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Workers comp deal provides welcome relief for business

Business Hunter has welcomed a commonsense political deal that will deliver workers compensation premium relief for businesses across the region and state, and see the popular Business Connect program reinstated.

The NSW Government and Opposition have reached a landmark agreement to review the state's unviable workers' compensation scheme, ending a months-long deadlock that saw key reforms held up in parliament. The deal also includes a provision to reintroduce a renewed version of the Business Connect support program, which was axed in September.

Workers compensation premiums were set to rise at least 36 per cent over the next three years under a 'do nothing' scenario, but the deal will freeze average premiums at current rates for 18 months.

"These reforms are an early Christmas present for hardworking business owners who are already enduring significant cost pressures," Business Hunter CEO Bob Hawes said.

"We commend the efforts of the Treasurer Daniel Moohkey and new NSW Opposition Leader Kellie Sloane in reaching a resolution on such a critical issue.

"We also welcome the news that a successor is to be developed to replace the government-funded Business Connect program, an important program that supports new and emerging businesses.

"We have advocated strongly for these outcomes, alongside our state affiliate Business NSW."

Legislation to reform the troubled workers compensation scheme was first introduced by the NSW Government in May, primarily to address ballooning costs and inefficient practices associated with workplace psychological injury. However the legislation has had a rocky path, with disagreement between the parties and crossbench on key provisions, including the threshold for Whole Person Impairment (WPI).

Key changes agreed under the new deal include:

- An increase in the Whole Person Impairment (WPI) threshold to 25 per cent (from July 2026)
- An 18-month legislated cap on iCare premiums. Premium adjustments will then be determined subject to an updated impairment model based on a report from the NSW Chief Psychiatrist
- Additional benefits and an intensive return-to-work program for some workers above the 20 per cent WPI
- Reforms to the reasonable management action defence for businesses to ensure they are not unfairly subject to illegitimate claims.

"These workers' compensation reforms are a major step towards the scheme achieving sustainability," Mr Hawes said.

"Workers compensation is a significant cost pressure for business - one in five respondents to our quarterly Business Conditions Survey said they would be forced to close if compelled to pay a 36 per cent increase in premiums.

“These reforms, to be legislated in the new year, will save NSW businesses hundreds of millions of dollars, while ensuring workers get the support they need

“These savings will help businesses make crucial, productivity-driving investments in staff, equipment and innovation.”

Mr Hawes said he was pleased to see the reintroduction of Business Connect as part of the deal.

“Business Connect has had a significant impact in the Hunter region in supporting start-ups and scale-ups, with an alumni that includes success stories like CoastXP and Hover UAV.

“It will be increasingly important in our region as local businesses seek to pivot and adapt to take advantage of new opportunities in our diversifying economy.

“We look forward to working with government on the new version, to ensure this program has the reach and funding envelope it deserves.”

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