



Speech by

**Michael Crandon**

**MEMBER FOR COOMERA**

Hansard Wednesday, 9 June 2010

---

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

**Mr CRANDON** (Coomera—LNP) (9.11 pm): We are debating the Workers' Compensation and Rehabilitation and Other Legislation Amendment Bill 2010. I know that the bill is designed to address a range of shortfalls in the current legislation, but it can best be described as plugging the leaks that have been brought about by negligent management that gave the legal profession open slather on chasing big, often over-the-top payouts as compensation payout for workers. There is no doubt that many payments are warranted. But there are many that are not.

**Mr Shine:** How do you know?

**Mr CRANDON:** I will take that interjection. I have been involved in the financial planning industry for the past 22 years and I have dealt with many people in the workers compensation area. I thank the member for the opportunity to explain that.

Mismanagement has seen this fund, this insurance policy, get deep into deficit—we are told \$1.3 billion. That is what has been admitted. As a result of that mismanagement, we find ourselves having to increase premiums as well as increase the excess payable by employers in the event of certain claims. This is an incredible situation we find ourselves in. If an insurer in the marketplace was in this much trouble, ASIC would want to know and ASIC would most likely insist that they cease trading. The fund is effectively insolvent.

I return to the premium increase and the excess increase. This is standard practice in the marketplace. Rather than force up the premium to less acceptable levels, it is quite common to increase the excess as well. We have had a 13 per cent increase in premiums—from 1.15 per cent to 1.3 per cent of wages—and an increase in the excess from 65 per cent to 100 per cent of weekly wages, but capped at no more than Queensland ordinary time earnings. This increase is probably a relief to many employers who were perhaps concerned that premium rates would go even higher. In addition to these increases, there have been a number of other changes, all designed to bring the fund back into the black. Let us just hope they work. Let us hope that these changes are enough to stop the system failing completely—all as a result of this mismanagement.

I would like to turn now to the human side of the issue. I see from the notes that two million workers rely on WorkCover for compensation cover. So we cannot afford for WorkCover to become insolvent. All sorts of reasons, no excuses, have been put forward for the problems, mainly the global financial crisis. There may be some truth to the GFC being a contributor but, just like the government mismanaged Queensland's budget and overspent in the good times before the GST, so, too, is it the case with WorkCover—blatant mismanagement.

I will come back to the human side of the issue. I have received a complaint from a constituent who runs a small business. Small business is the lifeblood of this state and this country. This fellow employs eight truck drivers. His turnover is around \$1 million per annum. His WorkCover bill is \$32,000 a year, rising to \$36,000 following this increase. He has had \$10,000 in claims against WorkCover and this is his

annual premium: \$36,000. His complaint rings true with so many others. WorkCover seems to accept any claim by a worker. Not surprisingly, he considers the scheme a rort. He believes that there are a high number of false claims. On the evidence, you cannot blame this small businessman for his belief. Of course, the evidence is the changes being proposed in this bill. Let us remember, his premium is \$36,000 per annum. In this business owner's estimation, that is the equivalent of another employee's wages. His premium is 3.6 per cent of his gross turnover.

**Mr Shine:** A generous payer.

**Mr CRANDON:** A small business often struggles to make eight to 10 per cent profit on average over time. There would not be too many on that side of the House who know what it was like to run a small business. So I ask them to please not make any comments in that regard. This small business owner makes \$80,000 to \$100,000 in profit and his premium is equivalent to 3.6 per cent of his turnover, \$36,000. You could say that WorkCover is the equivalent of a minority partner in this person's business, but he takes all the risks in the business and carries all the worry. He is expected to manage the business prudently. It is only reasonable then that he expects his minority partner to manage its aspect of the business prudently—that WorkCover manages its business prudently. WorkCover is that small business's backstop in case there is a claim. We can only hope and pray that, with these amendments, that will be the case. It is absolutely essential that WorkCover manages its own internal system appropriately.

The second human side of the issue relates to an employer who, at the time of writing to me in March this year, had an employee off work for an injury for five weeks. The injury was deemed by WorkCover as work related. This was the case because the employee was on the premises. While running late for work and rushing down a set of four steps to clock on, he slipped and broke his forearm. There was no option to deem part of the blame as the employee's responsibility or argue that he was not yet at work.

**Ms Grace** interjected.

**Mr CRANDON:** I will take that interjection. Hopefully, a few changes will be made that might help to resolve things for these employers. There was no option to deem part of the blame as the employee's responsibility or argue that he was not yet at work. The result is a \$740 excess paid by the employer and an increase to the employer's annual premium. Once again, it is an impost on small business, the lifeblood of this country.

**Mr Shine:** I thought you were going to tell us some sad stories about workers.

**Mr CRANDON:** Yes, I see. The lifeblood of the country, the small businessman, is not important in this House. Is that what you are saying? Is that what is being said?

**Mr DEPUTY SPEAKER** (Mr Kilburn): Order! Member for Coomera, direct your comments through the chair.

**Mr CRANDON:** Just as an aside, this employer's complaint was sent by me to the Attorney-General on 12 March. The policy adviser confirmed receipt on 18 March. We and the employer received a response from the Attorney-General on 8 June. It took 80 days for this employer to receive a reply from the date we know the adviser had the document in their hands. But then that is typical of the tardiness of this government. It took six months for the transport minister to agree to a meeting with me. She arrived 10 minutes late and left five minutes early. Like I said, typical of this government.

As I said earlier, we can only hope and pray that the changes this bill brings in will resolve the inequities that I have outlined and, importantly, that the fund survives to protect those two million employees and, equally importantly, the employers who fund it.