

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

Organisation: JK Corporate Resourcing

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The Hon. Minister for Industrial Relations
NSW Parliament
Macquarie Street
Sydney NSW 2000
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Inquiry into the proposed changes to liability and entitlements for psychological injury in New South Wales

Dear Minister,

I write on behalf of JK Corporate Resourcing, a workplace rehabilitation provider in New South Wales, to raise points regarding the recently released Exposure Draft – Workers Compensation Legislation Amendment Bill 2025. Personally, I have over 23 years experience working within the New South Wales workers compensation scheme, as both a Psychologist and workplace rehabilitation provider. I will be addressing some of the terms of reference noted in the released bill for consultation. I consent to my submission being publicly available.

I acknowledge the Government's intent to strengthen the workers compensation scheme and ensure it remains sustainable and fit for purpose. However, several provisions in the proposed amendments may unintentionally place additional burdens on injured workers — those with both primary and secondary psychological injuries.

The proposed amendments significantly increase the complexity of psychological injury claims. New eligibility thresholds—such as the requirement to prove a 'relevant event' and the imposition of a 31% permanent impairment threshold to extend weekly compensation beyond 130 weeks—will create additional administrative and legal challenges for an already vulnerable cohort. There is a real concern that many individuals who continue to require support will fall out of the scheme due to these stricter thresholds. It is recommended that the 31% threshold be reconsidered, drawing on SIRA data to evaluate how many psychological claimants historically reach this level of impairment.

The requirement for Tribunal involvement in determining eligibility for psychological injury claims is also of concern. Adversarial processes have the potential to exacerbate psychological distress, delaying recovery and placing further strain on both the individual and the scheme. This raises significant health and safety risks for workers navigating the system and may adversely affect long-term return-to-work outcomes.

Research clearly shows that exposure to adversarial claims processes, such as Tribunals, can cause additional psychological harm and significantly hinder recovery, potentially preventing return to work altogether (refer to Appendix 1).

The introduction of the Workers Compensation Act 1987 (NSW) moved the system away from a fault-based model, with subsequent reforms aiming to reduce conflict and instead prioritise recovery and return to work (RTW). Commencing a process by legislating a dispute between the worker and employer significantly undermines the likelihood of successful return to work outcome. It is

recommended to develop an alternative process, supported by a clear and established framework, to assess whether a claim meets the threshold for compensation entitlement.

Additionally, the new provisions regarding Work Pressure Disorders require greater clarity. While I support early intervention and short-term treatment where appropriate, the proposed 8-week limit raises questions about future claim eligibility. It remains unclear how treatment will be approved and regulated, and whether individuals accessing these early supports may be precluded from submitting a formal workers compensation claim at a later stage. I suggest that regulations outline the scope and reach of this provision.

I encourage the Government to consider the psychological and practical impact these reforms will have on injured workers, businesses in New South Wales and the workers compensation scheme as a whole.

Kind Regards,

Tatjana Jokic
Managing Director
JK Corporate Resourcing

Appendix: Impact of Tribunal and Adversarial Processes on Injured Workers

A growing body of research highlights the detrimental impact of adversarial processes—such as workers compensation tribunals—on injured workers, particularly those with psychological injuries.

1. Grant, G., & Studdert, D. (2020). **“Compensation, litigation and health outcomes.”** Medical Journal of Australia, 212(4), 180–184.
 - Found that workers involved in compensation disputes report poorer mental health outcomes and prolonged disability.
2. Collie, A., Di Donato, M., & Iles, R. (2019). **“Work disability in Australia: An overview of prevalence and policy responses.”** Journal of Occupational Rehabilitation, 29(3), 585–598.
 - Described the ‘second injury’ effect, where adversarial or delayed claims processes exacerbate mental health symptoms.
3. Iles, R., & Sheehan, L. (2017). **“Compensation health effects: Injury compensation and recovery.”** Public Health Research & Practice, 27(2), e2721713.
 - Concluded that adversarial systems increase the risk of delayed return to work and ongoing psychological harm.

These findings strongly suggest the need for trauma-informed reforms that prioritise early resolution and avoid adversarial structures where possible.

If you have any questions please contact me

Kind regards,

Tatjana Jokic
Managing Director
JK Corporate Resourcing
