



Speech by

Hon. P. BRADDY

MEMBER FOR KEDRON

Hansard 10 December 1999

MINISTERIAL STATEMENT

Workers Compensation Premiums

Hon. P. J. BRADDY (Kedron—ALP) (Minister for Employment, Training and Industrial Relations) (9.46 a.m.), by leave: There has been concern for some time about workers compensation premiums under the experienced based rating system introduced by the former Minister in the previous coalition Government. The former Minister, the member for Clayfield, has attempted to wash his hands of the increases that have occurred under the system he introduced. He introduced it and it was endorsed by major employer and industry groups during his term in office. However, in recent weeks the member for Clayfield has attempted to blame the Beattie Government for the increased premiums that have resulted from his introduced changes. Nothing could be further from the truth.

Let me put a few facts on the table. The WorkCover board made a decision on 18 December 1997 to recommend an up-front surcharge that would have allowed the smooth transition to the EBR system to proceed. I table a copy of correspondence from the then general manager of the Business Development Division of WorkCover, dated 11 December 1997, to the board recommending this action.

The board resolved to recommend to the Minister "that the surcharge should be charged in advance and that if the Minister agrees then the regulation should be amended to reflect this before 1 July 1998". I table an extract from the minutes of the WorkCover Queensland board meeting of 18 December 1997 confirming the above resolution.

The then coalition Government Minister rejected this expert advice from the WorkCover board—advice which would have resulted in substantially lower premiums this year. He rejected that advice and an artificially lowered premium rate was determined at the 16 April 1998 WorkCover board meeting. The industry premium rates were gazetted on 29 May 1998—a fortnight before the Queensland State election.

This formula change brought about a one-off drop in premium rates, which was announced during the election campaign. The inevitable result from that one-off premium decrease would be a large increase in premium rates the following year, after the election. This volatility would have been avoided if the then coalition Government had approved the board's recommendation to charge the surcharge in advance. Even the peak employer bodies such as the QCCI had supported an advance surcharge which could then be adjusted annually. In fact, the board had told the then Minister that employers were concerned that the artificially low net premium rates for 1998-99 could lead employers into thinking their premiums had fallen overall.

Those concerns were clearly well founded, even if the QCCI subsequently has been less than open about its position at that time. The upshot was that many employers received WorkCover bills for 1998-99 announced just before the election that were, on average, 18% lower than the previous year, 1997-98. Therefore, as a consequence, many employers now face abnormally high premium rates for 1999-2000 because of the then coalition Government's actions. This increase, of which I am advised by the WorkCover board, eventuated because net premiums payable to WorkCover actually fell from \$507m in 1997-98 to \$415m in 1998-99. Employers therefore this year have to pay \$95m more than they would have had to if the member for Clayfield had not rejected the advice of the WorkCover board in 1998.

This is an appalling state of affairs and one that results directly from the decision of the former Minister and the former coalition Government. The former Minister has made matters worse by

attempting to blame the Beattie Government for consequences which have occurred as a result of his actions. The fact is that the Beattie Government has made a commitment to clean up this mess once and for all. We have already dropped the 10% surcharge and approved the lowest premium rate of any Australian state. The board of WorkCover is also doing its best to overcome these problems and has begun a review of the experienced based rating formula and its impact on premiums. I have asked WorkCover for a full report and I will be monitoring the situation closely. At all times I have accepted the recommendation of the board, unlike the former Minister. I will report back to the House when the information is available.
