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NEW ZEALAND.

# LABOUR BILLS COMMITTEE: WORKERS' COMPENSATION ACT

(MEMORANDUM RELATIVE TO) BY COMMISSIONER AND ACTUARY OF GOVERNMENT  
LIFE INSURANCE DEPARTMENT.

*Report brought up 9th October, 1919, and ordered to be printed.*

Government Insurance Department, Wellington, 3rd October, 1919.

The Chairman, Labour Bills Committee.

*Workers' Compensation Act, New Zealand, and the Evidence given yesterday by this Department.*

As the Act stands at present no compensation is payable for the first week unless the disablement lasts not less than fourteen days; or, in other words, no compensation is payable for incapacity lasting seven days or less, and seven days' compensation is deducted from all incapacity lasting over seven but less than fourteen days.

As regards the question raised on which the Department's opinion was desired, as to the effect of fixing shorter periods of disablement before compensation becomes due, it is obvious that the shorter the period before compensation begins to accrue the larger the number of small claims will be, which, together with the £1 medical fee and the expenses of investigation and settlement, will add materially to the cost.

- (1.) If the weekly compensation were made payable for all accidents lasting one day or over, as suggested in Mr. Walker's amending Bill, it would probably add 20 per cent. to the total cost of the compensation, and consequently a similar amount to the rates of premium.
- (2.) If the compensation were payable for all accidents lasting not less than three days, as in Queensland and Tasmania, we think a 10-per-cent. increase in the premiums would be sufficient.
- (3.) If the clause deducting seven days' compensation for all accidents lasting less than fourteen days were deleted, and compensation were allowed for all cases of disablement continuing for seven days or over, we think no increase would be necessary.

As the Commissioner explained in the memorandum to the Secretary for Labour, if compensation is payable for all accidents lasting one day (including the medical expense of £1 in each case), it will result in a multitude of small claims, and it is quite possible that the 20-per-cent. increase in the premiums might not prove sufficient. In this connection we may say that, so far as can be ascertained, nowhere in the world is the employer liable if the accident lasts one day, except that we believe the employees of the Government of the Australian Commonwealth are paid by the Government compensation from the date of the accident. The Commonwealth Government no doubt takes its own risk.

For the reasons stated we are dubious about adopting No. (1) above. We are inclined to favour either (2) or (3), and, subject to what we have said *re* the extra rate of premium under (2), we see no objection to either being adopted.

As regards the question of compensation up to full wages for total incapacity, on which the Department's opinion was desired, we may say that the accident companies already pay full wages to apprentices where there is an industrial agreement or award to this effect. When full wages are included in the cover the employer is charged double the usual rate of premium; but, of course, a system which is applicable to apprentices working for small wages and living under the control of their parents is not altogether applicable to adult wage-earners. If full wages were paid there would be little inducement to the injured worker to resume his employment, and increased medical supervision and inspection would be necessary. Although under the existing limits the compensation would only be doubled for cases of temporary disablement because in such cases the maximum would not be reached, and increased to a less extent for permanent injuries because the maximum would be sooner reached, we are afraid in actual practice that 100 per cent. would have to be added to the rates of premium. This would mean that the premiums would require to be at least doubled.