

**WORKERS' COMPENSATION AND REHABILITATION (ACTS OF TERRORISM) AMENDMENT  
BILL 2002**

*Second Reading*

Resumed from 21 August.

**MRS C.L. EDWARDES** (Kingsley) [9.48 pm]: This legislation primarily extends the operation of legislation that we passed in December last year to enable the statutory benefits under the workers compensation legislation to be met if acts of terrorism occur. There was concern about reinsurance after 11 September. It was considered that if the events of 11 September occurred in Western Australia, workers compensation reinsurance would not be available. This legislation is still a primarily temporary solution to the insurance and reinsurance problems. It is not the ultimate solution. The final day for the operation of the legislation was put at 31 December 2003. That will now be extended to 31 December 2004. This has been done because many workers compensation contracts could not otherwise have been taken out after 1 January 2003 because there would have been a period in 2004 during which they would effectively not have been covered. That is primarily because the insurance companies would not have been able to obtain any reinsurance. As such, it is likely that they would have been in breach and those employers would be uninsured.

As I said, it is still a temporary solution. The Government mentioned last year that it was waiting for the federal Government to come up with a national solution. That issue was discussed in December 2002 by the federal Government. It consulted with State and Territory Governments on the statutory insurance schemes and, in particular, workers compensation and compulsory third-party insurance. In May this year, the Treasurer said that a document was being circulated to the main stakeholders in this area. Essentially, the federal Government did not want the State Government to be the insurer of last resort for any lengthy period. Again, it is still regarded as a temporary solution until such time as the world insurance situation settles. An article in *The Australian Financial Review* of 23 August 2002 states that the document had gone out. It also states -

The safety-net fund - which would exclude big business - would be largely paid for by a levy on all licensed general insurers, but the industry is calling for some government funding.

The process now is to assimilate all those issues. I wonder whether this Government has received any reassurance from the federal Government that its proposal includes the statutory provisions required under workers compensation. Workers compensation was not mentioned in later comments, although it was mentioned in December last year. As a State we need to be reassured that that will still be the position of the federal Government when it comes up with a workable model with which industry and the federal, State and Territory Governments can work. The Liberal Party supports the legislation.

**MR B.J. GRYLLS** (Merredin) [9.52 pm]: The National Party also supports this Bill. I thank the member for Kingsley for her comments. In 2001, the Government introduced a Bill to the Parliament to provide a mechanism for insurance coverage for employers who may have an insurance liability for workers as a result of an act of terrorism. The legislation was designed to operate for one year, as the federal Government was to introduce a national scheme. The national scheme has not eventuated, so the purpose of this new Bill, the Workers' Compensation and Rehabilitation (Acts of Terrorism) Amendment Bill 2002, is to extend the sunset clause by having a final date other than 31 December 2003 prescribed in regulation. The National Party supported the 2001 Bill and will obviously also support this Bill.

**MR J.C. KOBELKE** (Nollamara - Leader of the House) [9.53 pm]: I thank the Liberal and National Parties for their support of this legislation, which simply provides an extension of the sunset clause. It gives power by regulation to extend it.

The member for Kingsley asked about the position of the federal Government. The last time I inquired, the federal Government did not have any firm position on this matter. Some insurance people I spoke to at a conference a few weeks ago indicated that they were putting pressure on the federal Government, or that is how I interpreted their comments. They thought that the federal Government might be close to making a decision, but I have heard nothing since. The member for Kingsley alluded to some press coverage on this issue. There clearly is a crying demand for the Commonwealth Government to provide a lead in this area. At this time I do not know whether it will go across a range of areas or will exclude areas of state statutory responsibility.

Mrs C.L. Edwardes: I understand from talking to members of the insurance industry who have seen the document that has been circulated that they believe the Western Australian workers compensation system would fall within the national scheme.

Mr J.C. KOBELKE: We await some definite word from the Commonwealth on when it will act on that. The reason for this amendment is that if the Commonwealth introduces a scheme and this system needs to be closed down, we will have the flexibility to close it down in a timely way to meet with the commonwealth coverage. If,

on the other hand, the Commonwealth takes a long time to get its act together and make proposals, this legislation provides the mechanism to extend it so that we can ensure that workers in this State will be covered for acts of terrorism. To my knowledge, Western Australia is the only State that has acted to do this. No other State has put forward any legislation to deal with acts of terrorism, so Western Australia is a leader in this field. Insurers and other States have considered this model, but, to my knowledge, no-one has moved to provide the form of guarantee that will be provided through this legislation. Of course, it is not necessary in some other States because workers compensation is a centralised scheme and the taxpayer would simply pick up the cost should that happen. That option was not open to Western Australia, so the Government has acted. We hope that the Commonwealth will quickly get its act together in developing a firm proposal. This mechanism provides flexibility to fit in with whatever action the Commonwealth takes. Alternatively, if the Commonwealth is slow in doing something, we can still extend this coverage.

I thank all members for their support of this Bill. We have dealt with it in an extremely expeditious way. The Government hopes that it will be dealt with in a similar manner in the other place, so that it can be carried through quickly. The Bill must be passed before the end of the year, because policies written from 1 January will extend into 2004, which is beyond the period the legislation currently covers.

Question put and passed.

Bill read a second time, proceeded through remaining stages without debate and transmitted to the Council.

*House adjourned at 9.57 pm*

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