

Cast Adrift
Cuts to Workers
compensation for
psychological injury

Unions NSW – May 2025

Executive summary

In April and May 2025, Unions NSW surveyed essential workers to understand the impact of the state government's proposed changes to the workers compensation system, which would make it more difficult for seriously injured workers to access mental health support and financial support.

More than 10,000 essential workers — including teachers, disability workers, firefighters, health services workers and emergency services personnel — responded to the survey. The results and accompanying testimonies show workers overwhelmingly reject the NSW government's proposed changes, with many indicating they would be put at extreme risk of further harm or would face severe financial hardship if they are passed by Parliament.

A firefighter from southwest Sydney shared the following account:

"The workers compensation system is the only reason I am still alive. I had suicide attempts as a result of my workplace culture and psychological injury. Without being able to access essential mental health services and receive diagnosis, treatment, education and support to begin my recovery, I would have certainly taken my own life. My whole person impairment is 24% which is a very significant injury. If the threshold was increased to 30% and that affected me by taking away my entitlements again, I would be destitute and would have no hope of survival or recovery."

This report details the survey results and examines feedback from workers about how the NSW government's proposed cuts would impact on them and their families.

The Conclusion (p7) outlines Unions NSW's proposed alternative to the government's cuts. This five-point plan charts a path to financial sustainability without abandoning frontline workers, focusing on prevention, improving return-to-work rates, reducing waste, and creating sustainable funding models without cutting benefits to injured workers.

A work place injury is just that, whether physical or psychosocial, an injury sustained doing essential jobs which are very difficult and confronting.

Key findings

- **Far from helping to reduce workplace psychological injuries, the majority of respondents said the NSW government's proposed measures would force injured workers to return to work before it is safe (83%) and prevent workers from taking action in response to bullying, sexual harassment (79%).**
- **Psychosocial hazards are rife within the workplaces of frontline essential workers.**
- **Workers with psychological injuries who are cut off from support will be put at risk of significant further harm to their health.**
- **Seriously injured workers cut off from support will suffer devastating financial hardship including homelessness.**
- **There are common-sense steps the NSW Government can take to reduce workplace psychosocial hazards. Respondents pointed to employing additional**

staff (67%), improving pay and conditions (58%), and allowing unions to ask the Industrial Relations Commission to help fix issues (55%) as examples.

- **Most respondents (65%) who had to access workers compensation for a psychological injury said more could have been done by their employer to return them to work sooner after their injury.**

Survey methodology and demographics

The survey was conducted in April and May 2025. Participants were asked about psychosocial safety hazards in their workplace, and their experiences with the NSW workers compensation system regarding workplace psychological injuries.

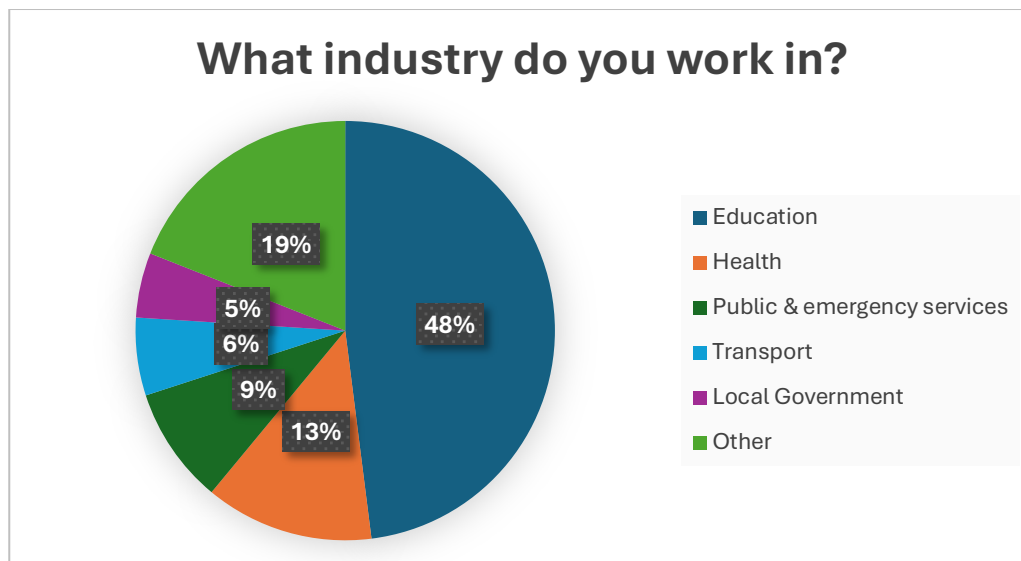
In total, 10,690 workers completed the survey.

