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Mr Glenn Ferguson AM  
Lead Reviewer  
**By email:** [ActReview@oir.qld.gov.au](mailto:ActReview@oir.qld.gov.au)

Dear Mr Ferguson

## **2026 review of the *Workers' Compensation and Rehabilitation Act 2003***

The Housing Industry Association takes this opportunity to respond to the review of the *Workers' Compensation and Rehabilitation Act 2003* (the Act). As the peak body representing Queensland's residential building industry, HIA is aware of the challenges inherent to the current Workers Compensation Scheme (the Scheme) as they relate to our industry.

The key to the success of any potential reform is identifying the appropriate balance between necessary change to address critical insufficiencies in the system, minimising adverse impacts on housing affordability and business operations, and optimising outcomes for impacted workers, while maintaining Scheme viability.

### **The effect of increased psychological claims**

The review has asked stakeholders to consider the growth of primary and secondary psychological claims on the Scheme. What is clear from the annual Scheme statistic reports, and the findings from the previous review of the legislation is that there is a persistent upward trend in the number of psychological claims, including from the 2023–24 Scheme Statistics Report which provides:

- psychological and psychiatric injuries are the second highest type of injury by cost, representing approximately \$230.9 million; and
- these claims account for 15.1 per cent of common law lodgements and 8.1 per cent of statutory claim lodgements.

At the same time, only 50.1 per cent of psychological claims are accepted, compared to acceptance rates of 83.1 – 97.6 percent for all other injury types. This highlights both the growing volume and complexity of these claims, and the administrative burden associated with their assessment. Further, it demonstrates the clear risk that any increase in the acceptance rates of psychological injury claims will have a substantial and material effect on the Scheme.

As the construction industry is already the second largest contributor to the Scheme - contributing \$239.9 million in the 2023–24 financial year - HIA is particularly concerned about the risk of unfunded liabilities emerging within the Scheme, as well as any change (or lack of change) that may contribute to escalating costs and upward pressure on premiums. While HIA supports a scheme that is fair, efficient, and effective, this must be balanced against the need to ensure that the Scheme remains financially sustainable and capable of meeting its present and future liabilities.

Importantly, these costs do not remain confined within industry; they are ultimately passed through to consumers. In an environment where Queensland is already facing significant housing supply

constraints and a worsening affordability crisis, any increase in construction costs risks exacerbating these challenges.

### **The small business factor**

Small and medium builders, those with fewer than 20 employees, construct approximately 64 per cent of all new dwellings making their viability critical to housing supply outcomes and represent approximately 95% of businesses within industry. HIA's Small Business Conditions Survey<sup>1</sup> confirms that insurance costs (including workers compensation) rank among the top operational concerns for members nationally.

Broader concerns regarding the insurance market were outlined in HIA's recent submission to the Parliamentary Inquiry into Small Business Insurance<sup>2</sup>, which emphasised that the progressive failure of the small business insurance market is not a peripheral cost issue, but a direct constraint on housing supply.

These pressures are compounded by the cumulative impact of regulatory burden. HIA data indicates that 88 per cent of small businesses report increased personal stress due to red tape and compliance requirements, while 68 per cent have considered scaling back operations or leaving the industry altogether. The small businesses that fund the Scheme are themselves operating under increasing pressures that are affecting the mental health of our small business operators. If these conditions persist, there is a real risk these businesses will leave the industry, further impacting housing supply.

HIA therefore urges the review to carefully consider the cumulative impact of cost, insurance, and regulatory settings on small businesses, and to ensure that any reform does not inadvertently exacerbate these pressures.

### **The need for evidence-based reform**

To properly address the issue of psychological injuries and fraud within the Scheme, there must be a robust, evidence-based approach. While it is clear that the volume and cost of psychological claims are increasing, it is necessary to understand what is driving this growth to inform an appropriate policy response. Without an understanding of causation, there is a risk that reform will not address the root causes of the issue and that policy responses may result in misdirected or ineffective reform.

