

## Proposed Reforms to the NSW Workers Compensation System

### Overview

The NSW Government is committed to reform that supports workers today and ensures the workers compensation scheme, which has been compulsory since 1924, can continue to support workers for generations to come.

This is to address the fact that the NSW workplace health and safety, and workers' compensation laws are failing to prevent psychological injuries and failing to treat those with psychological injuries quickly.

The release of an Exposure Draft Amendment to the Workers Compensation Act is the next step in stakeholder consultation on workers compensation reform.

The final reforms will include two Bills which are designed to shift workplace, health and safety laws, and workers compensation laws towards prevention.

1. IR Amendment Bill
2. Workers Compensation Amendment Bill

### Overall reforms

The two Bills will be part of broader workplace interventions designed to prevent injury in the workplace. The overall reforms include:

- Establish a bullying and sexual harassment jurisdiction in the IRC with new powers to address bullying and harassment in the workplace before injuries occur.
- Enshrine gender equality and the elimination of discrimination, bullying and harassment into the objectives of the Industrial Relations Act.
- Standing up SafeWork NSW as a standalone agency with bolstered capacity to investigate psychological injury.
- A new Psychological Health and Safety Strategy to improve SafeWork NSW's capacity to enforce compliance safety in workplaces.
- New mental health programs for small and medium-sized businesses through the Black Dog Institute and Transitioning Well.
- New public sector wellbeing units to roll out workplace behavior and psychological injury support tailored to the NSW Government health service, police service, education service and public service.
- New iCare Workplace Mental Health Coaching and Workplace Mental Health Training for small and medium business, and all not for profits.
- New Whole of Government Return to work policy to give public sector workers more opportunities to find suitable employment after being injured.
- Expansion of SafeWork inspectors with industry and psychological specialisation.

- Stronger definition of compensable psychological injuries so that workers and employers can better navigate the workers compensation system.
- Clarify reasonable management action.
- New offence for underinsurance.
- A two-week employer excess to incentivise safer workplaces.

### Exposure Draft purpose and outline

This exposure draft contains changes relating to Workers Compensation only.

It outlines ways to:

- Clarify and update important concepts, such as reasonable management action and thresholds for accessing long-term payments.
- Expand early intervention powers to support rehabilitation and return-to-work plans sooner.
- Strengthen anti-bullying protections, allowing workers to bring claims for bullying or harassment through the industrial relations system.
- Establish clearer dispute resolution pathways, improving access to timely outcomes.
- Modernise benefits and compensation thresholds to better reflect the cost of living and community expectations.

These changes anticipate further reform to create a bullying and sexual harassment jurisdiction within the IRC.

The exposure draft is the next step towards the NSW Government determining a final package of reforms.

Consultation to date has helped shape the exposure draft.

Further suggestions are still being considered as part of the final reforms.

Possible changes include strengthening WHS enforcement, and improved guidelines for the use of medico-legal practitioners.

### Parliamentary Inquiry

The Treasurer has referred the exposure draft to a parliamentary inquiry to allow for further feedback.