

WORKCOVER CORPORATION: MEMBER FOR HARTLEY – May 8th, 2008

Mr PEDERICK (Hammond) (11:30): I move:

That this house condemns the member for Hartley for supporting the state government in cutting WorkCover entitlements, and for—

- not taking any interest in the blow-out in WorkCover's unfunded liability since taking office;
- not taking any interest in WorkCover's poor return to work results;
- not informing the public until after the federal election that WorkCover entitlements to injured workers would be cut; and
- not examining alternatives to cutting workers' benefits as part of Work-Cover reform.

Like so many of her government colleagues the member for Hartley is guilty of sitting silently in the back seat of the WorkCover bus, while the Minister for Industrial Relations, mutely supported by his fellow cabinet members, including the Premier, steered it blindly off the road and into a forest of unfunded liabilities, falling return to work rates and rising premiums.

In doing so, the member for Hartley is complicit in this disastrous situation and should be roundly condemned for abandoning her parliamentary responsibilities in not carefully protecting the interests of her constituents.

The unfunded liability in 2002 was \$67 million. As things stand, that figure could exceed the magical \$1.5 billion mark within 12 months. No doubt members opposite will want to dispute those figures and what they mean, but what they cannot argue with is that South Australia has the highest unfunded liability and the highest levy rates in what a former WorkCover CEO described as the worst WorkCover scheme in Australia.

This did not happen overnight. It has been looming for six years, growing steadily all that time, and since taking up her back seat in this parliament in 2006 the member for Hartley, and many of her parliamentary colleagues, sat idly, gazing out of the side window, not wanting to look ahead for fear of seeing the obvious catastrophic collision that was about to happen, and face this fact that, in remaining silent, she was also responsible for it.

Over the past six years the opposition has asked hundreds of questions in the parliament, and the matter has been reported widely. Yet in her two years in this place the member for Hartley did nothing. She did not, or would not, hear the alarm bells ringing as the unfunded figures climbed steeply and steadily—\$100 million, \$200 million, \$300 million, \$400 million, half a billion, etc., etc.

While the bus driver, the Minister for Industrial Relations, was reassuring unions that there would be no cut to benefits and, at the same time, promising industry that there would be changes, the member for Hartley sat mutely in the back seat. Still no alarm bells, still no concern for her constituents, or indeed any of the state's workers and business owners. There

they all were, the government's back seat passengers, content to be in a bus with a big majority.

But the member for Hartley does not have a big majority. The next time that bus pulls up at the terminal and the conductor yells, 'All change,' the member for Hartley may well discover there is no longer a seat for her. With any luck we will get a new driver too, assuming this one has not already been sacked and replaced.

Within the last few weeks we have seen one of the government's staunchest supporters, South Australian union secretary Janet Giles, perhaps herself an aspiring Labor parliamentarian, resign from the WorkCover board, pleading a moral conflict of interest and stating, 'It's my job to defend workers.' What a tantalising proposition this presents, a Labor politician with a moral and social conscience. She might well run for the seat of Hartley, although she would have trouble getting Labor preselection.

The Premier has often proclaimed in this place that he has absolute confidence in his ministers. Does he mean he has great confidence in their ability to perform their roles, or does he mean he has great confidence that they will not cross him in the party room? Given the obvious conflicts of this, and numerous other contentious issues of late, I confidently suggest it is the latter.

Does the member for Hartley have the same absolute confidence in the minister? How could she, when the situation was so clearly deteriorating. And let us not confuse informed confidence with blind faith. What was the member for Hartley doing for the five months between the time the report was handed down last November and the recent announcement? Did she query the figures? Did she request the policy? Did she doubt the minister? Did she even see the train coming?

And there are other questions. Did she not know that the Liberals had reduced the unfunded liability from \$267 million in 1994-95 to \$67 million by 2002? Does she remember that my colleague the member for MacKillop pointed out in this place 12 months ago that the last Liberal government had reduced the injury rate by 20 per cent, in the face of a 10 per cent increase in workforce growth? Did she ask any questions at all of her own party about this alarming situation and, if she did, what were the sugar-coated answers that convinced her everything's fine, our driver knows where he is going? I suspect not, and, if I am right, the member for Hartley is to be condemned for gross inattention to task. It is fine to be a back seat passenger in a big bus, but you should still take an interest in where it's going on and how it's going to get there.

