

**WORKERS REHABILITATION AND COMPENSATION (SCHEME REVIEW)  
AMENDMENT BILL 2008 – April 2, 2008**

Adjourned debate on second reading (resumed on motion).

**Mr PEDERICK (Hammond) (17:37):** I rise today to join my esteemed colleagues and add my contribution to this debate.

It is horrifying that after six years the Labor government has WorkCover in such a terrible situation. The only thing it has achieved in six years is to build a tramway that blocks access to this place for us and everyone who works in it and everyone else who wants to access King William Street and North Terrace.

We have a water supply that has just about dried up, so I am sure they are investigating emergency desalination procedures for Adelaide—

**Mrs Geraghty:** Sorry; which bill are you talking on?

**Mr PEDERICK:** No; I am just doing a few general comments. But I will—

**The Hon. R.G. Kerin:** I suppose you can talk about the State Bank.

**Mr PEDERICK:** Yes; I can go back further and get onto the State Bank if you like, and that was the last major debacle that Labor presided over.

I would like to get back to the WorkCover debate, and the unfunded liability at 30 June 2007 was around \$844 million. This is at 30 June 2007: I would hate to see where it is now, and I am sure it is well over the billion dollar mark. This was after a loss that year of \$149 million. The unfunded liability when the Liberals were last in office was only \$56 million. I think those figures speak for themselves.

Scheme funding ratios across the country on 30 June 2007 were: 64.5 per cent for South Australia, 103.5 per cent for New South Wales, 134 per cent for Victoria; and 178 per cent for Queensland. These figures were provided by the WorkCover Board, and this shows just how out of step South Australia is in handling workers compensation.

The average levy rate is 3 per cent, but many businesses pay up to the present cap rate of 7.5 per cent depending on their industry and work safety record. In regard to average levy premiums, as at the end of June 2007, the New South Wales average levy was 1.77 per cent, Victoria was 1.46 per cent and Queensland was 1.15 per cent. All are well under the average figure in South Australia.

There were 5,040 WorkCover income maintenance claims in the preceding financial year. Active income maintenance claims with a duration of 10 years or more have significantly increased from a figure of 100 in June 2002 to over 400 in June 2007. Long-term claims (injured workers who have been receiving income maintenance payments for longer than three years) account for 28 per cent of all WorkCover claims and approximately 48 per cent of WorkCover claims liability.

Another issue with the management of WorkCover is that there is only a sole claims agent, Employers Mutual, so we have a monopoly interest handling the claims, and I think we would be much better off if we had multiple bodies handling the claims.

It is the same with legal services. Minter Ellison Lawyers is the sole provider of legal services. I think there should be freedom of choice there so that we get better outcomes as far as legal requirements are concerned for both employers and employees.

South Australia, as a point of interest, has the lowest return-to-work rates of all Australian states. Under the State Strategic Plan South Australia has fallen well short of achieving the state's strategic plan targets for injury reduction. Joint performance targets have not been met. There was a target of a 4 per cent annual reduction in total new claims for all employers, a 4 per cent annual reduction in income claims per million dollars for remuneration for all employers, and a 4 per cent annual reduction in income claims per million dollars for remuneration for registered employers. In fact, there was a 0.5 per cent increase for all employers to March 2006, which is a figure of new income claims per million dollars in remuneration.

In a press release, as quoted by the member for Schubert, when Mike Rann (the present Premier) was Leader of the Opposition, on 6 February 1995, he commented, 'Liberals must recognise the human cost of their WorkCover cuts.' The then state opposition leader Mike Rann also said, 'The Liberals must recognise the human toll of their draconian WorkCover bill which will be debated when parliament returns this week.' I wonder what the Premier is thinking now when he is proposing draconian laws for the workers of this state.

It is interesting to look at what SA Unions is saying about the proposed legislation, and we all know where a lot of the funding for the South Australian Labor Party and the Labor Party as a whole across this country comes from. I will read from comments on an SA Unions website.

'Defend injured workers' rights' is the call, and it states: *Mike Rann has put a law into parliament that attacks the pay and rights of injured worker. At the same time he wants to give a cut to employer costs.*

This law will mean that:

- Injured workers will have to live on 80 per cent of their wage after only 13 weeks.
- Most workers will be kicked off the scheme after 2½ years.
- Injured workers will be financially penalised if they want to complain about a decision about their claim.
- The amount injured workers receive for loss of a limb or body function will be less and always at the discretion of the WorkCover board.

The unions call for help to keep a fair workers compensation scheme in South Australia, and they acknowledge that they want workers to get back to work safely and fairly and for the finances of the scheme to improve. They have called on their union members to email the Premier and talk to their local member. The unions have launched another WorkCover public campaign, with the launch of radio advertising featuring the human effect on families.

