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The Hon. Sophie Cotsis MP
Minister for Industrial Relations
Minister for Work Health and Safety

Direction under section 7 of the State Insurance and Care Governance Act 2015

Since taking office, I have been advised that the Nominal Insurer has been so seriously run down it will not regain financial sustainability without significant premium increases.

The picture that has been painted for me is deeply disappointing.

The parlous state the insurer finds itself in is entirely unacceptable to the new Government, to injured workers and to the businesses of NSW.

The briefing I have received makes clear that the primary reason for the scheme's current dismal circumstance is inadequate rate increases from 2014 to 2021.

Small increases put off over the past seven years have burdened the public with the requirement for a large increase now.

Nonetheless, the Insurance and Care NSW Board's proposed "sticker shock" increase – an immediate 22 per cent hike in premiums, with another annual rise of 5 per cent and then 3.5 per cent for each year for three more years – is not in the public interest.

The new Government will make tough decisions to fix the mistakes of the past, but it will also be fair and realistic about how quickly repair can be done responsibly.

As the NSW Minister responsible for Part 2 of the State Insurance and Care Governance Act 2015, and after consulting with the Insurance and Care NSW Board, I formally direct that the Nominal Insurer premium filing for the next three financial years 2023/24, 2024/25 and 2025/26 be limited to an average increase of 8 per cent per annum, and restructure the employer safety incentive in 2023/24 to take into account employer safety record/claims experience, with no more than a 2 per cent impact on average premiums.

In making this decision, I am setting a sustainable course to ensure the affordability of workers compensation. By moderating the increase, I am balancing this with the real pressures faced by NSW businesses.

Both injured workers who rely on the scheme, as well as NSW businesses, can now regain confidence in the scheme.

Sadly, the repairs begun from today will take years to correct the neglect. But the required reform starts now.

Yours Sincerely,

The Hon. Sophie Cotsis

Minister for Industrial Relations
Minister for Work Health and Safety