



Speech by

Mr M. VEIVERS

MEMBER FOR SOUTHPORT

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WORKCOVER QUEENSLAND AMENDMENT BILL

Mr VEIVERS (Southport—NPA) (5.45 p.m.): In speaking against the sham reforms to WorkCover proposed by the Government and being debated today, I want to discuss premium rates and, specifically, the threat that this can't do Government poses to employers of steeply rising premium rates in the future. As speakers on this side of the House have noted, the State's public workers compensation scheme is a vital mechanism of administration designed to help those genuinely in need and also—something that this Government apparently prefers to forget—to help employers who have to pay the premiums. In that regard—and this cannot be emphasised too heavily or too often—the coalition's reforms put WorkCover back on the road to recovery.

As my colleague the honourable member for Clayfield said in a ministerial statement in this place on 23 April last year, the fund was expected to return to solvency—albeit by a modest 2.16% margin, or \$41m—by 30 June that year, compared with a 7.4% deficit, representing \$126m, at the end of the 1996-97 financial year. That is a very creditable performance. And it is important to understand the credit of that performance in relation to growing solvency representing a depressant so far as future premium rises are concerned.

It is all about sound financial management—the sort of sound financial management that enables Governments and statutory bodies to meet legitimate demands from the public for improving services and better individual returns. And it is in that context that the honourable member for Kedron, as the Minister responsible for WorkCover, falls very badly off the tram. He is on record as taking the view that WorkCover is part of the welfare net. He says that WorkCover, as a public benefit fund, should not follow commercial insurance practice. This can't do Labor Government cannot even do its sums. What is more, its desperate desire to get back to the 1950s so that it can favour its union mates at everyone else's expense is creating a fiscal disaster—for WorkCover in this instance, but in a lot more besides. The coalition's scheme, which this Minister's 1999 amendments are designed to destroy, is not unfair to any party in the compensation area. And this is particularly so in the area of premiums—the employer-funded income for WorkCover.

I want to take honourable members briefly through the history of compensation premiums. During the period 1989 to 1992, in the first term of the Goss Labor Government, workers compensation premium rates in Queensland averaged approximately 1.43%. Before this period, Queensland employers and workers had enjoyed a long period of stability within the Queensland workers compensation scheme. Premium rates had been maintained at modest levels and the benefits to workers had been steadily improved by successive coalition Governments. However, as was revealed through the Kennedy inquiry, concerns were held as early as 1992 about the growing incidence and cost of common law claims. It appears that other parts of the scheme were not causing financial pressures.

The Government at the time should have been aware of the dangers to the workers compensation scheme which these trends presented. Other States had already experienced similar difficulties—driven by exactly the same factors. It is a cause for wonder that the Goss Labor Government—which, like the can't do Beattie Labor Government opposite, was overly self-promotional but which also laid claim to budgetary integrity as its central tenet—failed to tell Queenslanders that, where their State compensation scheme was concerned, things were more than a little crook.

By 1993 the writing was clearly on the wall. Several States had legislated to restrict access to common law and State compensation actions. They recognised—as the Goss Government certainly did but did not have the intestinal fortitude to act accordingly—that restricting access to common law was sensible and prudential policy.

Mr Lucas interjected.

Mr VEIVERS: I have employed lots more people than you have so I would not be saying too much at all. So what did the Goss administration do about this emerging cost problem? Nothing! Nothing at all! Nothing, that is, except to raise premiums by around 14%. What absolutely typical Labor vacuum politics: sting the bosses and put off the problem until it is someone else's problem. At about this time, a general move to lift advertising restrictions on legal work occurred.

Mr Lucas interjected.

Mr VEIVERS: You would have been into that with both hands. You would have been ripping it off. You would have been right into it and loving it.

This move, together with the already increasing claims numbers, should have been a further warning to the Goss Government of impending serious problems. Nevertheless, when the second term Goss Government was confronted with the cost issues in 1994 its solution was to duck its responsibilities, prudential and political, and avoid addressing any of the underlying causes. It did not have the ticker at all. The members of that Government had hearts like caraway seeds. The Goss Government simply raised premiums by a further 3%.

The Goss Government gave further consideration to the cost problems in workers compensation again in 1995, but not enough, and it opted, again, for the soft option. Firstly, it delayed implementing any action until 1996. Then from January—almost the last, and certainly one of the most craven acts of the sad and sorry third Goss Government administration—it raised premiums by another 26%. So, in the space of three years, Labor stung employers with an overall premium increase of 50%. These were the same employers who were facing an increasingly competitive—and therefore during the adjustment phase, profit depressing—national and international environment.

Leading up to the coalition forming Government in 1996, little information had been supplied to explain what were the issues facing the workers compensation scheme. Where premiums and costs were concerned, the coalition was suspicious that the Goss Government was hiding the truth. Given the scarcity of information available from the Government, we believed that this suspicion was justified. As the facts turned out, we were right. Labor's little nest of control clones had been hiding the facts.

Mr Barton interjected.

Mr VEIVERS: Listen, you would be better off getting petrol for the outboard motors for the police boats down there on the Broadwater instead of interjecting here.

