

Understanding the Risks of Not Managing Psychological Safety in Your Workplace

Many businesses still associate WorkCover claims with physical industries such as construction, manufacturing, transport, and agriculture. However, psychological injury claims are now one of the fastest-growing and most expensive categories of workplace injury claims in Victoria.

The impact extends well beyond the injured worker. A psychological injury can affect productivity, staff retention, team morale, customer service, management time, recruitment costs, and ultimately a business's WorkCover premiums.

THE STATISTICS MOST BUSINESSES DON'T KNOW

- Mental injury claims continue to increase and represent one of the fastest-growing categories of workplace injury claims.
- Approximately 75% of workers with a physical injury return to work within six months, compared with only around 42% of workers with a psychological injury.
- Psychological injury claims typically involve significantly longer recovery periods and higher claim costs than physical injuries.
- A worker with a legitimate physical injury may receive up to 104 weeks of weekly compensation benefits. In some circumstances, workers suffering a psychological injury who meet impairment thresholds may be eligible for additional entitlements, resulting in substantially longer claim durations and higher costs.

THE FINANCIAL IMPACT

For employers, the true cost extends far beyond the claim itself:

- Increased WorkCover premiums.
- Replacement labour and recruitment costs.
- Lost productivity.
- Management time dealing with the claim.
- Reduced team morale and engagement.
- Potential legal, industrial relations, or reputational consequences.

A single poorly managed psychosocial risk can have a financial impact many times greater than the cost of implementing preventative measures.

THE LEGAL LANDSCAPE HAS CHANGED

From 1 December 2025, Victorian employers have specific duties under the Occupational Health and Safety Regulations to identify psychosocial hazards, assess risks, implement controls, and review their effectiveness. Psychosocial risks must now be managed in the same way as physical workplace hazards.

THE GOOD NEWS

Psychological injuries are often preventable.

By focusing on factors such as:

- Workload and job demands.
- Role clarity.
- Workplace relationships.

- Communication.
- Support from supervisors.
- Bullying and inappropriate behaviours.
- Recognition and reward.

Businesses can significantly reduce their exposure while creating healthier, more productive workplaces.

The objective isn't simply compliance. It's creating a workplace where people can perform at their best, remain engaged, and go home mentally as well as physically safe.

SUPPORT AVAILABLE FOR ELIGIBLE BUSINESSES

Businesses employing 60 equivalent full-time employees (EFT) or less may be eligible to access funded assistance through the WorkSafe Victoria OHS Essentials Program.

As a current WorkSafe Victoria OHS Essentials Consultant, Caylene Vincent from Safety Xperts can assist eligible businesses with:

- A comprehensive Psychosocial Risk Management Gap Analysis to assess current compliance and identify areas requiring improvement.
- Review of existing policies, procedures, systems, and training to determine whether they adequately address psychosocial hazards.
- Development or review of up to three workplace policies or procedures relevant to psychological health and safety.
- Practical guidance on meeting Victorian psychosocial hazard requirements.
- A fully anonymous employee survey designed to identify psychosocial hazards and gather meaningful worker feedback.
- Conversion of survey findings into a formal Psychosocial Risk Assessment.
- Development of a prioritised Control and Action Plan to address identified risks and improve workplace psychological safety.
- Guidance on monitoring, reviewing, and continually improving psychosocial risk management within the business.

This process provides businesses with more than just a compliance exercise. It delivers a practical roadmap to identify risks, implement effective controls, improve workplace culture, and demonstrate due diligence under Victoria's psychosocial hazard regulations.

The goal is simple: help employers move from wondering whether they have a psychosocial risk problem to confidently understanding their risks and having a clear plan to manage them.

For eligible businesses, this support is funded through the WorkSafe Victoria OHS Essentials Program, and it is fully confidential.