Gender and age of respondents

Gender	%	Age	%
Female	64.2%	18-24	1%
Male	33.7%	25-34	11%
Intersex, non-binary, own gender	0.6%	35-44	21%
Prefer not to say	1.5%	45-54	29%
		55-64	30%
		65+	8%

Industry representation

Workers from a wide range of industries and sectors responded to the survey, with respondents primarily from the education (48%), health (13%), public and emergency services (9%), and transport sectors (6%).



The NSW government's proposed changes

The NSW government released an Exposure Draft for legislation to change the workers compensation system on 9 May 2025. The proposed changes would make it harder for seriously injured workers to access long-term care and support for the mental health impacts of their work.

Key changes include:

- Requiring workers who suffer bullying, sexual and racial harassment in the workplace to go through a lengthy and expensive legal process to access treatment and support.
- Making it almost impossible for seriously injured workers to receive long-time care and support.
- Declaring serious workplace injuries caused by work pressure and burnout cannot be compensated.

Survey responses and discussion

Widespread psychosocial hazards in frontline workplaces

Survey responses reveal psychosocial hazards are rife within the workplaces of frontline essential workers. A confronting 60% reported **exposure to trauma and traumatic events**, while **bullying** (44%), **hazardous physical working environments** (30%), **workplace violence** (28%), and **harassment, including sexual harassment** (22%), were alarmingly common.

The impacts of poor management and chronic overwork were also unmistakable: 76% of workers reported **role overload**, while more than half (52%) said they received **poor support from supervisors and management**.

In total, more than **96% of respondents** identified at least one psychosocial hazard in their workplace.



Despite the prevalence of psychosocial hazards in the workplace, 65% of respondents who had to access workers compensation for a psychological injury said **more could have been done by their employer** to either prevent the injury or help them return to work sooner after their injury.

The impacts of the NSW government's proposal on workers

Survey responses highlight the serious risks associated with cutting off support for workers with psychological or other serious injuries. Without access to mental health support, these workers would be at risk of significant deterioration in their mental health, alongside severe financial hardship — in some cases leading to housing insecurity and homelessness.

Mental health impacts

A clear theme emerged from respondents' feedback that losing access to support could further harm workers' mental health. A firefighter from southwest Sydney shared the following account:

"The workers compensation system is the only reason I am still alive. I had suicide attempts as a result of my workplace culture and psychological injury. Without being able to access essential mental health services and receive diagnosis, treatment, education and support to begin my recovery, I would have certainly taken my own life. My whole person impairment is 24% which is a very significant injury. If the threshold was increased to 30% and that affected me by taking away my entitlements again, I would be destitute and would have no hope of survival or recovery."

A teacher from western Sydney had a similar experience:

"I would not have returned to work at all if I had not been approved for Workers Comp and received treatment for the psychological injury. To be honest, with my mental health being the worst it had ever been, I would not be alive. I had never experienced panic attacks before all this occurred. I have been back at work full time since."

Financial impacts

Many workers highlighted the severe financial impacts being cut off from mental health support would entail.

"Loss of housing, loss of food, bills won't be paid, savings will be drained, stress and anxiety, relationship breakdowns," a transport worker from south Sydney shared.

Another worker said losing support would force them to:

"...[e]xhaust personal leave till a point where I cannot provide an income for my family and therefore increase household debt, breakup of family relationships due to stress of finances."

A concerning theme was the impact the proposed changes would have on workers' families, exemplified by this statement from a Sydney corrective services worker:

"It would be devastating for my family, I support my family and if I am unable to work or have an income, we will lose everything and won't be able to pay our bills and mortgage. We will end up on the street."

Many other respondents listed impacts including homelessness, or housing insecurity, increased debt, forced home sales and relationship breakdowns.

An administrative worker from Western Sydney said:

“It would cause immense financial hardship, likely leading to mortgage collapse. It would also drastically increase the risk of suicide. Workers need to be supported to recover, the additional stress of the system is not conducive to recovery,”

Workplace impacts

Rather than helping to reduce workplace psychological injuries, most respondents said the NSW government’s proposed measures would **force injured workers to return to work before it is safe** (83%) and **prevent workers from taking action in response to bullying, sexual harassment** (79%).

“It would likely prevent workers from taking action or seeking help, and potentially make the situation worse by increasing the stress for the individual leading to significant decline in mental health and potential risk of suicide,” one worker said.

