

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

**Organisation:** National Disability Services

**Date Received:** 14 May 2025

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15 May 2025

NSW Legislative Council's Standing Committee on Law and Justice  
via email

Dear Committee members,

**Inquiry into the proposed changes to liability and entitlements for psychological injury in NSW**

Thank you for the invitation to provide a submission to the above inquiry. We note that the invitation was received on 12 May 2025 with closing date of noon on 15 May 2025 making it challenging to consult with NDS members on the detail of the exposure draft Workers Compensation Legislation Amendment Bill 2025 [NSW] and associated matters. The issue of workers compensation premiums has been a hot topic of discussion amongst members for several years. We write to highlight our concerns of the current scheme and support for reform as discussed with both Minister Cotsis and Minister Washington in 2024 and 2025.

National Disability Services (NDS) is Australia's peak body for disability service organisations, and Australia's biggest and most diverse network of disability service providers. NDS New South Wales members operate over 300 services from large national organisations through to sole traders, employing more than 50,000 people. NDS is committed to a sustainable and diverse disability service sector, underpinned by the provision of high-quality, evidence-based practices and supports that strengthen, safeguard, and provide greater choice for people with disability in Australia.

**Current Scheme**

The Health and Social care sector and specifically the disability sector are industries where frontline staff are often exposed to risk of physical and psychological injury due to the nature of many of the people with disability that they support. NDS supports high quality disability service providers who place a strong emphasis and activities on injury prevention, injury management, and return to work.

In recent years, NDS members, particularly in NSW (compared to other jurisdictions), have noted a significant increase of workers with accepted psychological claims. NDS members report that despite the work health and safety initiatives in place in NSW, there are elements of the current scheme that hinder the ability to effectively manage claims before they are accepted as Workers Compensation claims. An example often highlighted is workers claiming psychological injury during performance management. Providers identify that it appears that some individuals are taking advantage of the current settings in the icare scheme including delaying independent assessments.

NDS has been advised by icare NSW that premiums for the disability sector will increase again significantly in 2025-26. There is genuine need to reform workers compensation in NSW due to rising costs, poor return to work rates, and inconsistent claim management.

NDS supports the [explanatory note](#) statement that there is a need to reform the workers compensation scheme *‘as the NSW workers’ compensation laws are failing to prevent psychological injuries and failing to treat psychological injuries quickly’*.

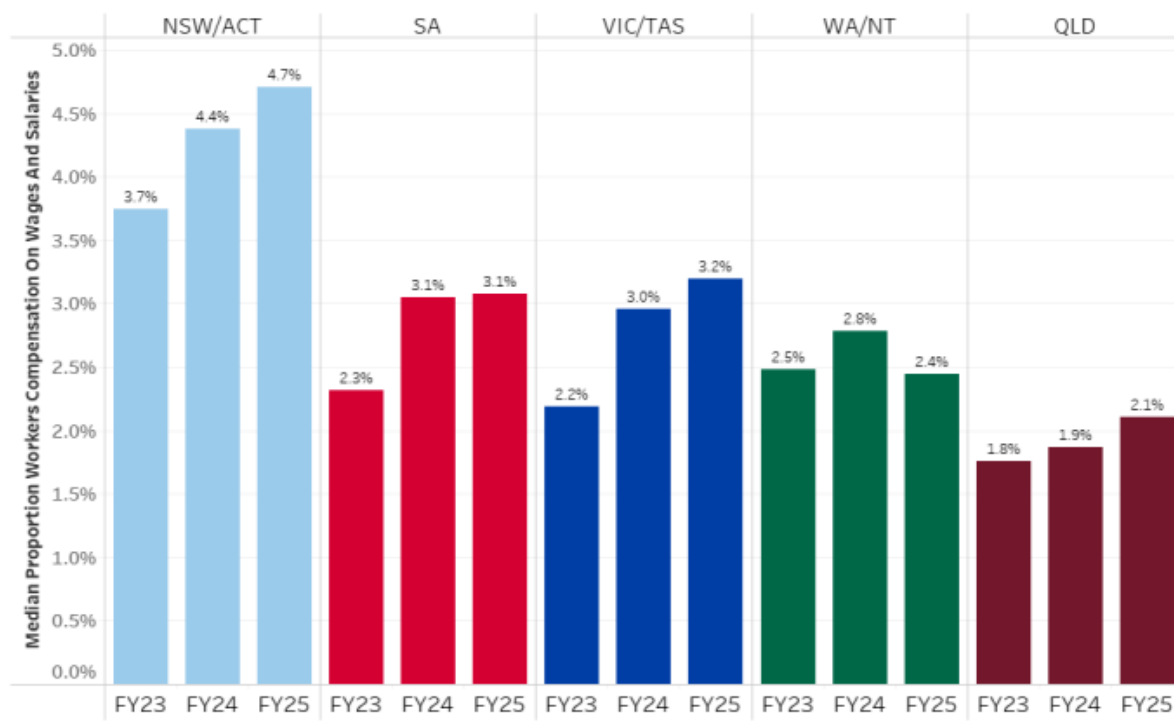
NDS NSW acknowledges the investment and support from the NSW Government in prevention strategies including SafeWork NSW Fatigue and Burnout summit in 2024 (report pending) and the icare NSW investment in [SMART Design for Care](#) research consortium – where work redesign projects lead to reduction in risk of psychological injury and increased staff wellbeing. We recognise and applaud the leadership from Minister Cotsis to align the work of SafeWork NSW and icare NSW more closely together in the prevention work.

