

# Workers' comp is working terribly

**Paul Nicolaou**



**M**emo to Sydney: We all need to care about runaway workers' compensation premiums and the collapse of a deal to get necessary reforms through state parliament.

The deal's demise opened the way to rampant "workers' comp" premium increases that will hurt everyone one way or another.

A 36 per cent increase in premiums over the next three years puts existing jobs in danger with far fewer new ones to be created.

How can any business contemplate hiring when rising costs – workers' compensation and energy – threaten their very existence?

Even if they could pay these premium increases, the cost can't be absorbed. They will just lead to ever increasing consumer prices for all of us.

Little wonder inflation is out of its box, delaying further RBA interest rate cuts until well into next year.

A compromised workers' compensation scheme losing more than \$5m a day is untenable. It has blown out a further \$1.7bn to a total deficit of \$5.4bn.

Lifting the Whole Person Impairment (WPI) threshold from 15 per cent to at least 26 per cent is central to legislative reforms.

This threshold determines whether a worker qualifies for ongoing benefits. Right now, it's far too low, allowing claims that simply don't pass the pub test.

The system is being gamed, fuelling workplace grievances and establishing a de facto welfare system.

Reason enough for the NSW parliament to pass reforms to bring a haemorrhaging system under control.

The Liberals must ultimately back these sensible changes. In the absence of the reforms, the premium hikes will take off.

And for thousands of small and medium businesses in Sydney that is a disastrous scenario.

One in five tell us they'll be forced to close because the anticipated premium increases are unaffordable.

We are a member organisation and their interests come first.

Our members are desperate for changes that deliver actual premium relief.

They've heard enough talk.

They need the Workers' Compensation Legislation Amendment Bill 2025 passed.

**Paul Nicolaou is executive director of Business Sydney**