Labor's little nest of control clones—and the Minister was one of them—was hiding the facts. Again they were demonstrating that lack of accountability which is Labor's real yardstick of Government. It was because of this suspicion that the people were not being told the truth that the coalition, ahead of coming to office, stated its policy to have a wide inquiry into the scheme. The eventual result was the Kennedy inquiry.

Premiums were obviously an area which the Kennedy inquiry would scrutinise closely. Given the thoroughness and extensiveness of the inquiry's work, in 1966 the coalition Government was pleased to implement the comprehensive premium rating reforms recommended in principle by the inquiry. Regrettably, the parlous financial position in which the scheme had been left by Labor meant that premiums could not be reduced immediately.

Jim Kennedy—whose searching and objective inquiry remains a model for any genuine reform of the workers compensation scheme, something of which this Government should take very careful note—believed that the underlying cause of the cost difficulties needed to be addressed properly and a viable financial position reached before premiums could be responsibly reduced and before relief could be provided to employers.

This approach was supported and implemented by the coalition. Premium reforms, together with a range of other reform measures—tightening up work-related travel rules, limiting common law access and setting up firmer limits on elective litigation, among other things—have put the Workers Compensation Fund in a sound position for financial recovery. It is this from which the Beattie Labor Government, for political reasons, now seeks to retreat.

The issue I wish to raise relates to the ad hoc, unfair and irresponsible nature of the Beattie Labor Government's approach to providing what amounts to its version of a premium reduction. This particular folly will end up costing employers more in 1999-2000. It will delay any cash relief until well into 2000-2001. They might be reasons for an election. Yet, at the same time, increases to scheme costs, which will deliver on irresponsible promises made to unions and other ALP support groups, will, under the Bill now before the House, take effect almost immediately—from 1 July this year.

This is smoke and mirrors material. Labor's promises are only valid for mates. Employers, who fund the scheme, have been promised relief but have to wait. In the environment of Labor's record where election promises are concerned, employers may well find themselves waiting even longer than this Minister and this Government say they will have to wait.

Mr Santoro interjected.

Mr VEIVERS: Yes, they may not appear. It is a matter of smoke and mirrors. Where is the fairness in this approach? One side benefits, one does not. Where is the commonsense in this approach? Labor's sorry history with public moneys, and particularly its history of policy direction in the early 1990s when employers were hit with massive premium increases before any real attempt was made to bring costs under control, demonstrates that there is none.

Even when Labor hesitantly considered tangible reform around 1995, it had to bow to the demands of its union bosses—the demands that mandate a return to old Labor practices of one size fits all in the industrial arena. It was a return to legislation that benefited union bosses, not the union work force, and certainly not the bulk of Queensland's private sector work force which is no longer unionised.

Without any prior consultation with employers, and with limited advice to employers since, the Government has announced that the 10% surcharge introduced by the Goss Labor Government is to be removed. I use the words "limited advice" because what has occurred is certainly not consultation or the sort of behaviour which a responsible Minister or Government should be displaying. We have heard nothing, and the people have heard nothing, that indicates the presence of a logical explanation for the thinking, or the policy, that underpins the Government's decision to remove the surcharge. We have heard nothing that explains the reasons for the premium setting arrangements which the Government intends to apply. In the absence of a reasonable explanation, the Government's surcharge decision appears to be an ad hoc arrangement—an attempted sop to try to appease employers.

It is true that the Government may feel that it needs to appease them. The facts are that employers will have to find 27% more to pay their premiums in the financial year 1999-2000 as they will not receive any cash benefit on premiums—the Government has said—until well into the 2000-2001 financial year. The Government must come clean. Employers have a right to an explanation of what is the Government's real policy for underpinning premium rate setting. They have a right to an explanation of how this policy relates to the costs of running the scheme and how it is envisaged that it will reach the targeted solvency position.

Mr Gibbs: You don't even believe this yourself.

Mr VEIVERS: Listen, I have three minutes and I will be back on air tomorrow so I do not have to hurry. I can take an interjection. Mate, I believe in this wholeheartedly, so take it easy.

Oddly enough, in these circumstances, it is also employers who are expected to help the Premier achieve his 5% unemployment target. This Government is playing them for suckers. The Government knows it and the employers know it, too. Employers have a right to an explanation as to why premium rates are not being reduced to coincide with the increased costs that they will need to bear arising from the Government's other charges—for example, the increased costs that will flow from the change to the definition of "injury".

An Opposition member interjected.

Mr VEIVERS: I'll tell you what, you wouldn't want to be going into business if they get this through. They will flog us.

Mr Santoro: They cannot stand the fact that you are speaking with prudent business insight.

Mr VEIVERS: Thank you, I take that interjection. At least I was successful in business. I did not have to dash in here. It was just unfortunate that I had to sell a fruit market and three dairy farms and get out of a catering business. I had to get out of good cash flow businesses to come into this place. They call that a reward!

Mr Santoro interjected.

Mr VEIVERS: I don't know. He might be retiring shortly and getting out.