Another press release of 4 March 2008 on the union website regarding the WorkCover bill referred to hidden nasties. SA Unions said that its reading of the WorkCover bill before parliament shows that it contains some hidden nasties. SA Unions secretary, Janet Giles, said that she has taken the time to read the bill and give it careful consideration. She stated:

*Despite what the Premier says, it is our understanding that it is in fact retrospective for many workers. It means that, if this bill gets through in its current form, any worker injured for more than 2½ years would instantly have their support cut off. It is our opinion that this bill goes far further than the recommendations in the Clayton report. We are concerned by suggestions that this issue is being run by Deputy Premier Kevin Foley, the Chair of WorkCover, Bruce Carter, and a tranche of WorkCover lawyers, and that Premier Mike Rann may not have been properly debriefed.*

Another quote from Janet Giles is as follows:

*The bill should be delayed in order for proper analysis, including the impact of any changes on injured workers. It is untenable that such a huge piece of detailed legislation is passed through the parliament without members of parliament, including the Premier, really understanding its implications.*

We have heard all the cries of angst from the people on the other side who Ms Giles supports, and who supposedly represent union supporters. A press release in which outraged unions allege that 'Rann pulls a Howard on hurt workers' states:

*Premier Mike Rann has abandoned any pretence of fairness and decency in sacrificing the rights of injured workers in order to prop up business profits. The Premier's WorkCover legislation introduced this week will cut entitlements to those in need.*

*Meanwhile, instead of measures to ensure business takes responsibility for reducing workplace injuries, it will be rewarded for its ineptitude with a reduction in WorkCover levies.*

That is according to SA Unions. SA Unions Secretary, Janet Giles, said, 'This is a travesty.' I think they have read the impact on employers quite broadly where there is a threat of increased premiums to 15 per cent.

The following is a telling comment by Janet Giles:

*Mike Rann risks being compared to John Howard by workers. He's stripping away their rights in order to appease the business lobby.*

*He has entirely reneged on his public commitment of last week. On 18 February he told the ABC that 'We basically want to fix WorkCover, we are going to fix WorkCover and we're going to do it in a way that's generous to workers...'*

*Stripping worker entitlements is the opposite of generous. The clear message from Mike Rann to workers is 'if you get hurt, don't expect this government to help'. What's more, workers will have no legal recourse. He has hung them out to dry.*

As I said before, the government's legislation, if not amended, will cut workers' take-home pay by 20 per cent after 13 weeks if they are injured. It will cut workers completely off the scheme after 2½ years unless they are totally incapacitated, and it will significantly reduce lump sum payments for serious injury and missing limbs. There will be a compulsory review of injured workers' incomes every 12 weeks if they challenge WorkCover, and there is no access to common law rights as exists in other states.

The unions actually surveyed 400 people about their concerns and, obviously, like all of us, they were concerned for the workers. Two out of three people opposed cuts to entitlements in order to reduce the cost to business. People were asked: 'Do you think injured workers deserve (a) more support (b) about the same level of support, or (c) less support?' The result showed that 37 per cent want more support and 44 per cent want about the same level of support. That is over 80 per cent of people who recognise the importance of supporting injured workers to rehabilitate and safely return to productive roles in the workplace. Only 1 per cent wanted less support, and the remaining 18 per cent said they did not know.

The following is a telling comment by Janet Giles from SA Unions: *This government risks alienating all South Australians who rely on WorkCover as an insurance against workplace injury. The people of South Australia want and deserve the best workplace protection in Australia, not the worst. Mike Rann must think again.*

This is the same Janet Giles who has made this tough call representing the unions, but for what?

The unions, through Janet Giles, have already admitted that they are so tough that they will still tip millions of dollars into Labor Party coffers to boost their election campaigns. So, what a lot of noise, and for what? Why do they care? Their own party is not even supporting them in this house. That is the whole point.

People condemn the Liberal Party because it is alleged that we are just here for the business community. At least we know who we represent—but we also represent people out there, the workers. We all must realise that employers need a fair go in this, because if employers do not pay low levy rates they just cannot hire employees, obviously. It just gets too hard. It is just another impediment to small business, and there are enough impediments.

If you employ someone who is paying child support, you get constant calls such as, 'When did you write the last cheque?', especially if you only have seasonal payments, like in the farming community. There is no incentive these days for anyone in a small to medium business to employ someone. So, high WorkCover levies is another point that will put people off employing staff.

In closing, I would like to say that the union workers of the state need to think about where their membership dues are going, because they are not being represented in this place.