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NSW Workers Compensation Bill Sparks Scrutiny Concerns

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The New South Wales (NSW) government's second Workers Compensation Legislation Amendment (Reform and Modernisation) Bill 2025, introduced despite an ongoing parliamentary inquiry, has sparked criticism from the Law Society of NSW for undermining democratic processes and lacking adequate consultation.

The New South Wales (NSW) government, led by Premier Chris Minns, has drawn sharp criticism for tabling the Workers Compensation Legislation Amendment (Reform and Modernisation) Bill 2025 on August 6, 2025, while the Public Accountability and Works

Committee continues its inquiry into a prior version of the bill. The Law Society of NSW, a key stakeholder, condemned the move as a bypass of proper parliamentary scrutiny, arguing it erodes democratic accountability. The earlier bill, introduced in May 2025, was referred to two inquiries due to its significant implications for workers and the economy, highlighting the need for thorough consultation, per a Law Society statement.

The new bill, which aims to address a \$6 million daily deficit in the workers' compensation system, proposes a 25% Whole Person Impairment (WPI) threshold for psychological injury claims starting October 2025, rising to 31% by July 2026, according to the NSW Government. Treasurer Daniel Mookhey defended the urgency, stating the system's financial strain demands swift action to prevent a 36% premium hike for businesses by 2028, costing \$1 billion annually, per The Sydney Morning Herald. However, the Law Society's President, Jennifer Ball, argued that rushing the legislation without the committee's findings risks flawed outcomes. "The government's disregard for the inquiry process undermines public trust," she told Law Society Journal, urging a pause for broader consultation.

The ongoing inquiry, with submissions open until July 23, 2025, and a hearing scheduled for July 29, 2025, has received significant input from unions, businesses, and legal experts. Critics, including Opposition Leader Mark Speakman, argue the government's approach dismisses stakeholder concerns, particularly over the high WPI threshold, which could exclude 95% of psychological injury claimants, per ABC News. As the bill awaits Legislative Council debate, the controversy highlights tensions between fiscal reform and fair governance, with calls for transparency growing louder.