

Australia: Labor’s “reforms” axe support for workers suffering mental health injuries

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Figures released last month by WorkSafe show that support for mental health injuries under Victoria’s workers’ compensation scheme has been drastically reduced over the past year.

These numbers reveal that hundreds of injured workers are now suffering without adequate treatment—a direct result of the state Labor government’s so-called WorkCover Scheme Modernisation Act, introduced in March 2024. Similar measures are being prepared by the Minns Labor government in New South Wales (NSW).

Between July 2022 and June 2023, 3,695 mental health compensation claims in Victoria were approved and 1,565 rejected—around 70 percent of workers had their injuries recognised, granting access to limited income and treatment. For many, this meant the difference between recovering with dignity and spiralling into crisis.

Since the new laws came into effect, approval rates have plummeted. From April 2024 to April 2025, just 33 percent of the 5,201 assessed mental health claims were accepted. A staggering 61 percent were rejected outright, with the remainder still pending.

The 2023–2024 financial year saw the scheme post a \$389 million surplus—the first sign of the economic “benefits” of the changes. The 2024–2025 surplus is expected to grow. While most claims were previously approved, now the majority are denied—with injured workers suffering to improve the compensation scheme’s bottom line.

Under the revised rules, mental health injuries are only recognised if caused by a single traumatic incident. Burnout and other psychological injuries—often stemming from overwork—are not considered legitimate unless linked to one specific moment. This is completely disconnected from the increasingly exploitative and high-pressure working conditions which produce mental injuries.

Ambulance officers, for example, may encounter multiple traumatic events in a single shift—from a routine case to a suicide, a car crash involving children, and later a fatal overdose. Each leaves a mark. The trauma is cumulative. To demand a worker isolate one “triggering event” is to deny

the reality of their job.

Nurses describe being worn down not by one event, but by repeated exposure to death, understaffing and emotional labour. None of this now counts under the new criteria.

The growing number of mental health injuries stems, above all, from ongoing government refusals to provide adequate funding and staffing across health, education, welfare and essential services.

Strikes and protests by health workers in recent years have not only called for higher wages but also demanded safe-staffing levels to reduce unbearable workloads. Consecutive Labor and Liberal-National governments have rejected these demands.

On June 17, hundreds of mental health workers walked out statewide and protested in Melbourne calling for higher pay and improved working conditions.

Demonstrators carried placards demanding Labor fulfil a previous pledge to hire 800 additional mental health workers, a promise codified in a Memorandum of Understanding attached to the 2022–2024 enterprise agreement.

The state government has ignored mental health workers’ demands for the 800 new jobs. This has been aided and abetted by the Health and Community Services Union, whose officials neglected to even mention the subject at the June protest, despite the clear demands of their members.

Under the new law, workers must now prove a permanent impairment greater than 20 percent to continue receiving support. WorkSafe’s own data shows the impact: Between March 31, 2024, and April 30, 2025, 3,949 people reached the 130-week mark and were reassessed under the new rules. Of these, 71 percent—2,814 workers—had their benefits cut off. Under the previous system, the cut-off rate was 46 percent.

These figures exclude those who returned to full-time work or retired. They represent workers still too unwell to return, now stripped of income because they could not meet an arbitrary threshold.

For those whose claims are rejected, the consequences are

dire. They now receive just 13 weeks of provisional payments—barely more than a stopgap. In practice, this often expires before workers can even access treatment, with public waitlists for psychiatric care exceeding three months across Victoria.

And when treatment is eventually found, capped reimbursements leave workers paying hundreds of dollars out of pocket. One paramedic explained, “By the time I finally got in to see someone, the money had run out. I had to choose between paying rent and paying for care.”

Another major rule change has further stripped protections for those in the so-called “long tail” of claims—workers still injured after 130 weeks. The Victorian government justified these cost-cutting changes by claiming they were necessary to avoid the financial collapse of WorkCover.

Finance Minister Danny Pearson claimed that without the new rules, mental health injuries would grow from 16 percent of claims in 2022–2023 to as much as 50 percent. However, no modelling or evidence has ever been released to support this assertion which implies that many claims are false or inflated.

Commenting on the rising rejection rate, Victorian Trades Hall Council (VTHC) secretary Luke Hilakari stated that many injured workers would lose their homes and not qualify for unemployment support. He said, “Their misery is due to [Pearson’s] embarrassing lack of leadership and empathy.”

These comments are nothing more than political theatre. VTHC officials helped draft the very legislation they now claim to oppose. During the parliamentary process, they offered only token resistance, launching a phoney campaign of writing letters to Labor MPs while actively discouraging industrial action.

After the bill passed, the VTHC called it “the worst of Victorian politics”—yet maintained its close ties with the government and accepted a role in the newly formed Return to Work Victoria. VTHC assistant secretary Wilhelmina Stracke is a key member of this agency, helping implement the very regime that’s inflicting this devastation.

A similar process is unfolding in NSW. In May, the Minns Labor government attempted to push through a series of draconian changes to compensation thresholds. This included proposing a 31 percent whole-person impairment threshold for psychological injuries—up from 15 percent. Labor also planned to give the NSW Industrial Relations Commission (IRC) a “gatekeeper” role in the modified system—i.e., employees that have been bullied or sexually harassed at work would have to plead their case before the pro-business IRC before being allowed to make a claim for compensation.

Facing opposition in state parliament from the Greens and

tepid criticism by sections of the trade union bureaucracy, which held a handful of after-work protests, the bill was referred to the Public Accountability and Works Committee.

Not waiting for the inquiry’s outcome, the Minns government introduced a second version of the legislation in August with the whole-person impairment target slightly adjusted to 25 percent but with plans to increase it to 31 percent by July 2026. While the second reading of the bill is due later this month, Unions NSW remains silent, with no plans to even revive its previous bogus protests.

The NSW union apparatus has confined their response to a handful of stage-managed events—most recently a so-called “Digital Day of Action,” where workers were asked to email Labor MPs. These stunts are designed to allow opponents of the government’s plans to let off steam, and shut down any call for a mobilisation of workers to fight the attack on workers’ compensation.

NSW Treasurer Daniel Mookhey told a business audience in Manly that the reforms would curb a 90 percent increase in mental health claims, particularly among younger workers. He said, “I’ve heard cases over and over of an employee being put on a performance management program and then, the day after, claiming a psychosocial injury. This is just going to continue to happen unless we have reform, over and over and over again.”

In other words, Labor’s “reforms” mark the start of an intensified assault on injured workers—not the end.

Labor’s reforms aim to gut workers’ compensation and turn it into a gatekeeping system designed to block access to treatment and support. These attacks will not be stopped by letters or lobbying—only by workers taking matters into their own hands.

This means building rank-and-file committees in workplaces across the country to organise a unified, independent fight against Labor’s assault. It means rejecting the union bureaucracy’s collaboration and fighting for a workers’ compensation system that puts health and safety before budget surpluses.

What’s required is a political struggle against the capitalist system itself and for a socialist program that rejects the subordination of workers’ health and lives to the profit demands of corporations, banks, and the governments that serve them.



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