



Speech by

Mr SANTO SANTORO

MEMBER FOR CLAYFIELD

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WORKCOVER QUEENSLAND AND OTHER ACTS AMENDMENT BILL

Mr SANTORO (Clayfield—LP) (4.26 p.m.): I wish to support the very sensible comments that have been made by the shadow Minister, the member for Caloundra, which obviously the honourable member for Nudgee and undoubtedly other members opposite who will follow him have great difficulty understanding. I never cease to be amazed by just how miserable members opposite are when it comes to giving credit where credit is due. What we have already heard in the one contribution from members opposite is that they reformed the WorkCover system, and that they have put it in the magnificent state it is in now. That is what we heard from the member for Nudgee, and undoubtedly it will be stated again by members opposite who will follow him. But what they conveniently forget is that the workers compensation system of Queensland, as it was known when the coalition took over, was practically bankrupt. Jim Kennedy—not known precisely for his strong conservative leanings—following a review commissioned by the coalition, concluded that conservatively the scheme was \$312m in the red. That is what we inherited and that is what we had to fix. The annual report of June 1998, when we left office, shows that the \$312m deficit had already been turned into a \$43m surplus. That was the coalition's legacy. It is politically, intellectually and administratively dishonest for members opposite not to recognise that.

Mr Purcell interjected.

Mr SANTORO: I simply say to the honourable member for Bulimba and the honourable member for Nudgee that during the entire operation of the coalition's industrial relations legislation and the coalition's WorkCover Act there were very few complaints, particularly in terms of the IR Act, brought into this place about workers who had been disadvantaged by the IR

legislation. There were very few complaints about WorkCover.

Mr Purcell interjected.

Madam DEPUTY SPEAKER (Ms Nelson-Carr): Order! That is totally unparliamentary and I ask that you not repeat that.

Mr SANTORO: I can almost excuse the honourable member for Bulimba because I know that, unlike many of his colleagues on the other side of the House, he is actually sincere about the welfare of workers. I actually respect him for that, even though I admit he does get carried away, as he has today. With the greatest of respect, he is wrong. That is all I can say. It is just something that we will have to learn to disagree on.

Let it be on the record that it was this coalition Government that well and truly put WorkCover on the way to recovery—not members opposite, but this coalition Government. I will tell honourable members who the major stakeholders are. They are the employers who pay the premiums and the previous coalition Government who, through consolidated revenue, contributed \$35m over three years. They are the two major stakeholders, along with the workers. But it was those two major stakeholders who funded the recovery of the WorkCover scheme.

The Minister, the honourable member for Nudgee and others opposite keep on saying that the workers compensation scheme is in a sound financial state. What the Minister and others have failed to stress is that this sound financial state has been achieved as a result of the reforms which the previous coalition Government made to the workers compensation scheme. Of course, what they also fail to mention is that the revenue increase was achieved because of what I will label today as the great F factor fiddle. This has seen Queensland employers slugged with excessive premium levels in order to pay for the anticipated

costs of the Beattie Labor Government's so-called reforms.

In fact, the Minister for Employment, Training and Industrial Relations in several ministerial statements attempted to blame the previous coalition Government and me as the then responsible Minister for the huge increase in workers compensation premiums which have been inflicted on small businesses. I rejected this attempt by the Minister to shift the blame for his workers compensation premium increases onto the Opposition and me. I again state for the record that the increases were experienced when WorkCover commenced its 1999 premium assessment program and were the result of changes of what is referred to as the F factors, a component of the premium setting formula.

One of these coalition Government reforms was the introduction of experience based rating and premium settings. It was designed to encourage and reward good employer risk management practices. This means that the higher the risk of injury to the firm, the more this risk is reflected within the formula which determines the setting of premiums for firms. What the F factors within the previous setting equation sought to do and seek to do is to estimate and anticipate the financial exposure of the workers compensation scheme from outstanding common law and statutory claims. The higher the F factors, the higher the premium which is calculated and charged to businesses, particularly small business.

In 1999 the Beattie Labor Government scrapped the coalition's workers compensation reforms and, as the honourable member for Caloundra stated, introduced reforms which added greatly to the cost of running the scheme, including reverting back to the Goss Government's definition of "injury", substantially reverting back to the Goss Government's definition of "worker", also dismantling the anti-fraud squad within the WorkCover organisation and the unionisation of the previous commercial WorkCover board. The Beattie Labor Government realised that, because of these reforms—its reforms—and many other reforms, the scheme was heading for the same financially debilitating situation which it experienced under the Goss Labor Government. That is what it has done; it has brought WorkCover back to what it was. This is the point that we on this side have been making.

