



Speech by

# STUART COPELAND

MEMBER FOR CUNNINGHAM

Hansard 18 October 2001

## WORKCOVER QUEENSLAND AMENDMENT BILL

**Mr COPELAND** (Cunningham—NPA) (3.48 p.m.): I agree with the statements made by the member for Gladstone that workers compensation is one of the most difficult management issues we can face. A well-managed WorkCover scheme is absolutely vital to the security and safety of both employers and employees. As we have seen in the past how close the WorkCover scheme can come to collapse when the eye is taken off the ball, we must make sure that the WorkCover scheme is well managed and viable.

I will not go into a great deal of detail on the legislation, given that my colleague the shadow minister, the member for Keppel, has done so. I agree with a lot of the comments made by the member for Gregory in terms of how we view WorkCover.

I think it is timely that this debate is taking place today. Today I have written to both the Treasurer and the Minister for Industrial Relations regarding a constituent of mine. I sought their assistance with some difficulties this constituent is having. I am sure that the minister will get that letter in the next day or two. I would like to use their case just as an example, but I hesitate to do so because I know that putting their name in front of people will make them a target, as well. But I know that the minister will treat them impartially and see their case for what it is. It is simply an example of what can happen to an employer faced with rising WorkCover costs.

In my view, the introduction of quite large increases in payouts combined with the abolition of the requirement for the contributory negligence clause give way to the very real possibility—given the increasingly litigious nature of our society—of some very substantial increases in premiums in the future. I know that a commitment has been given that that will not happen this financial year, but we have seen in the past how fast insurance premiums of all sorts can increase. And this week in this House we have heard statements about public liability. It is certainly true of all insurance, including WorkCover.

The dramatic increases in premiums can have a dramatic effect on the profitability of many businesses. The business that I want to talk about is a company called Pittsworth Abattoirs, which is run by Jim and Mary Flood in Pittsworth. They employ between 80 and 100 employees. And obviously, in a town like Pittsworth that is a substantial employer. They have increased their work force over the last few years. Mary Flood says—

The competitive nature of this business does not allow a reduction of staff to maintain low premium costs. We want to grow our business and employ more people and not the negative attitude of sacking people to keep our workcover down. We can not run this business half staffed. We either run it at full staff or else have to shut it down.

I know the difficulties that this company has been going through. They have been examining all sorts of potential solutions so that they can keep operating, growing and employing between 80 and 100 people—and even more if possible—in a regional community like Pittsworth, which has been going through many problems and is in an exceptional circumstances drought-declared area.

Their WorkCover premium has jumped from \$104,066.10 last year to \$218,081.45 this year—an increase of more than 100 per cent in 12 months. That is a substantial increase for a company like that, and they have to find over \$100,000 every year just so that they can keep operating. That is a very difficult position for that company to be in, and that is the issue about which I have written to the minister. Their premiums over the last five years have totalled \$781,169.30. Statutory claims and common law claims paid out by WorkCover as at 30 June this year totalled \$164,299. That leaves a surplus of \$616,870. So even though there is a surplus of the premiums that they have paid to WorkCover, their WorkCover bill for this year has jumped in the order of 100 per cent. That is not taking into account that the company paid the first four days of compensation for each injury that its employees incurred.

This is a very serious problem for all employers. I use the Floods as an example because they have come to me in the last few days and I have been trying to help them. As well, they have been trying to continue to operate in Pittsworth and employ a lot of people. They certainly try to do the right thing by their employees. Not long ago their business was very small. They are trying to increase it and do the right thing, but they are going through all sorts of scenarios, such as whether they should try to downsize—and they find it difficult to think that they can—or close down entirely. Given some of the changes that are included in this legislation, I believe that the very real potential exists for those premiums to jump significantly. We have seen it happen in the past. We have seen how close the WorkCover scheme has come to collapse, and we have seen how difficult it has been and the decisions that had to be made to bring the WorkCover scheme back to a viable position. I urge the minister to take into account both the rights of employees and the rights of employers.

The member for Gregory said it quite clearly; a well-managed WorkCover scheme is absolutely essential to both sides, and we need to make sure that the decisions that we make are not going to adversely affect one side over the other. If there is anything that we can do to help our businesses continue and not impose upon them the current imposts so that they can continue to employ people right across Queensland, we should be doing it.

---