



Speech by

**JAN JARRATT**

**MEMBER FOR WHITSUNDAY**

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Hansard 13 May 2003

**WORKERS' COMPENSATION AND REHABILITATION BILL**

**Ms JARRATT** (Whitsunday—ALP) (12.24 a.m.): I rise to support the Workers' Compensation and Rehabilitation Bill. Despite the lateness of the hour, I am pleased to be on my feet to support this legislation. The minister indicated in his second reading speech that this bill delivers on the government's commitments under the national competition policy as they relate to the Queensland workers compensation scheme. I would like to outline for members the nature of these undertakings and their history.

At a meeting of the Council of Australian Governments in 1994 all governments agreed on the need to accelerate the process of micro-economic reform to foster greater economic efficiency and improve the overall competitiveness of the Australian economy. This resulted in the establishment of the National Competition Council and the development of the national competition policy. In its purest form, national competition policy requires that all legislation at the three levels of government be reviewed to identify restrictions on competition. Unless it can be demonstrated that the benefits of the restriction to the community as a whole outweigh the costs or that the objectives of the legislation can be achieved only by restricting competition, all such legislation is to be reformed. Financial penalties in the form of reduced Commonwealth funding grants apply for non-compliance.

This rigid interpretation of national competition policy received criticism from many sectors of the community because of its focus on economic outcomes at the expense of social and community values. To address such concerns the Queensland government developed a new set of guidelines for the conduct of the public benefit tests associated with NCP reviews in Queensland. As a result of these guidelines, which were released in November 1999, the onus of proof of a need to reform is placed on analysis of the benefits and costs of alternative options rather than on the need to defend existing restrictions. The analysis must take full account of employment, regional development and social, consumer and environmental effects.

The application of national competition policy principles to WorkCover legislation identified a number of provisions that were potentially anticompetitive. The primary matters identified were the monopoly status of WorkCover as a provider of workplace injury accident insurance and the potential conflict between the roles of insurance underwriting and the delivery of regulatory functions. These issues were examined through a public benefit test conducted independently of WorkCover and the government. An interdepartmental review committee, as approved by the National Competition Council, then used the results of this public benefit test as the basis of review and response. This committee canvassed further stakeholder submissions as part of the review. Its report recommended the retention of WorkCover's monopoly insurer status and the separation of the regulatory division of WorkCover.

The success of WorkCover in managing the scheme in Queensland will be highlighted by many other speakers in this debate. It is sufficient to say that when considered against the NCP guidelines significant benefit to the Queensland community could not be demonstrated in support of privatisation of the market or changes to the single insurer status of WorkCover. The review did, however, conclude that a demonstrable benefit was proven for a move to separate the regulatory functions of the scheme from WorkCover. The benefits were identified as enhanced competition by providing for the more independent, accountable and transparent regulation of the scheme. This bill gives effect to these findings and continues the fair and balanced development of the workers compensation scheme by the Queensland Labor government. I commend the bill to the House.