Speech by

Mrs J. GAMIN

MEMBER FOR BURLEIGH

Hansard 15 April 1999

WORKCOVER QUEENSLAND AMENDMENT BILL

Mrs GAMIN (Burleigh—NPA) (9.18 p.m.): This legislation is holding Queensland back in delivering a fair and equitable workers compensation system. This Bill does not favour the workers of Queensland, nor does it favour the employers of Queensland. I refer particularly to the element of self-insurance.

In a series of amendments the Minister has managed to sabotage the real intent of the original clauses and reduce the self-insurance component of WorkCover to something which could only be described as skeletal. Worse still, he is now proposing legislation which will place Queensland last on the Australian stage in this particular area of workers compensation coverage. By turning its back on self-insurance in this way, Labor is disregarding other jurisdictional experience that self-insurance creates a better system.

The clear, undeniable evidence is that self-insurance generates strong incentives for good occupational health and safety practice and better control and management by employers. And most importantly, it creates the environment for quicker decision making on claims for the benefit of workers. The proposed amendments to self-insurance provisions, particularly those which limit self-insurers to companies or enterprises with a work force of 2,000 or more, rather than the present 500 or more, will be bad for workers. That will fantastically reduce the number of employers who will have an opportunity to engage in self-insurance. It is clearly an effort to drive employers back to the public scheme by the people who once gave us Government owned butcher shops. It is true that self-insurance will still exist, but under these amendments it is going to be rarer. And it will also be both gelded and gutted. Self-insurance will not be able to achieve the benefits it was already delivering. Despite the ideological hocus-pocus we have heard this evening from members opposite, self-insurers have been dealing with their claims promptly, effectively and humanely. What is happening here is not going to help anybody. It is not going to improve the tenor of the workers compensation scheme. The reality is that this regulation is going to have the effect of reducing competition, which will ultimately lead to inferior service levels.

Self-insurance availability has the proven effect of increasing competition within the scheme, thus delivering improved service levels within WorkCover. That is the experience everywhere else, and that was the developing experience in Queensland. However, the reduction in the number of self-insurers which will be brought about by the increased threshold of 2,000 employees is counterproductive to service level improvement and, in this respect, it therefore is counterproductive to overall improvements for workers compensation coverage in this State.

By inserting this clause, the Minister is pulling a pin out of a grenade and then rolling that grenade into the system. The justification for this clause, as outlined in the Explanatory Notes to this Bill, is flimsy, to say the least. The argument is that the requirement for 2,000 workers as part of the self-insurance licensing and renewal criteria has been included to ensure that companies are of a sufficient size, infrastructure and resource base to implement the systems and processes for self-insurance. That is not an explanation. Individuals are quite capable of self-insuring—for example, in life assurance, sickness insurance and loss of income insurance. I am not suggesting that everyone should self-insure for workers compensation, but I am saying that the 2,000-strong work force argument advanced by this Government is completely wrong. The "explanation" is to cover up a giant sop to the unions. It is, as I mentioned earlier, from the same school of thought as Government owned butcher shops—from Big Brother Government. This explanation is contained in the Explanatory Notes with the

Bill. Perhaps in this context "Explanatory Notes" is meant to be read in the same way—the tongue-in-cheek way—as the title of the Minister's paper: Restoring the Balance.

Let us go to that paper Restoring the Balance. We do find an explanation there. I will quote it for the benefit of honourable members—

> "Since the introduction of self-insurance in July 1997, there has been a greater than expected uptake of self-insurance, creating the potential for a future negative impact on smaller employers left in the general scheme."

So there you have it. The reason for removing the option for self-insurance from all but the biggest enterprises is not that the system is flawed. It is not that it is creating potential reductions in workers compensation payouts or undesirable occupational health and safety reductions. It is that it is in danger of working too well—in danger of creating freedoms and options for people. It does not fit Labor's preferred model—the one-size-fits-all model, the throwback to the workhouse days model, the "we know best" model.

There has been no negative impact. However, the can't do Labor Government would have us believe that there could be a negative impact. This is not about raising the standard of workers compensation and occupational health and safety, it is simply about raising the hurdles. And that brings me to the validity of the report itself. I urge all members who have not already read through Restoring the Balance to do so. It will not take them long. It is only 18 pages of well-spaced type and reflects the flimsy process which brought it into being. I ask members to read this document. They will find very little of substance. They will find very little evidence of real consultation and even less evidence of any cogent argument. It is full of general, sweeping statements and totally lacking in substantive evidence. It is both shallow and hollow.

Restoring the Balance is, in fact, unbalanced. It represents what must surely be one of the most perfunctory reviews ever undertaken by a Government in this State. There is no sign of an author. It contains only five references, including two relating to the Kennedy inquiry report itself, and it includes a lovely motherhood statement from The Worker circa 1915. It is interesting that the Minister, in this report, went back to the early part of this century and to T. J. Ryan to say what a good job Labor did. And let me say that he was absolutely right to do so. He was absolutely right, from a Labor Government's perspective, to ignore the shambles which was workers compensation under the Goss Labor Government of 1989 to 1996. He was absolutely right to reach back into the opening years of this century, which is almost over, to find a Labor leader who did make a difference.

