



Speech by

**HOWARD HOBBS**

**MEMBER FOR WARREGO**

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Hansard 15 April 1999

### **WORKCOVER QUEENSLAND AMENDMENT BILL**

**Mr HOBBS** (Warrego—NPA) (9.02 p.m.): Another vital sector of the Queensland economy which has been one of the major beneficiaries of the coalition's workers compensation reform has been local government. The coalition deliberately set out to make life easier for city and shire councils. This is consistent with commonsense—local authorities being the tier of government closest to the people at community level—and with a sensible policy. Our aim was to give local councils a greater number of options in their financial and human resource management areas. It is a tragedy—although not one that, given Labor preference for centralising everything, should come as any real surprise—that one of the biggest potential victims of this can't do Beattie Government determination to serve the interests of its union mates ahead of the broad community in relation to workers compensation is, in fact, local government.

The coalition is about giving people and organisations a choice. Labor, unfortunately, is about being Big Brother. The coalition is about enhancing the diversity of Queensland's regions and local communities. Labor is about centralising bureaucracy, and that is the difference that we have. The coalition is about prudent management of public funds. Labor is about coopting business—and in this instance, local governments—into the welfare system, and we do not need that. These are three lessons Queensland's local governments will certainly have learned from the debate in this place over the past two days.

Where workers compensation is concerned, Local Government Workcare has exceeded or matched the average performance levels for all self-insurers. In the area of compensation, self-insurance is one mechanism by which local governments can act to control their costs to the benefit of their ratepayers. It is an interesting exercise to look at that situation as an illustration of where Labor's policy misdirection is likely to hit hard at community level. At the time of commencing its self-insurance licence, local government had no more than an average workers compensation record. A number of councils with good injury prevention programs were balanced by councils that found great difficulty in introducing an organisational culture focused on workplace health and safety. Both WorkCover and the Division of Workplace Health and Safety had unsuccessfully sought, over many years, to produce a general improvement in standards. These efforts did not succeed because of their limited scale, lack of coordination and failure to provide incentives to move beyond minimum legislative standards.

When examining the possibility of seeking a self-insurance licence for local government, it was clearly recognised that cost savings would not be an automatic outcome; they needed to be produced through broadly applied injury prevention and claims management strategies. During discussions over the licence, WorkCover advised that conditions relating to workplace rehabilitation would be a major difficulty for the LGAQ. Each of the 127 participants in the group application would require at least one—and in many cases more than one—trained rehabilitation coordinator as well as an approved rehabilitation policy.

Very few of the accredited training courses were held away from major coastal regional centres. Compliance with the licensing condition involved councils using scarce resources to send key staff members many hundreds of kilometres to attend the three-day course. Each council fulfilled its

commitment to support the self-insurance licence application by training the required number of coordinators and then preparing a rehabilitation policy for approval by WorkCover.

Local government has demonstrated its intention to do what is necessary to make self-insurance a success. The achievement in relation to workplace rehabilitation is an example of how self-insurance has led to outcomes thought by many to be beyond reach. The importance of this example will become even more apparent when considering new occupational health and safety standards for self-insurers. Local Government Workcare has been structured to reflect a management strategy of providing professional and accessible services specifically tailored to the needs of local government.

For the first time, each council has a nominated claims officer who handles all of the council's claims and has authority to make almost all necessary decisions. Development of a close working relationship between council officers and Local Government Workcare claims officers enables essential decisions to be made when they will do the most good. Rapid decision making is facilitated by many councils lodging claims through local government's internal computer network— LGAQNet. In a number of cases, claims that would have taken weeks to process and decide are being decided on the day they are lodged.

Local Government Workcare has engaged a network of rehabilitation case managers who are allocated significantly fewer cases than WorkCover case managers. This allows them to provide greater levels of professional support to councils and participate more directly in workplace rehabilitation programs. Each claim is reviewed for any rehabilitation requirement on the day it is received and, if necessary, rehabilitation intervention commences immediately. The case managers also deliver a wide range of injury prevention and management training in councils.

Another essential feature of LGW's approach is direct coordination of claims management and injury prevention strategies. Local Government Workcare's injury prevention consultant works directly with councils and the rehabilitation case managers to immediately address hazards identified through claims data. Statistics published by WorkCover demonstrate that, from the outset, Local Government Workcare has either matched or exceeded the average performance levels for all self-insurers. WorkCover's statistics also show that Local Government Workcare had a lower average time lost per claim than the average of all other self-insurers. This reflects the enhanced speed of decision making and emphasis placed on early rehabilitation intervention. Each claim is assessed for rehabilitation requirements on the day it is received. On a number of occasions, Local Government Workcare has coordinated rehabilitation programs prior to a claim formally being allowed.

The major concern of LGAQ is with the proposed amendments related to those that potentially threaten the viability of self-insurance. Self-insurers will be required to accept full liability for claims that occurred prior to the issue of their licence. The condition on which the existing self-insurers applied for a licence was that WorkCover would retain liability for such claims. Local Government Workcare will be placed under significant financial pressure if it is forced to accept liability for past claims under unfair terms. It has been made clear in the Government's position paper and amendment Bill that the terms will be as determined by WorkCover. The position paper also identifies a \$22m one-off saving from the self-insurance initiatives. It can only be speculated whether the bulk of this saving is intended to flow from WorkCover off-loading liability to self-insurers for amounts less than its own current provisions.

