

**INQUIRY INTO PROPOSED CHANGES TO LIABILITY AND  
ENTITLEMENTS FOR PSYCHOLOGICAL INJURY IN NEW  
SOUTH WALES**

**Organisation:** Australian Medical Association (NSW)

**Date Received:** 21 May 2025

---

21 May 2025

## **NSW Parliamentary Inquiry into the proposed changes to liability and entitlements for psychological injury in New South Wales**

The Australian Medical Association (NSW) Limited (AMA (NSW)) is grateful for the opportunity to make a submission to the Legislative Council inquiry into the proposed changes to liability and entitlements for psychological injury in New South Wales.

### **Executive Summary**

1. AMA (NSW) is an independent medico-legal association that represents the State's medical profession.
2. AMA (NSW) acknowledges the intention to improve outcomes for injured workers with psychological injuries, and welcomes any efforts to streamline care, reduce delays, and remove barriers to timely care access. However, it is our strong view that these proposed changes represent patchwork solutions to a system that is fundamentally broken and in need of comprehensive, structural reform.

### **AMA (NSW) as a Stakeholder**

3. AMA (NSW) conducted a short and prompt survey of its membership for feedback on the Exposure Draft, who have first-hand experience in providing treatment to injured workers under the workers' compensation scheme.

### **Current challenges relating to psychological injury cases**

4. AMA (NSW) has received anecdotal evidence over the years that doctors acceptance of referrals and cases involved in relating to workers compensation have been decreasing over the past five years. This statement has been supported by feedback provided to AMA (NSW) in its survey of members for feedback in support of this submission. Of respondents, close to 55 per cent said they do not routinely accept or treat injured workers, despite all eligible to via their chosen speciality.
5. Mental health presentations in medical practices have markedly increased since the pandemic. AMA (NSW) members have first-hand experience of the increase in psychological claims under the workers compensation scheme, and even in those cases where there may not be a psychological component to the claim, the associated psychological impacts on patients who make workers compensation claims are concerning.
6. The process of making a claim for psychological and / or other injury can exacerbate psychological symptoms. Psychological distress is exacerbated by the questioning of diagnoses and / or the questioning about the extent to which work has caused or contributed to an injury. This may also delay access to treatment and further exacerbate the distress. Furthermore, the identification and management of psychological work-related injuries is complex. It can be challenging to tease out the purely work-related issues from non-work contributors.
7. AMA (NSW) is concerned that there is an ever-increasing emphasis on questioning the need for treatment and care, which delays access to timely treatment and care. In some cases, this results

in medical practitioners discussing the availability of Workcover funded care and non-Workcover care and further, in certain cases, steering patients towards non-Workcover care.

8. AMA (NSW) has received feedback from its members that there is often significant pressure from cases managers to prompt patients who remain mentally unwell to return to work, inconsistent compensation and significant management and bureaucratic delays.

#### **Comment on proposed amendments**

9. AMA (NSW) notes the governments notion of moving towards a preventative approach to psychological injury. But it is important to recognise that preventative measures take time to implement and to take effect, and that implementing this approach will not reduce claims already in progress or resolve injuries from unsafe work practices. Prevention requires significant cultural change within workplaces and rebuilding of trust with employees that have been impacted by unsafe workplace practices and cultures. AMA (NSW) does not believe the proposed amendments follow a preventative approach, instead it could be categorised as more conservative entitlements.

*“Psychological injury is real but so hard to manage. Do not make it worse by putting the onus on the employee.” – AMA (NSW) member feedback, 2025 survey response*

10. Under the proposed amendments, there is a new criterion for establishing an entitlement for compensation for psychological injury. This means injured workers will only be eligible for compensation if their injury meets the criteria of “a relevant event”. This proposed amendment is of serious concern to AMA (NSW), as these changes would significantly limit access to compensation for workers who suffer from a psychological injury unless they can prove their injury falls within the criterion of “a relevant event”.

*“I am concerned about the proposed changes making things harder for those with psychological injury. This increases stigma related to mental health and causes concern about mental health being treated differently from other aspects of health. These changes could delay or reduce chances of timed intervention for people who are often not able to advocate for themselves and has the potential to further add to their trauma and victimisation.” – AMA (NSW) member feedback, 2025 survey response*

11. The establishment of a bullying and harassment jurisdiction in the NSW Industrial Relations Commission and making it a requirement for a bullying and harassment claim to be heard there before a claim can be made in the workers compensation system – is yet another barrier to access timely treatment and care.

*“I understand that there are far more claims for psychological injury and that these can be difficult to assess and are causing a burden to the workers’ compensation system. But to require a court-affirmation of bullying/harassment goes against everything else we are learning about mental health and the judicial system.” – AMA (NSW) member feedback, 2025 survey response*

12. Under proposed changes to the psychological injuries benefits periods, the maximum duration of weekly payments would be 130 weeks, unless injuries results in a permanent impairment of at least 31 per cent. Similar, the changes to the permanent impairment threshold needed to access lump sum payment as compensation has been proposed to move from 15 per cent to at least 31 per cent whole person impairment. AMA (NSW) is concerned that restrictions will negatively impact injured workers and see an increase demand on the already overstretched public mental health system in NSW.

*“The 30 per cent threshold is too high. Psychological trauma in worker places is increasing. Bullying/harassment continues due to poor workplace culture. Solution is to fix the culture, not to shift the goalpost for injury such that it becomes impossible to access” – AMA (NSW) member feedback, 2025 survey response*

## Conclusion

13. As the Standing Committee on Law and Justice is inquiring into the proposed changes to liability and entitlements for psychological injury in New South Wales, AMA (NSW) believes it is essential to provide input from the medical profession.
14. AMA (NSW) acknowledges the Government’s commitment to reforming the Workers’ Compensation Scheme in NSW but believes the proposed amendments in the Exposure Draft are patch work solutions – that put simply will reduce access to suitable care and place a significant burden on the employee compared to employer. AMA (NSW) believes significant structural reform of the overall system is needed, not a tightening on psychological entitlements.
15. AMA (NSW) believes any reform must be done alongside treating practitioners who work directly with injured workers. Without genuine consultation, well-meaning reforms will continue to miss the mark. Injured workers deserve a system that prioritises their health and recovery, not one that alienates the very professionals best positioned to help them. AMA (NSW) stands ready to work with government and stakeholders to overhaul the NSW workers compensation system.
16. AMA (NSW) is happy to provide further comment should the Inquiry request.

Fiona Davies  
AMA (NSW) Chief Executive Officer  
21 May 2025