



The  
Treasury

Ms Vanessa Viaggio  
Principal Council Officer  
Parliament House  
Macquarie Street  
Sydney NSW 2000

Dear Ms Viaggio

**Inquiry into the NSW Workers Compensation Scheme – Proceedings on 21 May 2012**

Thank you for your letter of 22 May 2012. I enclose NSW Treasury's copy of the transcript marked with my amendments for transcription errors.

NSW Treasury's responses to the questions taken on notice by me are as follows:

**Question:** In relation to the projected performance of the workers compensation scheme, it was predicated on the assumption of a long-term investment return on its assets of 6.6 per cent. Does Treasury have a view in relation to that? Is that assumption optimistic or pessimistic? (Page 27)

**Answer:** Treasury is not in a position to have a view as to whether that assumption is optimistic or pessimistic. This would require ascertaining detailed knowledge of the composition of the scheme. The long-term investment return on assets will depend on the mix of asset classes in the investment portfolio, and the long-term growth assumptions for each asset class.

**Question:** Is the scheme unsustainable financially as it currently stands? (Page 28)

**Answer:** Yes, at the current premium rates.

Yours sincerely

Richard Cox

24/5/12