



Speech by

**Dr Alex Douglas**

**MEMBER FOR GAVEN**

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## **WORKERS' COMPENSATION AND REHABILITATION AND OTHER LEGISLATION AMENDMENT BILL**

**Dr DOUGLAS** (Gaven—LNP) (8.55 pm): There can be no-one else to blame for the current problems in the Queensland workers compensation scheme, known as Q-Comp, other than the incumbent Labor government. It exists as a party to support workers. Today, in this 2010 bill, to some extent changes are being implemented that mirror those that opposition speaker after speaker raised in the debate on the predecessor to this bill in 2003. At that time, the organisation was divided into two entities.

Historically, the problem with workers compensation faced by the Borbidge government 12 years ago was a failed scheme that was unable to survive let alone assist injured workers without an emergency government bailout. This was after eight years of Labor. This was a fund that had run for decades for the benefit of employed Queensland workers. If members need reminding, Premier Borbidge commissioned Jim Kennedy to review the scheme and give recommendations to enable the workers compensation scheme to go on.

For a Labor administration to drive this entity charged with providing a correctly funded scheme to assist those at work into the ground and at the transition of government to hand over a near dead carcass is not just hypocritical but financially incompetent and, more so, immoral. By 2003 Labor had done it again and Q-Comp had hit the wall again.

It gets worse. The malaise of this organisation runs parallel to the government's stewardship of the scheme. In 2003 the then Labor Premier, on behalf of Labor, reached out and locked in all employees who were not organised enough to escape from its clutches. Those who escaped—major retailers, miners, large private companies and the BCC—have had a much different passage to Q-Comp people since 2003.

What the examples from private industry have demonstrated is that when comparisons are made between those in Q-Comp, costs, outcomes, management and patient care are very different. In fact, there are clear examples and compelling evidence that amply demonstrate that for an equivalent injury, an equivalent situation and equivalent management the private system gets people back to work faster, rehabilitated and at a significant lower cost to the funds, employers and employees themselves. Sadly, there is a stark contrast between Q-Comp and private workers compensation in the areas of early return to work, rehabilitation, ease of payment, speed of claims processing and defence of defensible claims where appropriate and settlements from them. There is a strong approach to issues of contributory negligence and careful prudential management of funds allocated to claims present, past and future.

There appears to have been an assumption within Q-Comp or the WorkCover board of a higher knowledge of how best to do it and complacency about how difficult problems should be approached by excluding themselves from legitimate competition and the perception that if it all gets too hard the government will bail out Q-Comp again. Q-Comp became lazy and compliant. These are the reasons for comments about laziness. On the ground, this leads to overt hostility from some medical and allied health providers to workers compensation cases because the treatment of those providers by the WorkCover authority is appalling.

I am uncertain whether this pliance of WorkCover was due to the weakness of the board, the massive bloated bureaucracy or the demands of unions. However, when we end up with a system that is unsustainable and within seven years has the same problems which require a rewrite, we have to examine what the problems are. The weak claims of the government that the GFC has affected the fortunes of the statutory fund of workers compensation are hollow indeed because, firstly, the government has chosen not to allow access to full financial data, as is the norm, because this is not secret data; secondly, the investment of workers compensation appears at surface value to have lost significant value 18 months prior to the GFC; and, thirdly, it is accepted knowledge that settlements to the injured are running at 80 per cent over that of reasonable tort estimates.

The current estimate of potential unfunded liabilities is said to be \$8 billion. Therefore, in the absence of a significant increase in income and significant changes in settlements and disbursements, the scheme will be insolvent. The mere fact that things have been allowed to get so bad is an indictment on both the government and the workers compensation board and its senior management. For an organisation entrusted with securing the compensation rights of over two million Queensland workers, this is disgraceful and it brings great shame on all of those players.

The problem had got so bad that the scheme was on the verge of collapse this year, with losses of \$1.3 billion in the last two years. Every change since 1988 has weakened the scheme to the point where the changes as proposed today are to be given royal assent. It is no secret that many of these changes that I highlight are those that are LNP policy positions, and it is well known. No wonder Labor today is adopting them, because they are sensible and sound for employees and employers.