The Local Government Association of Queensland would not object to taking responsibility for past claims, as long as it were on fair terms. Over many years councils have paid premiums to the Workers Compensation Board and WorkCover for insurance cover against the cost of these claims. There is no financial or moral basis on which WorkCover can now attempt to escape any level of liability for the cover purchased in good faith by councils. Local Government Workcare must receive from WorkCover the full estimated value of known and unreported claims.

An associated issue, now resolved by the news from the Minister that the surcharge will be dropped for local government, was the requirement that self-insurers continue to pay an unquantified surcharge until they accept the past claim liabilities. We on this side of the House welcome this decision by the Government, as does the Local Government Association of Queensland and, no doubt, every council that was otherwise going to be stung by this provision. We welcome this evidence of fair-mindedness. Councils, along with other employers, have contributed to the eradication of WorkCover's deficit through payment of the surcharge. WorkCover is now in the process of building a financial surplus. Self-insurers will not benefit from this surplus and so should not be required to contribute towards it.

In the view of the Local Government Association of Queensland, the greatest short-term threat to local government's self-insurance licence is the requirement to meet occupational health and safety standards. As previously mentioned, a major initiative of Local Government Workcare is to incorporate occupational health and safety programs into the workers compensation operation. In conjunction with a committee of council safety officers, Local Government Workcare has been developing a model occupational health and safety audit program specifically tailored to the needs of local government. The

audit model is a key feature of the long-term strategy to help councils implement structured occupational health and safety management systems.

While the occupational health and safety standards are discriminatory in that they apply only to self-insurers, the Local Government Association of Queensland has not directly opposed them because our existing strategy is to see similar standards introduced by councils. The key issue is that of time. Proposed new section 571(4) of the amendment Bill provides self-insurers, who have to lodge licence renewals on or before 3 March 2000, an additional 12 months from that time to comply with the new occupational health and safety requirements. Local Government Workcare must lodge its application for renewal by 1 March 2000. This means it has until 1 March 2001 to achieve full compliance with the standards. The Division of Workplace Health and Safety had advised that it will take at least three months to audit compliance, so local government will need to apply for a compliance certificate by the end of November 2000.

It is my understanding that self-insurers have been allowed to view, but not copy, a draft of the occupational health and safety standards. It is not expected that they will be formally published until the amendment Bill is passed by Parliament. This effectively leaves local government with less than 18 months in which to assist each of the 127 members of the Local Government Workcare scheme to plan, develop, implement and test a structured occupational health and safety management system capable of satisfying external audit.

This is an enormous and quite possibly impossible task, particularly given the lack of resources and occupational health and safety expertise existing in many councils. Even if it could be achieved, the strategy would need to be based on scrambling together a quick fix solution, rather than on pursuing a considered process directed towards lasting occupational health and safety performance improvements. Just as occurred with workplace rehabilitation, local government is committed to achieving a significant across-the-board improvement in occupational health and safety standards. All that is being asked of the State Government is that it allow reasonable time for the task to be completed.

If local government's licence is not renewed on occupational health and safety grounds, the participating councils will be forced back into the WorkCover system, where specific standards do not apply. What outcome would this achieve for occupational health and safety in local government? The only realistic avenue for producing desired results is through self-insurance. The Government should concentrate on working with self-insurers to facilitate occupational health and safety outcomes, rather than pursuing a punitive system based on threats to continuation of licences. As an absolute minimum, a clear licence period of two years should be allowed for compliance. The time frame should also be flexible to allow recognition of satisfactory progress towards agreed objectives.

The record of workers compensation under the Goss Government, notwithstanding any improvement in its position that might have resulted from its panic-driven, last-minute, toe-in-the-water financial tightening up, demonstrates clearly that none of the participants in the compensation area can afford to trust Labor's promises that everything will be all right this time.

Jim Kennedy spent considerable time establishing the background to the financial position of the fund when he conducted his inquiry in 1996 because there were still some people around who apparently believed that the Goss changes, which took effect only in January 1996, would have reversed the serious underfunding he found. Mr Kennedy made special reference to political interference—Labor political interference—of the same type as that which the honourable member for Kedron now proposes to reintroduce on the grounds of some subjective social imperative.

What he said was worrying. He referred to inappropriate decisions made on at least three occasions in the early 1990s with regard to premium levels and benefits setting. He found that these decisions accounted for much of the 1996 level of underfunding. In short, as the people of Queensland have so many reasons to know, Labor either cannot add up or prefers not to if it thinks the sums might be embarrassing. In no area of life, especially public life, is it ever sensible to forget to do your sums. Neither is it ever sensible policy to adopt a broad-brush or one-size-fits-all approach to regulations in areas where the variables are so great.

In compensation issues, the individual is what counts. The rules must be flexible enough to allow for individual cases to be treated on that basis. That is the whole basis of private insurance. That is the promise inherent in a flexible WorkCover scheme. That is what is now at fatal risk from Labor's big boot approach to public policy.

The local governments of Queensland deserve every opportunity to trim their costs so that their ratepayers, their communities, can prosper and build on their own special talents and their diversity. It is abundantly clear that, where compensation policy is concerned, this Government is not interested in enhancing prosperity or diversity. It seeks instead to co-opt the organisations which pay for workers compensation into the welfare system.

In fact, so far as compensation is concerned there is no reason to take this action. To date under the coalition's system, Local Government Workcare has processed approximately 1,300 claims, of which only 3.6% have been rejected. Only 10 of those rejected have been taken to statutory review, and no Local Government Workcare claim decision has been overturned during the statutory review. The evidence from this is that in the local government system public compensation is being handled very well, that quality decisions are being made and that those decisions are understood and accepted by the workers. In other words, the scheme is working. The Government, which wants to be so intrusive in people's lives, should think long and hard about this.

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