

**INQUIRY INTO PROPOSED CHANGES TO LIABILITY AND  
ENTITLEMENTS FOR PSYCHOLOGICAL INJURY IN NEW  
SOUTH WALES**

**Organisation:** Exercise & Sports Science Australia

**Date Received:** 12 May 2025

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The Hon. Daniel Mookhey MLC  
Treasurer of New South Wales  
52 Martin Place

Sydney NSW 2000

9<sup>th</sup> May 2025

Dear Treasurer,

**Re: Submission to the NSW Workers Compensation Scheme Reform Consultation**

Exercise & Sports Science Australia (ESSA) is the nation's leading voice on exercise physiology, exercise and sports science. We govern and represent over 3,450 Accredited Exercise Physiologists, Accredited Exercise Scientists and Accredited Sports Scientists in New South Wales, who work across the health, education, disability, veterans', and workers compensation sectors.

Accredited Exercise Physiologists (AEPs) play a vital role in injury prevention, early intervention, and return-to-work services. They are clinically trained allied health professionals delivering exercise-based interventions for people with chronic and complex conditions, including psychological injuries — increasingly common in the NSW Workers Compensation Scheme.

ESSA welcomes the opportunity to contribute to the NSW Government's proposed reforms of the Workers Compensation scheme. Our submission highlights practical, evidence-informed changes that will help reduce claim duration, improve functional outcomes, and support the long-term financial sustainability of the scheme. These include direct access to AEPs, streamlined approval processes, and greater investment in early intervention and psychosocial risk identification. We would welcome further engagement with the Government, SIRA, and icare as the reform process progresses.

Thank you for considering our submission.

Yours faithfully,

**Scot MacDonald**  
General Manager Policy & Advocacy  
*Exercise & Sports Science Australia*

**Isabel King**  
Policy & Advocacy Advisor  
*Exercise & Sports Science Australia*

## **EXERCISE & SPORTS SCIENCE AUSTRALIA (ESSA)**

### **NSW Workers Compensation Reform Submission – ESSA Response**

#### **Key Priorities for Sustainable, Effective and Equitable Workers' Compensation Reform**

Exercise & Sports Science Australia (ESSA) recognises the need for reform to keep the NSW Workers Compensation Scheme sustainable while supporting injured workers. ESSA recommends that the reforms prioritise evidence-informed changes to rules and operational frameworks that improve return-to-work (RTW) outcomes. This includes enabling early and direct access to Accredited Exercise Physiologists (AEPs). Evidence from other jurisdictions – including Queensland and Victoria – demonstrates that early intervention with AEPs can reduce claim duration, improve functional outcomes, and lower system costs. Without reform, mental health payouts may become financially unviable, as psychological injury claims continue to grow.

Rather than focusing on eligibility thresholds for lump sum compensation, such as the proposed increase to the Whole Person Impairment (WPI) threshold for psychological injury, ESSA encourages reforms that improve early access to multidisciplinary care.

Sustainable reform must focus on early intervention and functional recovery, supporting workers before injuries become long-term or complex.

#### **Introduction**

ESSA welcomes the NSW Government's proposed reforms to the Workers Compensation Scheme. With psychological injury claims continuing to rise, the need for practical, timely, and evidence-based changes is urgent. These reforms are critical to ensuring the sustainability of the scheme and improving the return-to-work (RTW) outcomes for injured workers.

We support the Government's aim to modernise the system with a renewed focus on early intervention and prevention. However, reform efforts must not introduce new access barriers to timely care. Prolonged wait times for treatment—especially in psychological injury cases—are linked to worsening mental health, extended time off work, and increased claim costs (Safe Work Australia, 2021; iCare NSW, 2023). ESSA acknowledges that proposed changes to WPI thresholds relate to lump sum compensation for psychological injury. While we do not take a position on impairment thresholds, we emphasise the importance of reforms prioritising timely, multidisciplinary care to reduce functional decline and improve return-to-work outcomes.

Effective reform must focus on prevention and timely, evidence-based care pathways, rather than restricting access through regulatory changes alone.

#### **Urgent Need for Direct Access to Accredited Exercise Physiologists (AEPs)**

Workers experiencing psychological injuries must be able to access AEPs early to support effective injury management and recovery. Frontline practitioners consistently report delays in access to treatment, especially during the critical early phase post-injury, as a major barrier to recovery. A combination of administrative processes, communication breakdowns, and inadequate attention to psychosocial factors drives these delays. Evidence and research suggest that liability determination delays are common (with 50% of Victorian claims experiencing gaps between injury and first payment), and psychosocial risk factors contribute to up to 85% of prolonged work disability. Early engagement with allied health providers using a

biopsychosocial and work-focused approach has been shown to improve recovery, particularly within the first six months of injury.