Another worker added, as well as preventing workers from taking action, the proposed changes would *“embolden perpetrators,”* while a further response suggested the changes would:

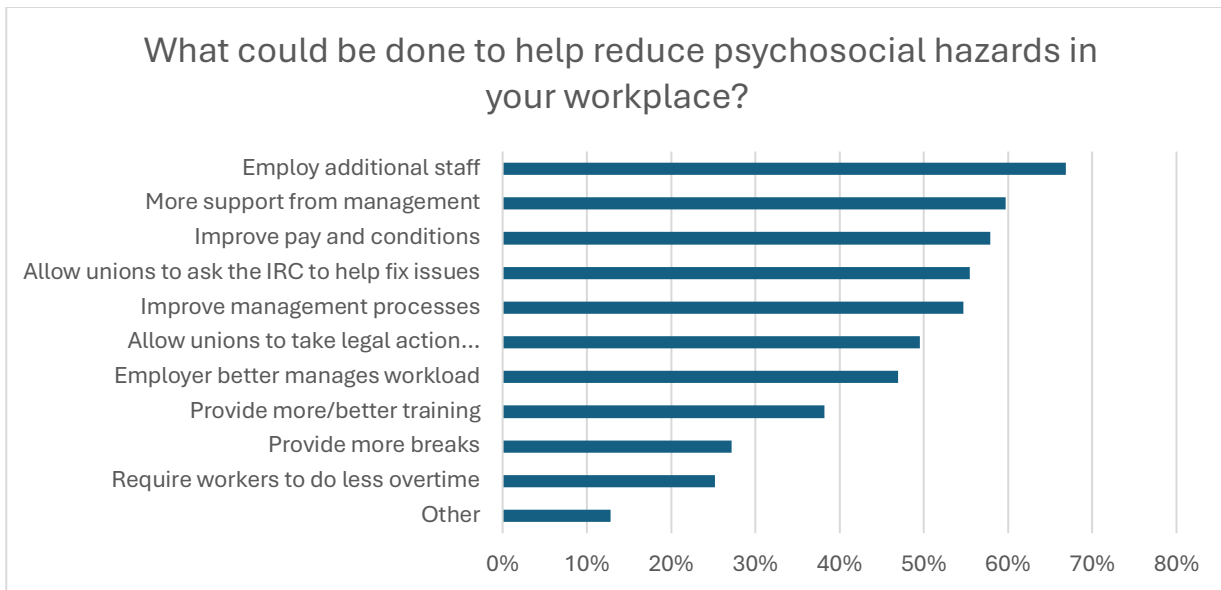
“...[i]ncrease the likelihood of suicide amongst frontline staff unable to deal with the process.”

A better way forward

Almost all workers surveyed (97%) said the NSW Government and employers **should do more to support mental health in the workplace to prevent injuries**, before they consider restricting access to workers compensation. And an overwhelming majority (92%) of respondents said **employers should do more to help injured workers get back to work sooner** — for example, by changing their duties where possible or hiring workers who have been injured previously.

Additionally, workers identified a number of steps employers could take to help reduce psychosocial hazards in their workplaces. These included:

- **employing additional staff** (67%);
- **improving pay and conditions** (58%);
- **allowing unions to ask the Industrial Relations Commission to help fix issues** (55%);
and
- **allowing unions to take legal action to stop employers from continuing to break safety laws** (50%).



Conclusion

The NSW Workers Compensation system is failing workers and employers through poor claims management, needless bureaucracy and falling return-to-work-rates.

However, as the survey responses detailed in this report clearly show, the NSW government's proposed solution to deny injured workers access to crucial support would have severe and damaging consequences.

Critically injured workers who lose support would be at risk of falling through the gaps in the system. Many would face worsening mental health outcomes, further time off work and significant financial hardship and falling back onto their families and the welfare system to survive.

There are other options to improve the financial sustainability of the scheme. Unions NSW has proposed an alternative to the NSW Labor government's position. The five-point plan focuses on preventing injuries and trauma, returning injured workers back to work quicker, and reducing waste and inefficiencies within the current scheme.

The plan includes:

- 1. Adopting best practices from other states to prevent injuries before they happen.** This includes empowering the NSW Industrial Relations Commission to resolve safety hazards raised by workers and making WHS Codes of Practice enforceable.
- 2. Making it easier for injured workers to return to work.** This includes empowering the NSW Industrial Relations Commission to resolve return-to-work disputes and preventing termination of injured workers.
- 3. Incentivising employers to prioritise safety and return to work** by reintroducing premium loadings based on claims performance—to reward safety-conscious employers.
- 4. Cleaning up waste and inefficiency within the scheme.** This includes expanding the State Insurance Regulator Authority's powers to reduce insurer waste and addressing under-insurance by employers

5. **Diversifying the insurance pool** by abolishing self-insurer and specialised insurer arrangements to create a more sustainable funding model.