



The Hon **Greg Pearce** MLC  
Minister for Finance and Services  
Minister for the Illawarra

Ref: WC02608/12

Mr David Blunt  
Clerk of the Parliaments  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

Dear Mr Blunt

**Joint Select Committee on the NSW Workers Compensation Scheme – NSW Government Response**

The New South Wales Government welcomes the report of the Joint Select Committee into the New South Wales Workers Compensation Scheme. The Scheme is a critical component of the New South Wales economy and the Government acknowledges the hard work of the Committee in addressing this complex policy area.

As you are aware, since the release of the Committee's report on 13 June 2012, the Government has introduced far reaching changes to the way workers compensation is to be delivered in New South Wales.

These reforms were vital for workers, employers, and the economy. The best protection for workers, employers, the community and our economy is a financially sound Scheme focussed on returning injured workers to work where possible.

The *Workers Compensation Legislation Amendment Act 2012* and the *Safety, Return to Work and Support Board Act 2012* responds to and implements many of the Committee's recommendations. In particular, I can report the following actions in respect of the recommendations:

- Recommendations 2, 4, 5, 6, 8, 9, 10, 13, 14, 16, 17, 18, 19, 20, 22, 26, 27 are now legislated, are being or will be implemented by the Government;
- The Government has taken action or Parliament has legislated with respect to the subject matter of Recommendations 1, 3, 7 and 11;
- The Government supports recommendations 23 and 24 in principle but has not conducted any study into the need for or viability of these two ideas;
- The Government does not propose to follow Recommendations 12, 15 or 21;

- It is within the power of the Standing Committee on Law and Justice (which has been given oversight responsibilities with respect to the Scheme in accordance with Recommendation 16), to implement Recommendation 25;
- While the Government has not implemented Recommendation 28, it should be noted that the Safety Return to Work and Support Board Act does consolidate the governance arrangements for the WorkCover Authority, Motor Accidents Authority and the Lifetime Care and Support Authority.

It is pleasing to note the reforms to the Workers Compensation Scheme are already producing benefits, with the WorkCover Scheme Valuation, prepared by Pricewaterhouse Coopers, showing a reduction in the deficit to around \$1.5 billion.

It is estimated that without the reforms, recommended by the Committee, the deficit would have been around \$4.5 billion and premiums would have had to increase by 28 per cent to return the Scheme to financial sustainability. While this projected outcome represents an improvement, there is still a significant way to go to return the Scheme to surplus and financial sustainability.

Again I wish to thank you and the Committee for your valuable contribution on this important area of reform.

Yours sincerely



**The Hon Greg Pearce MLC**  
**Minister for Finance and Services**  
**Minister for the Illawarra**

*13 December 2012*

*Received at 2:15pm  
Monday 17 December 2012*

