

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

**Organisation:** Auditor-General for New South Wales

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The Director  
Standing Committee on Law and Justice  
Parliament House  
Macquarie Street  
Sydney NSW 2000

Contact: Bola Oyetunji

14 May 2025

Dear Director

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

Thank you for the invitation to make a submission to the NSW Legislative Council's Standing Committee on Law and Justice's inquiry into the proposed changes to liability and entitlements for psychological injury in NSW.

I would like to draw your attention to the Audit Office's performance audit report [Workers compensation claims management \(April 2024\)](#), which may be of interest to the Committee.

This audit assessed the effectiveness and economy of icare's approach to managing workers compensation claims. It found that psychological injury claims had increased significantly over the previous five years, particularly within the Treasury Managed Fund. The report noted that this poses risks to the effectiveness and financial sustainability of workers compensation schemes in NSW because psychological injury claims have much lower return to work rates than other types of workers compensation claims. The audit also found that icare had not met its targets against key financial sustainability measures for the Nominal Insurer or the Treasury Managed Fund in recent years.

Please do not hesitate to contact me if you would like further information about my reports to Parliament, or to discuss my submission.

Yours sincerely

Bola Oyetunji  
Auditor-General for New South Wales