

19 February 2026

The Hon Simone McGurk MLA  
Minister for Industrial Relations  
8<sup>th</sup> Floor, Dumas House  
2 Havelock Street  
WEST PERTH WA 6005

By email: [Minister.McGurk@dpc.wa.gov.au](mailto:Minister.McGurk@dpc.wa.gov.au)

Dear Minister

### **WORKERS COMPENSATION AND INJURY MANAGEMENT ACT 2023**

I refer to the Law Society's letter to you dated 21 March 2025 in relation to the issue of taxable components of workers compensation settlements and your response dated 7 April 2025.

As you will be aware, the [Australian Taxation Office has issued Class Ruling CR 2025/88](#) which has confirmed the private ruling that the income compensation part of a settlement is taxation income.

While the ATO has now provided certainty on this topic, the ruling creates a number of issues impacting injured workers, including:

- (a) Significant injustice for low-income workers who are redeeming years of income compensation but are being taxed in one financial year;
- (b) Exposure to taxation of workers who have resolved their claims after 1 July 2024 and to whom the class ruling applies;
- (c) Increased costs for private insurers and the Insurance Commission of Western Australia; and
- (d) Workers paying tax on permanent impairment compensation where their condition has not stabilised.

Further, Law Society members report that, at present, the majority of the insurers are not willing to enter settlement agreements whilst they are seeking legal and taxation advice. The Law Society is concerned these delays in settlements are causing significant hardship for workers who experience long periods without income and/or delay in receiving their settlement monies.

The Law Society requests a meeting with you to discuss the above as a matter of urgency.

Please contact Ms Susie Moir, Director Advocacy and Professional Development at [smoir@lawsocietywa.asn.au](mailto:smoir@lawsocietywa.asn.au) or telephone 9324 8646 to progress arrangements for a meeting.

Yours sincerely



Judy McLean  
**President**

21 March 2025

Hon Simone McGurk MLA  
Minister for Industrial Relations  
8<sup>th</sup> Floor, Dumas House  
2 Havelock Street  
WEST PERTH WA 6005

By email: [Minister.McGurk@dpc.wa.gov.au](mailto:Minister.McGurk@dpc.wa.gov.au)

Dear Minister

### **WORKERS COMPENSATION AND INJURY MANAGEMENT ACT 2023**

Congratulations on your re-appointment to the Industrial Relations Ministerial Portfolio. The Law Society looks forward to continuing to work with you on important ongoing improvements to the State's workers compensation legislation.

I write to you in relation to a number of pressing concerns that the Law Society has with respect to the operations of WorkCover WA and the *Workers Compensation and Injury Management Act 2023* (the Act).

The Law Society is aware of a private tax ruling that states that the income compensation component of a workers compensation settlement is taxable. Prior to the introduction of the Act, the Australian Tax Office had made clear that redemptions of workers compensation was not taxable as income. The private tax ruling indicates that the change of terminology from 'weekly payments' under the previous legislation, to 'income compensation' in the Act, has precipitated a change in position by the Australian Tax Office. The private tax ruling creates uncertainty for claimants, and may also jeopardise many hundreds of settlements entered into since the commencement of the Act. This is an urgent and serious issue.

The Law Society has a further concern with respect to the lack of timeliness for approval of settlement documentation by WorkCover WA since the commencement of the Act. Prior to 1 July 2024, approval of settlement documentation by Workcover WA generally took two to three weeks. Since the commencement of the Act, this process generally takes many weeks and in some cases, months. The Law Society acknowledges that in the last two weeks there has been significant improvement but still has considerable concerns about the inconsistencies in approval/non approval of settlements and the removal of 92(f) deeds as a pathway for settlement.

The Law Society is concerned that these delays in settlement approval are causing significant hardship for workers who are experiencing long periods without any income, and in the months since the commencement of the WCIM Act.

The Law Society is concerned about a number of issues in the functioning of the Act and considers that a full review of the Act and the regulations supported by a robust consultation process is required.

The Law Society recently met with representatives from WorkCover WA which provided an opportunity to explore our concerns, however we request a meeting with you to further discuss these matters at your earliest convenience.

Please contact Ms Sue Langmair, Personal Assistant to the CEO and President at [slangmair@lawsocietywa.asn.au](mailto:slangmair@lawsocietywa.asn.au) or telephone 9324 8605 should you have any queries.

Yours sincerely

A handwritten signature in black ink, appearing to be 'GM', written in a cursive style.

Gary Mack  
**President**



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**Hon Simone McGurk MLA**  
Minister for Creative Industries; Industrial Relations;  
Aged Care and Seniors; Women

Our Ref: 74-80590

Mr Gary Mack  
President  
Law Society of WA  
[slangmair@lawsocietywa.asn.au](mailto:slangmair@lawsocietywa.asn.au)

Dear Mr Mack *Gary*

Thank you for your letter of 21 March 2025 regarding concerns that the Law Society of WA has with respect to the operations of WorkCover WA and the *Workers Compensation and Injury Management Act 2023* (the Act).

I am advised WorkCover WA met with the Law Society of WA's personal injuries committee members on 18 March and discussed these issues in detail.

On the issue of the taxation status of settlements, I am advised the ATO position stated in the private ATO tax ruling to which you refer is not affected in any way by terminology changes between the 1981 and 2023 Acts.

Due to uncertainty in the industry, WorkCover WA has sought a public ruling on this matter and intends to publicly release the ATO's public position as soon as it is received. The ATO position is not an issue that can be addressed with amendments to the Act.

In relation to settlements, I am aware a high volume of non-compliant settlement applications after 1 July 2024 led to a processing backlog. WorkCover WA has committed significant resources to address this issue and has now eliminated the settlement backlog and processing timeframes for registering settlements are back to normal.

I do not agree that a full review of the Act and the regulations is required given the Act only commenced operation on 1 July 2024, and the feedback to date has generally been positive.

However, I am considering advice from WorkCover WA on potential amendments to the Act and consultation to address a small number of implementation issues that may address some of the issues raised by the Law Society of WA and other stakeholders.

Thank you for the Law Society of WA's ongoing engagement on matters impacting the workers compensation and injury management scheme in Western Australia.

Yours sincerely



HON SIMONE MCGURK MLA  
**MINISTER FOR INDUSTRIAL RELATIONS**

**- 7 APR 2025**