will keep business costs down. We see little evidence that the Government comes even close to comprehending these principles. This is certainly not a time for the Government to take policy decisions which satisfy the particular self interest of groups close to the Australian Labor Party.

We are all aware of the problems we have in the international marketplace. Business must compete domestically and internationally with our commodities, our service industries and our secondary industries. Although I do not believe that there is a level playing field in the international sphere, nevertheless the international marketplace is very competitive. We have to ensure that our businesses can compete in that marketplace.

We have many businesses involved in service industries and commodity industries which do compete internationally. Our secondary industries also compete domestically and internationally. Queensland has a real interest in ensuring that our whitegoods industry, our IT industry, our tourist industry and so on remain very competitive.

We must keep down overheads to allow our industries to remain viable. WorkCover premiums will simply add to the costs of industry. Some members opposite believe in erecting walls of isolationism. Some people believe that we can build a wall around Australia and remain isolated from international competition. Of course we cannot do that. The last countries to try such a scheme were the communist countries, including mother Russia. We know what happened to those countries. North Korea and, perhaps, Cuba are the last two countries involved in such isolationism. Those countries realise that they cannot survive. We have all seen the havoc that was wreaked on the Russian economy after it erected the Iron Curtain. We cannot have isolationism if we hope to enjoy a high standard of living.

The mining industry is another area which is faced with the cost involved in workers compensation. The workers compensation scheme in Queensland was a black hole when the coalition came to power. In the previous Labor Government the current Minister for Health was in charge of workers compensation and she left a black hole of somewhere between \$320m and \$400m. The incoming National/Liberal coalition Government had to legislate to take some \$35m per annum over three years from Treasury—a total of \$105m—to bail out the fund. In 1993, when some changes were made to the scheme, it was quite obvious that there were going to be major difficulties ahead. The former National/Liberal coalition Government subsidised businesses via the taxpayer to keep businesses viable and encourage job creation. The proposed changes to the workers compensation legislation will result in another shortfall which will require a major top-up somewhere down the road.

Business, particularly small business, is vitally concerned with making sure that the scheme remains financially viable so that they are not faced with the huge impost of increased WorkCover premiums. They have very limited ways in which they can absorb these extra costs, apart from passing them on to the consumer. Of course, today we know that there is greater competition among businesses for the consumer dollar.

As we found previously with a Labor Government, it always seems to want to cover up issues. Disappointingly, again we see that, with this Minister covering up the actuarial advice in relation to WorkCover. There must be some sort of actuarial advice forthcoming, but it has not been furnished to this House. I say to the Minister that that is disappointing. This Minister, who has the responsibility for WorkCover, brings forward these amendments, but where is the actuarial advice? It is not here!

I noticed in the Minister's second-reading speech a host of what I would call weasel words that were used to wriggle his way around this matter. The Minister stated that there was some actuarial advice, but he could not table it. In 1993 and in 1995, Labor's weasel words brought the whole WorkCover scheme unstuck, and it is occurring again. I believe that in this matter we have a monumental cover-up. If the Minister had nothing to hide, in introducing this legislation he would have tabled that actuarial advice.

Of course, we have seen this all before. We saw it occur in 1993 and prior to the 1995 State election when WorkCover fell apart. I remember that, day after day in this House, the then Minister refused to table the actuarial advice. Likewise, this Minister is now not tabling the actuarial advice. He will not table it because it is detrimental to his cause. No doubt, it will reveal exactly what the actuarial advice, had it been tabled back in 1995, would have revealed. Obviously, the Minister does not want to come clean and prefers to cover up the issue. It is easier to fudge the matter, to keep it at bay, than to table the actuarial advice in the House.

At the end of the day, if this legislation is passed, the Minister knows that WorkCover will head down the same track that it did between 1993 and 1995 before the former National/Liberal coalition Government came to office in 1996. A number of comments in the Minister's second-reading speech highlight that very point. In it he states that he hopes that it will take three years or four years for the changes to flow through the system. As I have pointed out already, after the amendments to WorkCover in 1993, it took until 1995, or a little longer to when we came to office in 1996, for it to become very, very clear that Labor had covered up the real situation in relation to WorkCover. It had a huge black hole of \$320m to \$340m, which required an injection from Treasury coffers of some \$35m a year over three years—in all, a total of \$105m—to prop up the scheme. Otherwise, the financial burden would have been so great on businesses, particularly small businesses, that they would not have been

able to cope. They would not have been able to afford the huge increases that would have been required to bail out the system. Down the track, it will become quite obvious that, with these changes, another black hole will appear, which will require a further bailing out.

Today is a very sad day. I can understand that the Labor Party may have wanted to make some changes to the WorkCover scheme. However, to make changes that will again lead to another financial black hole, which will create a great financial burden for businesses, and which will impact upon job creation in this State, is very short-sighted. I am sure that, at the end of the day, the business community and those people out there seeking jobs will not thank this Government or this Minister.

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