NDS is actively working with SafeWork NSW and icare NSW to collaborate on strategies to support the disability sector. This work has included a series of webinars on injury prevention and management strategies that took place in 2024. Further webinars are planned for 2025. NDS looks forward to further investment in the scale and spread of this work and has committed and offered its support. We also look forward to further announcements from Minister Cotsis on the next stages of these prevention strategies and support for the Health and Social Care sector.

NDS has met with Minister Washington and Minister Cotsis over the last 12 months and raised concerns on behalf of NDS members on the cost of the Workers compensation premiums in NSW compared to other jurisdictions. icare NSW has been unable to provide comparison data across jurisdictions (e.g. Victoria), citing the different components of the schemes make comparison difficult.

Ability Roundtable regularly reports on workers compensation premiums and recently published [updated data](#). The report noted that *‘there are clear differences across jurisdictions which are not accommodated by the Disability Support Worker (DSW) Cost Model’s national approach to pricing’*. In the table below we see that the median workers compensation premium in New South Wales/ACT has risen to 4.7%, which is now more than 2.5 times higher than the 2% DSW Cost Model assumption.’





Continued workers compensation cost increases in NSW will likely contribute further to the factors driving the closure of service delivery for disability in NSW and further closure of shared living services (Supported Independent Living). Ultimately, this scenario will negatively impact our most vulnerable NSW citizens at a time when cost of living pressures are at unprecedented levels. Additionally, we believe such a result would lead to further job losses.

### **Need for Reform**

NDS supports fair compensation and support for workers who experience psychological injury, but the system as it currently stands does not apply to only genuine injury claims and the onus placed on employers to keep workers safe combined with the high cost of premiums is unsustainable as it currently stands.

NDS supports reform of the NSW Workers Compensation scheme and associated reforms aimed at making the scheme more efficient and sustainable.

**NDS supports reform including:**

- Stronger definition of compensable psychological injuries so that workers and employers can better navigate the workers compensation scheme.
- Clarification and update on reasonable management action.
- Expansion of early intervention to support rehabilitation and return-to-work sooner.
- Further collaborative work between SafeWork NSW and icare NSW to focus on psychological injury prevention and to prevent duplication and gaps between the priorities of the 2 agencies.

**NDS and its members advocate that reform should include that:**

- The scheme provides support for workers with genuine claims and that there are effective methods for addressing inappropriate claims.
- The process to determine a claim is improved in its timeliness and effectiveness.

The NSW government has proposed that claims related to bullying, harassment, and other psychological hazards first be brought before the NSW Industrial Relations Commission (IRC) before a workers compensation claim can proceed, which is said to be modelled on the existing Fair Work Commission regime (FWC). It is important that any process designed does not inadvertently cause additional delays to claim determination.

- The scheme is transparent in its claims and premium management settings and there is clarity of the settings compared to other jurisdictions (given that providers can operate across several jurisdictions).

Now is a critical time for workers compensation reform in NSW. Reforms are needed to manage genuine claims in a timely manner and support timely return to work. Ongoing investment in psychological injury prevention strategies to support the sector are also welcomed. These changes should in their entirety reduce the cost of premiums to a more sustainable level.

**We hope that the Committee recommendations, and subsequent NSW Government responses, take positive action to reform the key priorities identified by NDS on behalf of disability providers.**

As always, we are open to meet with you to talk about these issues at your convenience.

We look forward to the outcomes of the Committee's inquiry and the NSW Government response.

Yours sincerely,

Philip Petrie  
Chair, NDS NSW Divisional Committee

Dr Debbie Jagers  
State Manager NSW

