

5 FEBRUARY 2026

HARD-FOUGHT WORKERS' COMP REFORMS FINALLY LOCKED IN

Businesses will see premiums frozen for 18 months and better support for injured staff following the adoption of workers' compensation reforms.

The changes – which passed NSW Parliament late yesterday – also give greater protections for managers when dealing with staff to ensure they are not as vulnerable to illegitimate compo claims.

“These landmark reforms are an important first step in repairing a scheme which has too often failed both business owners and genuinely injured workers,” Business NSW CEO Daniel Hunter said.

“This is a win businesses fought hard for and will deliver the certainty they need.

“A more sustainable scheme means predictable premiums, giving businesses the confidence to hire, invest, and grow, while ensuring the system is fair and functional for workers.

“Without reforms, businesses faced a projected 36 per cent increase in premiums over the next three years. One in five members said these increases would close their businesses.

“Beyond these reforms, the next steps include Business NSW being closely involved ensuring that the implementation is best suited to meet the needs of NSW employers and their workers.

“The NSW Government and Opposition came together to pass these reforms. The business community looks forward to working with our elected officials on other key reforms in energy, insurance and tax.

“Business Connect was an important government-funded program which helped thousands of SMEs thrive.

“As part of these reforms, Business Connect will come back. We look forward to working with the NSW Government to ensure the new program comes back bigger and better than ever.

“To drive innovation and productivity across our state, Business NSW is calling for a doubling in the funding of Business Connect to at least \$20 million per year.”

Key workers’ compensation changes are:

- Preserving the work injury damages (WID) threshold (15%) for workers who have notified an injury prior to the start date.
- Providing an additional return to work intensive 52 weeks of weekly payments for workers.
- Increasing the whole person impairment (WPI) threshold for workers to receive weekly payments beyond 130 weeks to 25% commencing from 1 July 2026, and 28% from 1 July 2029.
- Clarifying that a worker is prohibited from making an application to the Personal Injury Commission before the Industrial Relations Commission has determined whether conduct the subject of the claim is ‘relevant conduct’.

Other key changes in the Workers Compensation Legislation Amendment (Reform and Modernisation) Bill 2025 are:

- A legislated freeze on the Nominal Insurer’s insurance premium target collection rate for the 2026-27 and 2027-28 premium years.
- The employer reasonable management action defence may be relied on where it’s the significant cause of the psychological injury.
- Clarifying that the new employer excess will apply to all claims made against a policy issued or renewed with the Nominal Insurer on or after 4pm on 30 June 2026.

About Business NSW

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Formerly the NSW Business Chamber, **Business NSW** is the peak policy and advocacy body which has been representing businesses in NSW since 1826. We represent almost 50,000 businesses.

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