Firstly, it is capping general damage awards to \$300,000 and restricting maximum disbursements at three times average wages, and this is combined with an injury value scale. Secondly, there is the introduction of contributory negligence. Thirdly, there is the capacity to reclaim costs against both vexatious claims and failed cases—that is, unsuccessful claims. Fourthly, Q-Comp is to undertake actuarial modelling and briefing.

Sadly, however, it is more what Q-Comp has failed to change that is most disconcerting. Firstly, it did not take immediate action to reduce the number of common law claims; secondly, it did not address internal issues of financial competence, with a far greater potential for rebates for no claims, limited claims, well-managed claims and those claims that are easily settled; thirdly, it did not have an increased focus and funds for rehabilitation and return-to-work initiatives. In fact, for those who are unaware, WorkCover is currently cancelling contracts with rehabilitation providers who have had a good history of successful return to work. In fact, 30 per cent of the money allocated for this is allegedly being cut out of the funds.

So, really, is this bill only addressing the problems that Labor alone created in the last 13 years? Labor is not sensibly confronting those issues that workers compensation globally is facing into the future. Labor's idea of best practice is to repeatedly state that the average premium for workers compensation will be the lowest in the nation. This does not mean that this is the best scheme; nor does this average mean anything at all, since many high-cost areas are basket cases for Q-Comp, employees and employers. Equally, jettisoning rehabilitation providers, as has been done, means losing all of the corporate knowledge, particularly on the most successful way to return these people to work.

Q-Comp really has a great impact on the people in my electorate of Gaven because it is highly involved in the construction industry. It has a large pool of small business owners and both employers and employees. They are involved in tourism, construction and property business and there are times when employees need access and need maintenance from the system. The problem is that no-one really has the kind of discretionary income in the absence of a regular wage to sustain them when they are injured in the course of their work. Q-Comp is designed to smooth this in Gaven, where people really need to get back to work quickly, and Gaven is an area where people really want to work. I am not saying that in other areas they do not, but we have to ensure that these hardworking people get access to medical staff and allied health. It could be said that I am biased, but I have to say that as a doctor I have experienced this in the last 30 years—that is, when it works well it works well and when it works poorly it works very poorly, and we have to chase excellence in systems.

I have been here with a group of doctors and as the guest of Mr Knuth, whose son is having surgery tomorrow, and it is interesting that all were saying that we are very lucky here in Australia to have such a pool of good allied health and medical staff. As I say, I am a GP. I have been on the Gold Coast for 22 years in general practice. As I said, when it works poorly it is really terrible. To make such an extraordinary decision to remove even one person from the workers compensation panel of providers—they could be doctors, physiotherapists, occupational therapists, speech therapists, psychologists and all sorts of known health providers—is corporate suicide. I call on the minister today to urgently review this decision alone amongst many and counsel Q-Comp to change its policy. We need every provider we can get in order to get employees back to work so they can be earning a living and sustain their families.

It requires professional skill. Politicians know nothing really of these skills, and apparently they have encouraged Q-Comp which has allowed it to go ahead and make these very irrational decisions. I think it is

a financial rationing step. It makes no sense because Q-Comp only pays a set fee. It has the right to reject claims. It only does so with approved certificates signed by an approved panel appointee and it has the right to challenge any valid claim. To get it right, WorkCover and Q-Comp have to become a self-funding entity that does not see the employer as a bottomless pit of revenue to be lunched at every couple of years when government makes decisions that imperil funds for people who cannot represent themselves.

The idea of raising the charge to \$1.30 per \$100 may not really be justified. It could be justified, but it looks very much like the idea that was applied to motor vehicle registration. In conclusion, Q-Comp—WorkCover—needs competition. It needs to be looking to the future. The government has to stop interfering as if it is Labor's milking cow. Employees deserve better. Employers and health providers cannot deal properly with the needs of the staff and patients respectively when governments such as this Bligh Labor government get into trouble but remain half wet rather than working towards a proper and sensible resolution for injured workers.