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Business Hunter backs workers compensation reform

Business Hunter is backing the NSW Government's call for much-needed reform to the state's workers' compensation scheme, warning that inaction will crush businesses and leave workers without the support they need.

Treasurer Daniel Moohkey warned Parliament in March that the State's workers compensation system was in urgent need of reform to rein in ballooning costs and address inefficient practices associated with workplace psychological injury.

"We fully support the rights of injured workers to receive care, rehabilitation and fair compensation – that's why Business NSW helped establish the state's workers' compensation scheme more than a century ago," Business Hunter CEO Bob Hawes said

"But today the system is being misused – and it's hurting both workers and businesses.

"Time away from work is a bad outcome for everyone – it is costly, leaves a business under-resourced and can have very negative impacts on a worker and their mental health.

"We need to find a better way to ensure genuine psychological injuries are addressed promptly and properly while plugging loopholes that allow some to unfairly take advantage of the system."

Last year, the NSW workers compensation scheme ran a \$1.8 billion deficit – about \$5 million every day – with the disproportionate rise in psychological injury claims the main contributor to the blowout.

Psychological injury claims have risen by 65 per cent since 2021-22 and now exceed 11,000 claims a year, according to the State Insurance Regulatory Authority (SIRA).

Premiums are rising as a result and putting undue financial pressure on business owners, who now identify insurance as their No.1 cost pressure.

Mr Hawes said business feedback indicated the workers compensation scheme was increasingly being used to escalate workplace grievances and performance issues, which is not what it was designed for.

"These stories are becoming more common. The rules changed in 2015 to allow provisional payments for psychological injury even when the injury stems from performance management, and that has tipped the balance too far," Mr Hawes said.

Business Hunter and its state affiliate Business NSW are backing the NSW Government's push for reform and will continue advocating for a system that distinguishes genuine injuries from workplace disputes.

"We must restore integrity and fairness to the system before it collapses under its own weight," Mr Hawes said.

"This isn't about taking rights away – it's about making sure the system works for the people it was designed to protect."

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