



Speech by

GEOFF WILSON

MEMBER FOR FERNY GROVE

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WORKCOVER QUEENSLAND AMENDMENT BILL

Mr WILSON (Ferry Grove—ALP) (5.11 p.m.): I rise to give my wholehearted support to the new WorkCover legislation. The Labor Party is committed to looking after working people, and this is especially important in this day and age when often both partners need to work to support their family. Also, as the member for Mount Ommaney observed earlier, many families have a single working parent. Important principles for the Labor Party are job creation, job security, protecting workers by ensuring safe workplaces through workplace health and safety initiatives, rehabilitating injured workers so they can again become productive members of society, and fair and equitable compensation for workplace injury and incapacity.

The coalition brought into law a range of changes that artificially skewed the compensation system heavily against workers—an artificial definition of "worker" so that many people who are in reality working for wages were stripped of their rights to compensation in the event that they were injured at work. There was a heavy restriction on the definition of "injury" such that workers who have been injured at work are also stripped of their rights to workers compensation. However, the coalition did nothing about protecting the revenue base of the workers compensation system and it did nothing about compliance. Through the artificial restrictions adopted in the new legislation, it simply restricted the legal rights to entitlement so that the decreasing revenue base was distributed amongst fewer classes of worker.

The Labor Party will restore the balance. All of the changes proposed by the Labor Party were well publicised before the State election. Everyone knew that, if the Labor Party formed Government, a key plank of its legislative program would be restoring the balance to the workers compensation system. Having spent 18 years either working for the Labor movement or in the trade union movement directly, I am aware that many workers encountered problems with workers compensation. Nothing could be much closer to the heart of the trade union movement, the Labor movement and the Labor Party than establishing equity and fairness within a just society.

Over the years, many cases served to illustrate the repeated difficulties that conservative Governments introduced into legislation affecting workers compensation. Since my election in June of last year, many people have come to my electorate office and repeated stories that we in the Labor movement have become only too familiar with, namely, of workers encountering difficulties with workers compensation.

A classic illustration of the negative effect of the coalition during its brief, but unfortunately too lengthy, stint in Government over the past couple of years was its introduction of changes restricting the definition of "injury". Shortly after the election last year, one of my constituents told me that he was looking forward to the changes that the Labor Party was going to introduce. Although he accepted that those changes might not help him, he knew that workers injured in the future would benefit.

This man worked for Telecom for many years. As part of the restructuring of Telecom some eight or nine years ago, he took a redundancy package. He then commenced work as a groundsman/maintenance worker at a local school. That work required him to operate plant and equipment on a daily basis around the school. As a result of that, he sustained a spinal injury. However, because of the coalition's amendments to the definition of "injury" such that one was not able to receive compensation if the event was not a major significant factor contributing to the injury—as a

result of amendments to the law that established that new artificially restricted definition of "injury"—he was not entitled to compensation. WorkCover rejected his claim. That battler had no job and no compo, with a family to support, bread and butter to put on the table, a mortgage to pay and car payments to maintain. But the coalition could not give a damn about the hundreds of workers in that situation. Many workers have missed out. We intend to remedy that defect in the current legislation.

Three factors impact on the health of the workers compensation system: firstly, the level of benefits available to workers and, indirectly, their families; secondly, the level of premium paid by employers; and, thirdly, the level of premium compliance. The coalition failed to address this area during its time in Government. It is still highly reluctant to give the issue any attention. The issue of compliance is central to the Bill before the House. Premium compliance has been a longstanding problem affecting the Queensland workers compensation system. Over the years Governments have looked at the policing aspect of compliance, such as fraud prevention and investigation, and some action has been taken. A 100% premium penalty now applies to employers who underdeclare wages. It is a shame to think some employers underdeclare wages and deliberately seek to avoid their legal obligation. Employers also have to pay for claims lodged against them if they are uninsured as well as an additional 50% of the claim's cost. Again, it is a tragedy that these employers who do not insure—and, thankfully, they are in the minority—are imposing a burden on the employers complying with the system. WorkCover has also undergone internal changes aimed at better targeting fraud prevention and detection. However, never before has the system been radically overhauled to improve compliance to capture lost premium revenue.

Honourable members will be aware that this is a national problem for workers compensation systems and is of growing concern. The problem is predominantly due to the changing nature of the Australian work force and the opportunities that this creates for unscrupulous employers and, indeed, unscrupulous workers to enter into various contractual arrangements that have the effect—the result—of avoiding workers compensation obligations. There is also greater mobility between jobs. Permanent positions are being substituted with temporary positions and there is a rapidly expanding use of contractors and the use of outsourcing. It is clear that the member for Mirani has read some of the journals affecting this area which I have also researched for this debate. This area illustrates that industries most affected by these changes include the building and construction industry and the transport, hospitality and retail industries.