Conversely, the Liberal Party's Industrial Relations Portfolio Committee is working toward the following objectives: providing workers with fair entitlements and rehabilitation; reducing the levies on business; and fully funding the scheme. I would add that we are doing it in discussion and consultation with unions and business, a technique apparently foreign to this government.

Is the member for Hartley still reassured by the minister's claim in December 2006 that the claims liability would be cut by \$100 million within two

years, namely, July 2008? Is she aware that WorkCover Chairman, Bruce Carter, recently told the Statutory Authorities Review Committee that he believes the government-appointed claims management agent will 'struggle to get there'? Has this rung any alarm bells for the member for Hartley or was she dozing when the bus rattled over that level crossing?

The electorate of Hartley covers the eastern suburbs of Campbelltown, Hectorville and Kensington Gardens, in which there is a broad cross-section of voters including hardworking employees and committed and entrepreneurial small business people. One wonders who will vote for the member for Hartley in 2010—assuming she gets back on the bus. Will it be the workers—Labor's long-time voter base—who stand to lose money and benefits by this bill or will it be the business owners who may find themselves saddled with a WorkCover levy rate that has doubled to 15 per cent or even, possibly, 22.5 per cent? How many employees will the employer have to lay off to cover the increased premium, simply to stay afloat? One should bear in mind that for the employer this is not an investment in improving his or her business but, rather, another addition to the cost of doing business.

Is the member for Hartley concerned about the potentially negative impact that the requirement for employers to appoint a rehabilitation and return-to-work coordinator within the workplace could have on staff cohesion and morale? Is the member for Hartley concerned that the Minister for Industrial Relations has appointed as actuary the same person that he and the Treasurer have castigated in recent years? They have accused him of giving 'very, very poor actuarial advice' and said that he 'significantly understated the true level of liabilities'. Is the member for Hartley satisfied with the reappointment by the government of an officer who, according to cabinet members, was sacked for a good reason?

No doubt the member for Hartley will endeavour to excuse her lack of interest and involvement in her government's mishandling of this matter by suggesting that this is a case of the pot calling the kettle black; that is, I have never taken any interest in the matter. Even if that were true it would not be a defence for her disinterest and lack of care. She cannot absolve herself of blame by endeavouring to cast the spotlight on others. At best, all she will do is draw others under the same light.

As it happens, and as one would hope, the member for Hartley has already discovered that I will not share the spotlight with her on this. In fact, I have referred several times in this place to workers compensation issues. The most specific reference was on 28 March last year—over 12 months ago—when in my Supply Bill contribution I said:

The WorkCover unfunded liability is, I believe, heading towards \$1 billion. The latest figure we have is \$694 million, but who knows where it is exactly at the minute. Unless some reform is done in the WorkCover sector—and we are told that deals are done with unions not to cut benefits—I cannot see that happening. The worrying factor is that the figure of \$694 million comes from June 2006. As that figure we are referring to is nine months old, it would be interesting to see where it is at the moment.

I remind the member for Hartley that she is a member of the government—the government that is overseeing this massive and unavoidably obvious blow-out in the unfunded liability. It is to be assumed that as a member of the government she is more privy to the discussions and decisions that go to make up the policies of her ministers than am I. She ought to have been far better aware of what was happening than I.

As the member for Hartley and her colleagues will find after the next election—if she makes it back into this place—there is only so much you can do in opposition. Given the worker roots inherent in her family history, the high ideals she held at university (that she so eloquently described in her maiden speech) and the demographics of her electorate—and the marginal state of that electorate—it would be reasonable to think that she might at least have taken an interest in the matter, let alone contribute something in the government debate in the interests of her electors and, for that matter, all South Australian electors.

I remind the house of the member's own words to her supporters. In her maiden speech she said:

To Mark Butler, Andy Dennard, Don Farrell, Robyn, Andrew, Craig, Katrine, Ian and Charles, I thank you and all the fine people I have had the pleasure of meeting in the union movement. The Labor movement will always have a friend in me. One can only wonder how these fine people are feeling now about their choice of someone to represent them in this house.

I contend that the member for Hartley has taken no interest in the blow-out in WorkCover's unfunded liability, taken no interest in WorkCover's poor return-to-work results, failed to inform the public until after the federal election that WorkCover entitlements to injured workers would be cut, failed to examine alternatives to cutting workers' benefits as part of the WorkCover reform and sat silently in the back of the bus taking the easy ride while her Minister for Industrial Relations and his cabinet colleagues cannoned like an unguided missile through a forest of problems.

For all this the member for Hartley is to be roundly condemned. I commend the motion to the house.