In order to increase revenue going into the fund in the hope that increased revenue will offset the increased costs which the Beattie Government has imposed on the scheme, the Beattie Government fiddled with the F factors. In other words, Labor was so concerned with the cost, risk and the Government's reputation as a good financial manager of its 1999 reforms that it did not want to cause a slowing of the scheme's financial recovery which was occurring as a result

of the coalition's reform. So they increased the F factors. In a large number of cases, the F factors for common law claim years and increased F factors for two statutory claim years imposed considerable hardship on employers way beyond the cost of claims on the fund by such employers. Also, as the honourable member for Caloundra has suggested, the fact that Labor did not introduce the common law reform changes but just announced the reform of common law in the first period of the second Labor Government is evidence of its concern in relation to potential cost blow-outs as a result of further changes to common law provisions with the workers compensation legislation. If Labor achieves another term in Government, those changes and common law provisions will add even more to the cost of the scheme and will prompt yet another massive increase in the F factors and further successive increases in premiums for small business.

Getting back to the F factors, the Government attempted to blame the previous coalition Government for the massive increases in workers compensation premiums which it inflicted on small business. The fact simply is that the F factors were changed by the Beattie Labor Government with a view to increasing revenue flow into the fund. The Government did so with a view to countering the massive increases in cost which the scheme is beginning to experience as a result of the Beattie Labor Government's dismantling of the coalition's reforms to the workers compensation scheme. In other words, the major stakeholders within the workers compensation system of Queensland—employers—were being asked to foot the bill for the extra costs which have been forced onto the workers compensation scheme by the Beattie Labor Government. This again demonstrates the anti-employer bias within the Beattie Labor Government.

This increase in premium has discouraged the achievement of the magical, mystical 5% unemployment target that the Premier and members opposite mouth so often. It was only after the employer organisations and the Opposition in this place mounted a campaign to adjust the F factors that the F factors were adjusted and some businesses did get some relief, but many businesses are still being slugged the enormous premiums which are funding the extra cost burdens on the WorkCover scheme which are the result of the so-called reforms by the Beattie Labor Government. Those particular businesses are still experiencing enormous difficulties.

Honourable members opposite would know as I certainly know and as the honourable member for Caloundra and the honourable member for Toowoomba North, who undoubtedly will speak about it shortly, know that WorkCover is currently holding meetings with industry groups

and employers in an attempt to address the issue of out-of-proportion increases in premiums as a result of claims costs for both small and large employers. This attempt to address the issue occurred again only because of adverse publicity received by WorkCover in the Toowoomba press when it was revealed that small employers' premiums would take 25 years to come back to its original level because of a one-off claim cost. Undoubtedly, the honourable member for Toowoomba North will have plenty to say about that and, undoubtedly, the Government will try to blame the previous coalition Government for this, and again they will prove to be frauds and liars as they try to put that blame onto us.

Let us have a look at job security within WorkCover. Honourable members are not very keen to talk about the fact that, at the end of 1999, since Labor came to office 87 jobs throughout Queensland have been shed from 19 regional WorkCover offices. In areas where unemployment was already high and is still high, Mr Beattie and his Government allowed jobs to be shed to allow for staff increases in the central office, including fat cat senior executive positions. Do honourable members want to talk about the 10 jobs that were slashed from Cairns, Ipswich and Nambour; the nine jobs that were slashed from the Logan and Townsville WorkCover offices? Why aren't they talking about that? Why don't they talk about the 10 jobs that went in Ipswich? Why don't they talk about the six jobs that were lost from the Redcliffe office? Eighty-seven jobs were slashed from the WorkCover regional offices in those areas where they were needed. If members think that I am making this up, I refer them to the answer to question on notice No. 1697 which contained figures provided by the Minister.

What about VERs and the hypocrisy displayed by the current Minister when it comes to the implementation of a VER policy within this department and, in this case, within WorkCover Queensland? Do they want to talk about VERs? In Opposition, Mr Braddy, the Labor Party and its minions around the community vehemently opposed the VERs which were being granted during the coalition's term in Government either in WorkCover or throughout the departments. They were vigorously, vehemently opposed. When Mr Braddy had the opportunity to do something about VERs being applied, being encouraged and, in some cases, being forced within WorkCover, when he had ministerial control and when he had the ability—and he still has the ability—to issue a ministerial direction saying, "No more VERs within WorkCover or anywhere else in the department", what did he do? In the Parliament he was unable to justify either his previous position in Opposition or his position on VERs in Government as they were being applied within WorkCover.

The Minister told Estimates Committee F that in 1998-99 a total of 86 WorkCover employees accepted VERs at a cost of \$3.3m and that, on WorkCover's own estimates, in 1999-2000 VERs would be accepted by 208 employees. I stress that for the benefit of honourable members opposite, particularly the honourable member for Bulimba, who more than any other member opposite has a very genuine concern for the welfare of employees. How does the member for Bulimba—and he can tell us when he makes his contribution in this debate—cop the fact that 208 employees would leave the organisation by the end of June 2000 at a cost of \$5.8m, according to the Minister's figures?

