



Mental Health Carers NSW

Media Release – Mental Health Carers NSW warns proposed workers compensation reforms risk harming psychologically injured workers.

Sydney, [11/11/2025] – Mental Health Carers NSW Inc. (MHCN), the peak body for families and carers of people experiencing mental health concerns and the systemic advocate for psychosocial disability under the Disability Advocacy Futures Program, has called upon the Minns Labor government to proceed with caution on proposed workers compensation reforms following the release of the *Public Accountability and Works Committee's Report* into the draft legislation.

MHCN says the reforms, if passed in their current form, would unfairly disadvantage workers with psychological injuries and undermine recovery outcomes.

"We support fair and transparent reforms that improve how claims are managed," said Jonathan Harms, CEO of Mental Health Carers NSW. *"But this legislation goes far beyond procedural clarity. It slashes benefits and perpetuates the stigma that psychological injuries are somehow less real or less debilitating than physical ones".*

Like the Mental Health Coordinating Council and others in the sector, MHCN recognises the importance of distinguishing between legitimate management and disciplinary practices and inappropriate behaviours such as bullying and overwork. Procedural reforms that promote accountability and fairness are both justifiable and necessary.

However, MHCN highlights that the Committee's report warns that the proposed legislation **drastically reduce access to medical supports and wage replacement payments** for people who experience a work-related psychological injury. It described the legislation as *"discriminatory, and perpetuates stigma related to psychological illness"*

MHCN is particularly concerned about the proposal to **cut compensation payments for workers with permanent psychological impairment of 21-30 percent**, despite evidence that people in this category are typically **unable to work in any capacity**, making such cuts unjustifiable.

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MHCN also highlights findings that **Claims Service Provider costs and remuneration continue to increase**, costing the Nominal Insurer hundreds of millions of dollars each year, even as **return-to-work rates decline**.

"Psychological injury claims are routinely mishandled. They're denied more often, treated with suspicion, and managed with hostility rather than care," said Jonathan Harms. "Instead of fixing those problems, the government is asking injured workers to pay the price."

MHCN echoed the Committee's conclusion that stabilising the scheme depends on **better claims management, not cutting entitlements**, calling for injured workers to be treated with dignity and respect and to receive timely, doctor-led care.

MHCN also warned that reducing access to psychological supports could **increase suicide risk** among people navigating workers compensation claims after limiting access to psychological supports. This **contradicts new obligations under the Suicide Prevention Act 2024**, which requires government agencies to avoid actions that may heighten suicidality.

Finally, MHCN urged the NSW government that, **if adequate and accessible mental health services** were available through the public mental health system, fewer people would need to seek support through the workers compensation scheme.

"Strengthening public mental health services would do far more to relieve pressure on the workers compensation system than cutting support for vulnerable workers," said Jonathan Harms. "There should be a more compassionate and effective approach to improving system sustainability."

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