

**INQUIRY INTO WORKERS COMPENSATION  
LEGISLATION AMENDMENT BILL 2025**

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**Date Received:** 21 July 2025

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**NSW Parliamentary Inquiry into the Workers Compensation Legislation Amendment Bill 2025**

Dear Committee Members,

Thank you for the invitation to provide submissions to the above inquiry.

On 18 March 2025, in a Ministerial Speech, the Treasurer advised the Parliament that the government “*will soon present to Parliament bills designed to curb the rising number of psychological injuries people are experiencing at work*”.<sup>1</sup>

In that speech, the Treasurer raised that the “*number of psychological injury claims has doubled in six years. By comparison, all other injuries have grown by just 16% during that same period*” and that “*Psychological claims now make up 12% of total workers compensation claims but 38% of the total cost. The average cost of a psychological injury claim has increased from \$146,000 in 2019-20 to \$288, 542 in 2024-25*”.

The honourable Treasurer also advised the House that “*if claims **continue growing at recent rates** [emphasis added], iCare expects an additional 80 000 people will be injured over the next five years.*”

SafeWork NSW Psychological Health and Safety Strategy 2024–2026<sup>2</sup> also cited that “*NSW data shows that psychological claims rose 30% between financial years 2018–19 and 2022–23, compared with 11% for physical claims*”<sup>3</sup>.

Treasury modelling released by the Daily Telegraph on or about 3 June 2025 warned business and not-for-profits may be forced to fork out an extra \$1bn per year if reforms aren’t made.<sup>4</sup>

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<sup>1</sup> Workers Compensation Ministerial Statement published 18 March 2025. Speech by Treasurer [Workers Compensation Ministerial Statement | NSW Government](#)

<sup>2</sup> [SafeWork NSW Psychological Health and Safety Strategy 2024-2026](#)

<sup>3</sup> State Insurance Regulatory Authority (SIRA), Psychological Workers Compensation data 2017-18 to 2022-23.

<sup>4</sup> Coalition’s call on ‘rushed’ workers comp, Nathan Schmidt, Yahoo News 3 June 2025

On 27 May 2025, the Workers Compensation Legislation Amendment Bill 2025 was introduced into the Legislative Assembly by the honorable member and Minister for Industrial Relations and Work Health and Safety, Sophie Cotsis and which is presently the subject of this parliamentary inquiry.

Accordingly, the basis for the proposed changes to the scheme are:

1. There has been a rise in number and cost of psychological workers compensation claims.
2. If psychological workers compensation claims continue growing at recent rates the workers compensation scheme will become overburdened requiring cash injections from Treasury and large increase in workers compensation premiums.
3. Permanent changes and redress to the workers compensation scheme are required to address the above.

Whilst on the face of it, the figures do present a rise in the number of psychological injuries and a rise in the number of psychological claims when comparing pre 2020 figures to post 2022 figures, the figures themselves ignore and fail to take into account a major and glaring event – a once in a century pandemic.

On the 31 December 2019, the World Health Organization (WHO) reported a cluster of pneumonia-like cases of a novel coronavirus zoonosis in Wuhan City, Hubei Province, China. The outbreak was due to a new or novel coronavirus, which would later be called severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). Thirty days later, the WHO declared COVID-19 a global health emergency of international concern (World Health Organization, [2020a](#))<sup>5</sup>.

The global health emergency led to disruptions and major changes to workplaces in Australia.

Public Health Orders were instituted by the Minister for Health. The first NSW COVID-19 public health order was made on 15 March 2020 and limited public events to 500 persons. Since then, the Minister has made, extended and amended around 70 public health orders.<sup>6</sup> Health orders continued to be in effect in NSW until about 1 November 2021 when bookings for hospitality venues were no longer capped.

Whilst COVID-19 is a respiratory virus, it affected people psychologically in a number of ways:

1. It increased anxiety in the community due to fear of death.

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<sup>5</sup> COVID-19: Lessons to be learnt from a once-in-a-century global pandemic; J Clin Nurs . 2020 Jun 22;29(21-22):3901–3904; Marilyn Cruickshank; Ramon Z Shaban [COVID-19: Lessons to be learnt from a once-in-a-century global pandemic - PMC](#)

<sup>6</sup> NSW public health restrictions to deal with the COVID-19 pandemic: A chronology; Ombudman NSW Issues Backgrounder Number 5/November 2020

2. Public health orders and restrictions on gathering caused people to become more isolated, placed constraints on people's ability to work, and financial worries.

According to a scientific brief released by the World Health Organization (WHO), in the first year of the COVID-19 pandemic, global prevalence of anxiety and depression increased by a massive 25%.<sup>7</sup>

Quarantine and self-isolation can most likely cause a negative impact on one's mental health. A review published in *The Lancet* said that the separation from loved ones, loss of freedom, boredom, and uncertainty can cause a deterioration in an individual's mental health status.<sup>8</sup>

Substance abuse also increased as a result of the pandemic<sup>9</sup>. Research among adolescents recorded drug overdose deaths have more than doubled in the USA from 2019 (282 deaths) to 2021 (637 deaths)<sup>10</sup>.