I ask members to compare this document to the major contribution of Jim Kennedy; to compare this excuse for a report with what has been judged around the nation as one of the most comprehensive and illuminating reviews ever undertaken of a workers compensation system. I make these comparisons—invidious though they are—because I believe that the collective intelligence of this House and the innate commonsense of the people of Queensland is being insulted by the rationale put forward by the Minister responsible for this Bill. It is overwhelmingly "fawlty". The Minister has been following the wrong "Manuel". What we are having foisted on us is a rationale that, on the cusp of the 21st century, is quite irrational. It has all the characteristics of trade union rhetoric in an era when most Queensland workers have turned their back on trade union membership and have long since dispensed with the cloth cap.

If any member on the Government side of the House is going to seriously examine this Bill, then I would urge them to put aside the Explanatory Notes, put aside the few pages of the Minister's report and make the short journey to the Parliamentary Library. There they will find not only the two-volume report of Kennedy but also an exhaustive appendices of research material, including dozens and dozens of written submissions from employees, employers, Government departments, lawyers, doctors and many others. In that way, those opposite would gain an insight into the reality of self-insurance in terms of how it operates in other States, in terms of what value it adds to the system and in terms of how it helps improve benefits and costs for both employees and their employers. Honourable members opposite would quickly learn that self-insurance generally provides a strong financial incentive to ensure safer workplaces, as the claims and management costs are borne by the self-insurer directly. They would note that self-insurance encourages ownership of the process of rehabilitation and return to work. And is that not what the Labor Party should want? Does it not want better rehabilitation? Does it not want workers given opportunities to return to work earlier rather than later—by providing alternative tasks either temporarily or, in serious cases, on a more permanent basis?

It is a fact that self-insurance actually encourages the development of a culture of safe work practices involving both the work force and employers. What this Bill does is exactly the opposite. If this Bill passes without substantial amendment, it will reinstate the compo culture. That would be Labor's disastrous legacy to Queensland. Unless this Government is prepared to turn around, it will be setting Queensland against all modern trends in workers compensation. Let me remind members of some of the points made by Jim Kennedy in his report—the one in the library. He concluded—

"The arguments put forward for self-insurance are strong. There were few submissions opposing its introduction."

He acknowledged that suitable licensing and prudential requirements needed to be sufficiently strict so as to—

(i) protect the long-term injured worker against company failure;

(ii) ensure quality standards for claims management and injury management;

(iii) ensure the provision of timely and accurate data to WorkCover Queensland; and

(iv) ensure the viability of the employer and their ability and commitment to maintain a self-insurance system in the long term.

I totally endorse all of that, and it was fully covered in the WorkCover Act 1996.

Kennedy went into great detail about the various aspects of viability and of the guarantees required to maintain self-insurance on a basis which would add value to the system, not detract from it. In all fairness to the current Minister, I would say that these issues relating to self-insurance must be monitored constantly. There must be absolute certainty of fair compensation under self-insurance for injured workers. If his review had been fair, had been complete, had been genuine and, above all, had been truly independent, I am sure that the Minister would have had a different outcome.

I said earlier that I believe the prime instigators of most, if not all, of the amendments in this Bill are the trade union bosses in this State. Certainly, the amendments relating to self-insurance can be firmly put on their doorstep in view of the various comments made during and since the Kennedy report. The overriding aim of the trade union leaders has clearly been, in the main, to revert to the Goss Labor formula for workers compensation which, in a relatively short space of time, put unfunded liability in the red to the tune of about $300m.

So what did Kennedy have to say about that particular period—that is to say, the Labor Government of 1989 to 1996? He said this—

"There is no doubt that political influence has had an impact on aspects of workers compensation over many years. This has particularly affected the capacity of the board to vary premiums and benefits appropriately.

It is difficult to keep politics completely out of a system which generates issues of importance to individuals, unions, industry and many organisations. However, if the system is to be restored to financial viability and survive in this more accountable and competitive marketplace, political considerations will have to take a back seat in the future.

Evidence presented to the inquiry indicates that inappropriate decisions, made on at least three occasions in the early 1990s with regard to premium levels and benefits setting, in themselves account for much of today's current level of under-funding."

As the other States in this nation move forward into the next millennium, Queensland Labor steps back. As the benefits of self-insurance on a reasonably wide scale take effect elsewhere, they are going to be reeled in here.

I agree with other non-Government speakers that the effect of these and other amendments is going to mean that our workers compensation system is going to be more expensive to run than is currently the case. It will once again be very susceptible to fraud. It is a sad indictment on the political maturity—or lack of it—of the Labor Party in this State.

I conclude my remarks by returning to my opening theme of ministerial pride in legislative achievements. I suggest to the Minister responsible for this Bill that, in the shape of these amendments, he is laying down the framework for a most unflattering political epitaph. In the short term, his portfolio colleagues in other States—both Labor and coalition—are going to conclude that he has dropped Queensland right to the back of the pack when it comes to State-based WorkCover schemes. In the long term, the judgment might be much harsher, particularly if Queenslanders as a whole have to pick up the tab for a large scale unfunded liability.