Submission No 31

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

Organisation: St Vincent de Paul Society NSW

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Dear Chair,

The St Vincent de Paul Society NSW welcomes the opportunity to contribute to the Committee's inquiry into proposed reforms to liability and entitlements for psychological injury in New South Wales.

The Society NSW is a member-led organisation that has been serving communities across New South Wales for over 140 years. Our work spans from early intervention to crisis support, helping individuals and families avoid or navigate periods of acute difficulty. While our Members and Volunteers provide essentials like food, clothing, bedding, and assistance with bills, we also deliver more than 100 professional services across the state. These programs support people facing complex challenges such as homelessness, domestic and family violence, mental health issues, addiction, and refugee settlement

The Society NSW acknowledges that the current system was not built to respond to the complexity of psychological injury, and we commend the NSW Government for taking steps to modernise it. At the same time, we must ensure that the reform delivers a fair and workable system—one that supports people experiencing psychological injury, while remaining viable for employers and the broader workers' compensation scheme.

Striking that balance is critical. If we don't get it right, we risk introducing a system that is well-intentioned but difficult to implement or sustain. We believe there are a number of practical questions that need to be worked through to ensure the legislation operates as intended on the ground – which we have outlined below. Many of these questions may ultimately be resolved through regulation or broader government guidance, and we strongly encourage this level of detail to support consistent and workable implementation.

- **8D – "reasonable management practice"** – we wish to ensure the definition, particularly the phrase "that is reasonable in all the circumstances" is clear for employers acting in good faith.
- **8E – "relevant event"** – there are a few areas that would benefit from further clarification, either through regulation or detailed guidelines. For example, the scope of clause (1)(a) regarding being "subject to an act of violence or a threat of violence" is particularly relevant in our line of work. We would welcome clarity on how this definition will be applied. Clause 8E, which refers to harassment or bullying proven through a legal process, raises practical questions around how it will be implemented. It would be helpful to clarify how employers are expected to manage these situations while proceedings are underway, including what support and arrangements should be in place during that period for affected workers.
- **8F** – **Primary psychological injuries** – further details are required as to what happens when a person notifies the workplace about the injury. Is it to be treated as a claim at this point?
- **8G - Primary psychological injuries** – Clause 8G defines primary psychological injury in a way that significantly narrows its scope, excluding key psychosocial hazards such as job demands, role clarity, organisational justice, and support—issues that are clearly recognised under WHS legislation and SafeWork NSW guidance. This creates potential misalignment with existing regulatory frameworks and undermines efforts to promote proactive management of psychological risk. We recommend ensuring the legislation is consistent with WHS obligations and broader government guidance on psychosocial safety.
- **11A** – "**reasonable actions of employer"** – This is a important change. Including criteria of workers perception or expectation of reasonable management will also make the defence more effective.

- **39A cessation of weekly payments after 130 weeks** – this is a significant change for workers with whole person impairment less than 31% who will miss out. The proposed weekly payment for psychological injury is in contrast to physical injuries which don't have a 130 week limit. There may be questions as to whether this is fair treatment between the two types of injuries.
- **160(9) - excess –** We have concerns about the potential interpretation of this provision. If Section 160(9) is intended to require employers to pay the excess on all claims, this would represent a significant departure from current practice, where excess is only payable on claims reported to the insurer more than five days after initial notification to the employer. We seek clarification to ensure the provision does not inadvertently create an unreasonable financial burden or disincentivise timely reporting.
- **148B** – **work pressure special entitlement for medical or related treatment** Clause 148B raises questions about how the eight-week entitlement will work in practice—who administers it, what happens if a worker doesn't recover in time, and the impact on employment and the health system. We understand this may be clarified through regulation or guidance, but clear detail will be important.

Thank you for your consideration of this important issue.

Yours sincerely,

Yolanda Saiz
CEO
St Vincent de Paul Society NSW