HIA submits that targeted investigation is required to identify:

- Whether the definitions and thresholds for claims and permanent injury remain appropriate;
- The specific workplace events or circumstances giving rise to a psychological injury (for example, interpersonal conflict, performance management processes, or job demands).
- The role of non-work-related influences and individual risk factors, including pre-existing psychological conditions, personal stressors, and prior claim histories. Given the inherently multifactorial nature of psychological injury, it is critical that the Scheme is informed by evidence capable of distinguishing between injuries primarily caused by employment and those where work is only one contributing factor.
- The reasons for the high rejection rate of psychological claims, including whether this reflects challenges in claim formulation, a lack of understanding of compensable psychological injury, insufficient supporting evidence, or potentially something more underhanded, such as an increase in opportunistic operators misleading workers in their claim prospects.
- Whether existing workplace reporting and internal grievance processes are being utilised effectively, including whether employers are being made aware of issues (such as alleged bullying or conflict) at an early stage and given a reasonable opportunity to intervene and mitigate the risk or severity of injury.

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<sup>1</sup> [HIA Small Business Conditions Survey 2026](#)

<sup>2</sup> [HIA Submission to the Parliamentary Joint Committee on Corporations and Financial Services Inquiry into Small Business Insurance](#)

- The potential barriers to returning to work that are specific to psychological injuries.

Additionally, the broader policy context and the increasing overlap and duplication with other legislative instruments that may be driving an increase in claim activity must be considered as a part of the review. For example, the relatively recent inclusion of specific psychosocial duties under the *Work Health and Safety Regulation 2011* (Qld), as well as similar protections under employment and anti-discrimination laws, create regulatory complexity and confusion for both businesses and workers.

As was the concern in Victoria and was a contributory factor to the challenges in NSW, employer duties to manage psychological risk that are broad, concurrent, and in some cases divergent across various areas of law, also have a direct impact on increasing workers compensation claims.

## **Fraud and misleading claims**

HIA supports measures that effectively target and reduce fraud within the Scheme and considers it critical that robust systems are in place to monitor and respond to such risks.

The 2023 review, together with the Workers' Compensation Regulator Prosecution Policy, indicates that the Regulator is highly reliant on reports from Scheme participants to identify and investigate offences. This suggests that the current framework is largely reactive in nature.

To strengthen Scheme integrity, there is an opportunity to adopt a more proactive approach. While HIA does not necessarily consider that legislative amendment is required to address fraud within the Scheme, there is an opportunity to strengthen integrity through improved operational and monitoring approaches. This could include the use of data analytics to identify high-risk claims, improved information-sharing across relevant government agencies (such as the Australian Taxation Office and Services Australia), and the implementation of risk-based claim triaging so that higher-risk claims can be identified early and subject to closer scrutiny.

HIA also acknowledges and supports recent initiatives aimed at addressing fraud within the Scheme, including the establishment of the Fraud Taskforce and improvements to reporting processes. Monitoring and reporting on their impact will be important in determining whether the current framework is operating as intended, whether actual legislative reform is required, or if fraud prevention can be addressed in other ways.

Overall, a more proactive, data-driven approach to fraud monitoring - supported by clear reporting and ongoing evaluation - will be critical to maintaining confidence in, and the long-term sustainability of, the Scheme.

## **Further consultation**

HIA strongly encourages continued consultation with industry to ensure that any amendments are practical, proportionate, and capable of being implemented by the businesses required to comply with them. HIA is committed to engaging constructively throughout this review and providing insight into how any proposed reforms may impact one of Queensland's largest contributing industries.

Should you require any further information in the interim, please do not hesitate to contact me on 07 3021 8800 or by email, [m.roberts@hia.com.au](mailto:m.roberts@hia.com.au).

Yours sincerely

HOUSING INDUSTRY ASSOCIATION LIMITED



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