



**Andrew Constance MP**

NSW Treasurer

**Dominic Perrottet MP**

Minister for Finance and Services

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## **MEDIA RELEASE**

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### **STRONG INVESTMENT RETURNS DELIVER A BOOST TO WORKERS COMP SCHEME**

NSW Treasurer Andrew Constance and Minister for Finance and Services Dominic Perrottet have today announced a \$1 billion improvement to the bottom line of the NSW Workers Compensation Scheme – a result driven by excellent investment returns of \$690 million.

The Scheme's updated surplus of \$1.36 billion gives the NSW Government flexibility around premium rate reductions for businesses and benefits for injured workers, subject to the findings of a statutory review and a Law and Justice Committee inquiry.

"We inherited an unsustainable Workers Compensation Scheme by Labor with a rising \$4 billion deficit. Businesses were facing a 28 per cent increase to their premiums, and over 12,000 jobs were at risk," Mr Constance said.

"The NSW Liberals & Nationals Governments reforms were about putting the Scheme back on a sustainable footing and better supporting the state's most seriously injured workers.

"We are now seeing positive signs in the Scheme's performance; however it's important to note that two thirds of the billion dollar improvement is a result of stronger investment returns.

"These high investment returns may be a one-off and the Scheme has not yet reached its solvency target of 110 per cent funding of liabilities, but it's a step in the right direction.

"We still need to be prudent to see whether the NSW Government's Scheme reforms deliver a sustainable solvency position.

"Without the over-performance in investment returns, the independent scheme actuary has advised that the Scheme would still have a small deficit of \$360 million. This indicates there is still work to do in bedding down the reforms to achieve a sustainable solvency position."

Minister for Finance and Services Dominic Perrottet said the possibility of further premium reductions will be considered in line with the usual premium review processes.

The NSW Government will also consider the fact that investment returns can be volatile and the need for contingency funds in case investment returns decline in future, to avoid a repeat of the 2012 deficit.

"Workers compensation insurance premiums are now \$1.1 billion lower for NSW employers than they would have been without the 2012 reforms," Mr Perrottet said.

“In the 2013 premium cycle, rate reductions averaging 12.5 per cent for NSW employers returned \$330 million to help grow the state’s economy.

“The NSW Government’s reforms provide more support for injured workers who are unable to work, and greater incentives to return to work for those injured workers with the capacity to do so.

“Weekly income support for seriously injured workers has increased by up to 70 per cent over the amount previously paid under the old system.

“More injured workers are back at work as well. Safe Work Australia has reported that in 2012/13, the state’s return to work rate improved by three per cent to 88 per cent, making it higher than the national average of 86 per cent. NSW now has the equal highest return to work rate in the country.

“The NSW Government has made the Scheme much fairer for injured workers, and is progressing well in balancing the books of the Workers Compensation Scheme on behalf of the people of NSW.”

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