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## NSW Unions Oppose Workers' Comp Reform Amid Rising Costs

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Proposed reforms to New South Wales' workers' compensation scheme have sparked strong opposition from unions, educators, and legal organisations, who argue the changes could unfairly limit workers' access to mental health claims.

The Minns Labor government aims to tighten eligibility for psychological injury claims and reduce access to lifetime compensation payments. Treasurer Daniel Mookhey has warned that without reform, employer premiums could rise by 38% over four years. The scheme

currently faces a \$2.6 billion deficit in the Treasury Managed Fund, which covers compensation for state public sector employees.

While the government cites financial sustainability, most submissions to a recent parliamentary inquiry oppose the bill. Critics suggest the reform overlooks core causes of psychological harm in the workplace, such as bullying and excessive workloads.

Unions NSW has raised concerns about how insurers use public funds to challenge minor claims, citing a case where \$85,000 was spent disputing a \$5,000 knee surgery recommended by a worker's doctor. The surgery was eventually approved.

The union reported that legal and investigation costs total \$332 million annually, with limited benefit to either workers or the scheme. Unions NSW Secretary Mark Morey stated the inquiry reveals "a shocking waste," with costs that undermine the scheme's purpose.

The NSW Secondary Principals' Council, which represents over 500 public school leaders, also criticised the bill. In its submission, it referenced the 2024 Principal Wellbeing Survey, which found that 23% of principals experienced psychological or physical health issues due to work, including depression, PTSD, and anxiety. The council argued the reforms fail to address these underlying risks.

Legal organisations, including the Law Society and law firm Slater and Gordon, expressed concern about the speed of the reform process and the lack of consultation. Slater and Gordon warned that proposed thresholds might exclude most mental health cases, undermining fair access to support.

Some employers, however, backed the changes. Clubs NSW argued that current laws allow too many psychological injury claims, including those arising from standard management actions such as performance reviews.

The NSW government has maintained that changes are necessary to ensure the long-term viability of the compensation system. However, calls continue for a more balanced approach that addresses the root causes of injury while maintaining financial stability.

The final decision on the proposed legislation will likely depend on further input from stakeholders and parliamentary review.