Under the current system, treatment is frequently delayed due to the requirement for GP referrals and complex administrative approval processes. Delayed care is linked to poorer health outcomes and longer recovery times. According to Safe Work Australia's report, in 2020–21, the median time lost for mental health condition claims was 34.2 working weeks, compared to 8.0 weeks for all injuries and diseases. Additionally, the median compensation paid for mental health conditions was \$58,615 per serious claim, over three times higher than the \$15,743 median for all claims. These figures underscore the need for early intervention to mitigate extended recovery times and higher costs (Safe Work Australia, 2024).

*“There is a lot of evidence to show early intervention is critical in preventing and managing work-related psychological injuries, with better outcomes and quicker returns to the workplace.”*

— Peter Casey, Director, MVMT Rehabilitation

AEPs are appropriately skilled to deliver holistic, evidence-based care that not only supports recovery from psychological conditions but also helps identify and address psychosocial risk factors — a key driver of delayed return to work and a growing focus across all compensation schemes. This integrated approach improves function, builds resilience, and has been shown to reduce anxiety, depressive symptoms, and the risk of long-term disengagement through early behavioural activation.

Jurisdictions such as Victoria and Queensland have introduced models that enable earlier AEP engagement in injury management. While formal evaluations remain limited, these approaches reflect broader recognition that early intervention improves recovery trajectories and may reduce scheme costs. Safe Work Australia (2024) reports support early intervention as a critical factor in improving return-to-work outcomes across injury types.

## ESSA's Recommendations

To improve RTW outcomes and support a financially viable scheme, ESSA recommends the following reforms:

1. Allow direct access to Accredited Exercise Physiologists without requiring GP approval and streamline approval processes such as Allied Health Treatment Request (AHTR) to reduce administrative delays, including shortening the standard 21-day timeframe to 14 days where clinically appropriate.
2. Leverage existing provisional liability provisions to support early access to AEP-led interventions and improve case manager capability to proactively assess, approve, and facilitate early intervention, including education on treatment guidelines and expectations.
3. Fund proactive workplace assessments to identify and mitigate physical and psychological hazards early.
4. Embed AEPs in integrated care teams, alongside psychologists and GPs, to improve holistic outcomes.
5. Focus reform efforts on early intervention and prevention, rather than relying on raising impairment thresholds.

## Case Example

A 33-year-old teacher experienced psychological injury due to sustained workplace bullying. After lodging a claim, she waited nearly eight weeks to begin treatment. During this time, her condition deteriorated, and she disengaged entirely from her workplace. Once treatment with an AEP commenced—alongside psychological support—her physical activity increased, sleep quality improved, and she regained confidence. Within six weeks, she returned to part-time work. Earlier access to care is likely to have significantly reduced the severity and duration of her condition.

## Supporting Evidence

Source	Key Finding	Implication
<b>ESSA Consensus Statement (2022)</b>	AEPs reduce symptoms of anxiety and depression and improve function in psychological injuries — the two most common diagnoses in psychological claims.	AEPs offer clinically grounded, holistic recovery strategies for the most prevalent mental health conditions in the scheme.
<b>Mentally Healthy Workplaces Framework (2023)</b>	Promotes systems-based approaches to prevent and manage psychological injury, with guidance on organisational-level intervention.	Embedding AEPs in workplace health strategies supports upstream prevention and aligns with recognised national frameworks.
<b>Early Intervention Research (e.g., Nicholas et al., 2019 – WISE Study)</b>	Early identification of psychosocial risk factors and matched care pathways improves recovery and reduces the duration of claims.	AEPs can contribute to early identification and functional reactivation as part of a matched care approach, complementing existing provider roles.
<b>Safe Work Australia Mental Health Report (2021)</b>	Psychological claims are 3x more expensive and 4x longer than physical ones when untreated	Delayed treatment results in worse outcomes and higher scheme costs
<b>iCare NSW Scheme Data (2023)</b>	40% of psychological injury claimants remain off work after 12 months	Without reform, system pressure will increase unsustainably

## Conclusion

ESSA supports urgent, people-centred reform of the NSW Workers Compensation scheme. By enabling direct access to AEPs, embedding early intervention pathways, and investing in prevention, the Government can improve recovery outcomes, reduce costs, and create a more sustainable system. We caution against reforms that make it harder for injured workers to access compensation without first improving access to early, evidence-based recovery services. A balanced approach is critical to building a fairer, faster, and financially sustainable scheme. We look forward to collaborating with the NSW Government, iCare, and sector stakeholders to deliver these critical reforms.