In submissions made by the Australian Medical Association (NSW) Limited dated 21 May 2025 in relation to the first parliamentary inquiry into this bill, the Association stated in relation to Mental health presentations in Australia that "*Mental health presentations in medical practices have markedly increased since the pandemic.*"

Whilst the COVID-19 pandemic can be now considered largely over, the impact of the pandemic still continues and still presents itself in the following ways:

1. Inflation has risen in economies globally due to increased government spending and assistance during the pandemic and lockdowns and due to businesses raising prices to pay back rent accrued during the lockdowns and to make up for losses sustained during the pandemic.
2. Increased workplace pressures due businesses, wanting to and having to, make up for losses sustained during the pandemic. This may include begin understaffed staff and overworking existing staff.
3. Decreased psychological resilience of the general population due to the lowering of mental health during the pandemic and accordingly increased susceptibility to sustaining psychological injury from exposure to psychological abuse, workplace harassment and bullying, work and social pressures.
4. Increased monitoring of remote work and a surveillance culture
5. Decreased in-person training, supervision and mentoring work due to senior staff more likely to work remotely with lower ranking staff less likely to be offered the ability to work remotely.

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<sup>7</sup> [COVID-19 pandemic triggers 25% increase in prevalence of anxiety and depression worldwide](#)

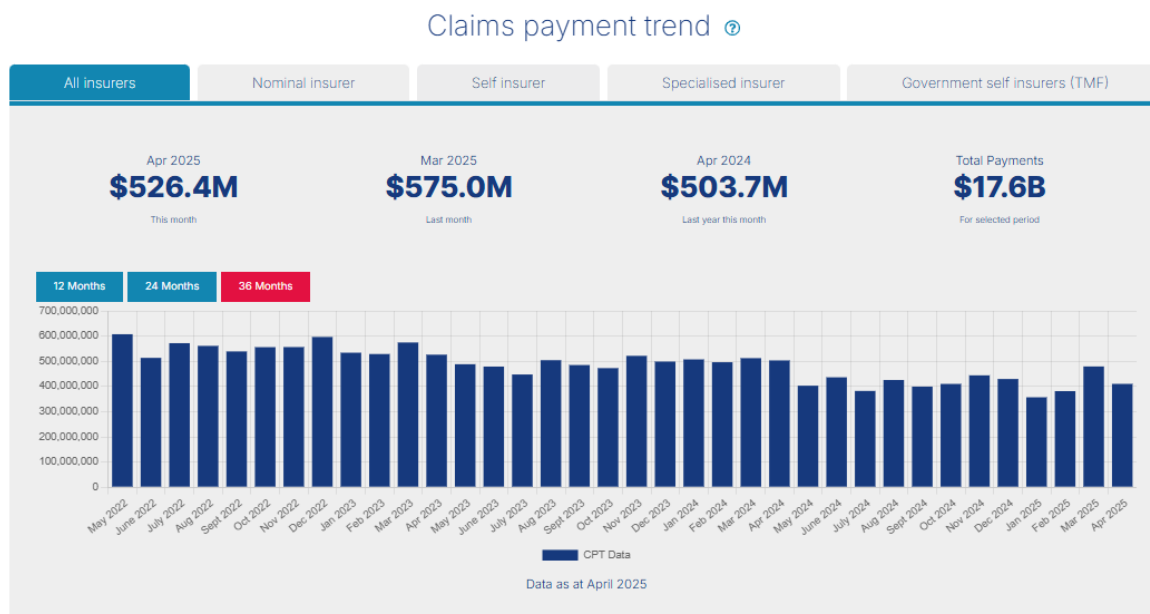
<sup>8</sup> Yao H, Chen J-H, Xu Y-F. Patients with mental health disorders in the COVID-19 epidemic. *Lancet Psychiatry*. 2020;7(4):e21. 10.1016/S2215-0366(20)30090-0. Accessed May 3, 2020. [[DOI](#)] [[PMC free article](#)] [[PubMed](#)] [[Google Scholar](#)]

<sup>9</sup> The Implications of COVID-19 for Mental Health and Substance Use Nirmita Panchal, Heather Saunders, Robin Rudowitz, and Cynthia Cox <https://www.kff.org/mental-health/issue-brief/the-implications-of-covid-19-for-mental-health-and-substance-use>

<sup>10</sup> KFF analysis of Centers for Disease Control and Prevention, Wide-ranging Online Data for Epidemiologic Research (WONDER). Accessed at: <https://wonder.cdc.gov/mcd-icd10-expanded.html>

However, whilst still affecting the community, the effects of the pandemic on the community is declining and likely to continue to decline.

Accordingly, to data compiled by the State Insurance and Regulatory Authority (SIRA), the claims payment trend (including payments for both psychological injuries and physical injuries) for the past 36 months is on a stable/downward trend.<sup>11</sup>



It is accordingly submitted that the Government and this Parliamentary Inquiry consider in deciding what changes to recommend or implement:

1. That there has been a broad general increase in psychological problems (including non-work-related psychological problems) due to the COVID-19 pandemic rather than being a systemic workers compensation issue requiring redress in changes to the WC scheme.
2. That the increase is not likely to continue at its current rate (if the rate of psychological injuries were to continue to increase at 30% indefinitely, the entire NSW working population will reach a stage when everyone will be suffering from a psychological injury; that is clearly not the case).

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<sup>11</sup> [Open data analytics tool - System-Overview](#)