Perhaps the Honourable Minister can inform the member for Bulimba and me whether it was 208 employees, 190 or 250 who left the organisation in the last financial year. There will be a question on notice from the Opposition asking for those figures. If those figures are not provided, we will seek them under FOI. This is yet another hypocritical backflip by honourable members opposite. They may tell me that it is a statutory authority and that they have no control over it, but they do have control. The Minister has control. He can issue a ministerial directive to reverse the policies of WorkCover's management.

But, of course, there was an even more sinister reason as to why VERs were being applied to WorkCover as they were, and the honourable member for Bulimba might want to listen carefully to this. On 9 December 1999, I asked the Minister how he reconciled his previous opposition and his previous attitude to VERs being applied in WorkCover and the department with what was happening under his stewardship within WorkCover Queensland. Do members know what he said? I will quote him precisely and will then give the House my interpretation of his words. He said—

"The member knows that WorkCover is a statutory authority. It keeps me informed and I am satisfied that the people taking VERs in WorkCover truly wish to take VERs."

He did not accept the assurance from me when I was Minister that anybody taking a VER was taking it happily and voluntarily, but he now accepts it from the same executive manager the coalition appointed when in Government. He went on to say—

"Those VERs have occurred after substantial capital injection."

That is replacing people with capital. He went on—

"Also, WorkCover is putting on a substantial number of trainees. WorkCover has indicated that over time, as the needs are assessed, the numbers will rise again. The trainees are happy and WorkCover is picking up some good employees."

The Minister told the Parliament that it does not matter that VERs were being offered and that experienced people were leaving the organisation because trainees were being hired and that eventually the trainees would have the knowledge and experience to service the needs of WorkCover customers. What the Minister said was nothing but code for the dispensing of high-cost labour and substituting it with cheaper labour in the form of trainees. It was a blatant cost-cutting exercise aimed at reducing cost pressures within WorkCover. Why are honourable members opposite not objecting to that? I hope that the member for Bulimba gives me an explanation later as to why it was anticipated that the last financial year 208 people were forced out of WorkCover and why the Minister, in his own words—and I have quoted them precisely—replaced experienced labour with trainees.

There has been a massive brain drain from WorkCover, and everybody knows that—senior managers, middle ranking managers and middle ranking officers. WorkCover has been drained of many long-term, valuable, dedicated, committed and experienced employees. That has occurred so much that these days an enormous amount of work is being done by consultants, because the expertise of people who were forced to leave WorkCover has to be hired again to provide advice to the Minister.

What has happened to fraud investigation in WorkCover? One of the first moves by the new WorkCover board was to abolish the publicity given to successful fraud cases and to the media and advertising campaigns aimed at both employers and employees. These initiatives were scrapped even though they were very effective in discouraging fraud. These were initiatives by the coalition which were scrapped by this Government. What is that going to do to the costs of WorkCover as more fraud is perpetrated? It will blow costs out. What else did the WorkCover board do in terms of fraud? What did it do in terms of demolishing even further the coalition's anti-fraud strategy, which had been implemented shortly after we got into Government? I will tell the House what it did: it removed cars from investigators. I was told—and the Minister has never denied this—that there was only one car for eight investigators within the vital investigation branch of WorkCover. They were deprived of all but one vehicle desperately needed for fraud investigation. That is what happened. Investigators were catching trains, buses and taxis to get to regional WorkCover offices to undertake anti-fraud business.

Members opposite have talked about satisfaction ratings. What do activities such as this do for the morale of staff of WorkCover? The staff satisfaction survey conducted towards the end of the coalition's term in Government in 1997-98 revealed that 85% of staff agreed that WorkCover was a forward-looking organisation and that the staff were excited about their future. In the annual report tabled by this Minister a few weeks ago, that figure had dropped to 66% overall satisfaction. That is the Government's own report and its own survey. Its own figures prove that staff morale is plummeting.

These facts clearly show where the once great WorkCover scheme operated under the coalition is heading—it is heading in the direction of huge staff dissatisfaction, a huge loss of expertise, crooks getting away with rorting the system and cost blow-outs being camouflaged by massive increases in premiums, so much so that the Government and small employers, together with employer organisations, are looking at reviewing the scheme and the premium setting equation again. It is a mess. The reason the Government is able to get away with it is that it is slugging the major stakeholders at the expense of one its major objectives—jobs, jobs, jobs. If it is not sacking people from that organisation and getting rid of them, it is imposing cost burdens on employers which in turn discourages them from taking on further employees.

Time expired.