The Government's WorkCover Queensland Amendment Bill 1999 provides a two-pronged approach to non-compliance. The first is an internal WorkCover strategy and the second is a fundamental shift away from collecting premiums based on wages to an activity-based premium collection model for the building and construction industry. This should see compliance rise significantly. As to the first approach, WorkCover Queensland, in conjunction with KPMG consultants, is developing more effective auditing processes which WorkCover estimates will recoup up to \$10m per annum in additional premiums. These strategies will be implemented during the 1999-2000 financial year.

As to the second approach, under the current system some employers in the building and construction industry—and I emphasise, fortunately, only some employers—are not complying with their workers compensation obligations. This is being achieved by avoiding taking out policies with WorkCover, not declaring full wages or entering into questionable subcontractor arrangements. Clearly in each of these instances of which there is ready evidence this amounts to a flagrant abuse of the system.

Honourable members will be aware that the Kennedy report suggests that WorkCover Queensland was facing a \$28m shortfall in known unpaid premiums. Anecdotal evidence from the building and construction industry suggests that the level of compliance in premium collection could be as low as 30%. Can honourable members believe it? As low as 30%! Preliminary estimates suggest that, if this is the case, over the past five years WorkCover has failed to collect approximately \$700m in premiums. Can honourable members believe it? \$700m in premiums! Even with a compliance level of 70% that would mean that over the past five years WorkCover did not collect approximately \$130m.

The Government's proposal for premium collection from this industry—the building and construction industry—will see premium compliance increase to a record 96% from an estimated 30%. The proposal, developed in cooperation with the industry, is for premiums to be collected as a levy on building and construction projects as part of the portable long service leave levy which itself has been in place for a number of years in this industry and with which all stakeholders in the industry are totally familiar and the administration of which has settled down over the years and is functioning in a highly efficient manner.

The Portable Long Service Leave Authority is currently experiencing excellent compliance levels. The increase in revenue to WorkCover Queensland from these improved compliance measures will more than offset the cost of the reforms to the workers compensation system. The projected cost of the reform has been actuarially estimated to be in the range of \$17m to \$20m per annum, while improved compliance measures are expected to return between \$50m and \$60m.

The advantages of such a scheme speak for themselves. An activity-based levy system will be clearly understood by the industry and the one-stop shop concept is maintained if only because the industry is thoroughly familiar with the administration and operation of the concept in the form of the portable long service leave system. Secondly, a broad base for collection provides equity throughout the industry. Thirdly, employers who currently comply with WorkCover requirements will benefit by competing on a level playing field with those employers who were previously able to avoid compliance. In other words, the majority of employers in the industry now will not have to suffer the bludgers in the industry in the form of that minority of employers doing whatever they can to avoid their obligations and compliance with payment, and that is a truly worthwhile service to the majority of the employers in the industry. Fourthly, and most importantly, all workers in the industry will be covered if they are unfortunate enough to suffer injury at work—the very same workers who are entitled to coverage under the Building and Construction Industry (Portable Long Service Leave) Act.

It should be stressed that this proposal is an Australian first and it is unique. It will be further developed in consultation with the building and construction industry, just as it was developed with the involvement of the building and construction industry and all stakeholders in the industry. All stakeholders in the industry knew at least 12 months before the State election in June last year that this was a significant proposal that the Labor Party had adopted and would implement if elected to Government.

The new arrangements are planned to begin on 1 July 2000 to enable the process to be finalised with the industry, to make the necessary legislative amendments and to provide stakeholders with sufficient time to arrange their business affairs. It is a fundamental part of the workers compensation package and the WorkCover Queensland Amendment Bill 1999. This key date, 1 July 2000, will see long awaited change and progress in the workers compensation system in Queensland.

The Government has based this Bill on changes for the better. It goes a long way towards addressing the inequities of the current system and will benefit both workers and employers and, most particularly from my point of view, will target a too long neglected area, that is, building and securing the reasonable revenue base of this system. It will give Queensland the best and fairest workers compensation system in Australia. It will restore balance to the relationship between the employers and workers in this particular area. It is a commendable piece of legislation that the Beattie Labor Government has brought before this House. I commend the Minister, the Honourable Paul Braddy, for his supervision of this legislation. I commend it to the House.
