1919.

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

As regards the question of increasing the maximum of the death and permanent incapacity benefits to correspond with Queensland we beg to report as follows :—

Fatal Accidents.—The compensation under the New Zealand Act where death results from the injury and the worker leaves total dependants is three years' earnings, not to be less than £200 nor greater than £500. Under the Queensland Act the compensation is three years' earnings, not to be less than £300 nor to exceed £600. The main benefit is three years' wages, and the maximum and minimum have little effect on the amount of compensation payable under the scheme. For example, three years' wages at £1 18s. 6d. per week would amount to £300, and, happily, there are very few married men whose earnings are less than this sum. The compensation for total dependants, therefore, is in the vast majority of cases greater than £300, and increasing the minimum to this amount would have little effect. An increase of the maximum from £500 to £600 would only affect the compensation where the wages are in excess of £3 4s. per week, and as the standard of wages has lately been increased some allowance will have to be made for this fact, and we think an increase in the maximum to £600 would necessitate an addition of about 5 per cent. to the rates.

Permanent Incapacity.—The New Zealand Act provides for half-wages, not to exceed £2 10s. per week and £500 in the aggregate, the payments not to extend over a longer period than six years. The Queensland Act provides for half-wages, not to exceed £2 per week and £750 in the aggregate. In New Zealand, therefore, all cases of permanent disablement would be settled on the basis of 313 weeks' (six years') payments where the average weekly wages do not exceed £3 4s. per week, and from this period down to 200 weeks where the wages lie between £3 4s. and £5 per week or over. In Queensland, apparently, all compensation can be drawn until the amount received is £750, but the effect of this is considerably modified by the introduction of a new schedule (*vide* Queensland Government *Gazette* of 24th August, 1918) providing for cash payments for permanent injuries—viz., £750 for loss of two eyes, down to £37 10s. (viz., 5 per cent. of the maximum) for the loss of a joint of a finger. This would considerably reduce the liability, and is, of course, quite a different thing from drawing a small payment until the maximum is reached.

As the law in Queensland is somewhat obscure, and we do not know how far it is suggested that the New Zealand Act should be modified, we are unable to give any estimate of what the increase in the premiums would be to provide for the Queensland benefits for permanent incapacity. If the six-year limit is retained, however, the increase would not be great. The Queensland Act contains no allowance for medical expenses except in the case of death ; and the trade diseases anthrax, lead, mercury, phosphorus, and arsenic poisoning, which under the New Zealand Act are regarded as accidents, are not included. The £1 medical expenses payable under the New Zealand Act represents about 7 per cent. of the total compensation.

As regards the question of the New Zealand and Queensland premium, the rates per £100 of wages compare as follows :—

	New Zealand.		Queensland.		
	s.	d.	s.	d.	
Farmers	12	0	15	0	
Builders	20	0	35	0	
Bricklayers	20	0	35	0	
Carters	40	0	35	0	
Saleyard employees	25	0	50	0	
Clerks	4	0	5	0	
Commercial travellers	12	0	20	0	
Drapers	4	0	5	0	
Grocers	8	0	12	6	
Harbour Boards	30	0	30	0	
Hotels	10	0	15	0	
Pastoralists	12	0	20	0	(sheep).
			25	0	(cattle and horses).
Woollen-mills	6	0	15	0	
Mines (Gold)	40	0	42	6	(underground).
Mines (Coal)	60	0	27	6	(surface).

Some of the Queensland rates are on a personal basis—viz., from 2s. 6d. to 40s. per head—which introduces unnecessary complications. The rates should as far as possible always be a percentage of the wages.

According to the New Zealand experience (including that of the companies as well as that of the Department) for the years 1901 to 1917 the relative importance of the different occupations, according to the total wages paid, was as follows :—

Occupation.	Total Wages.	New Zealand Rate.	Queensland Rate.	Difference in Total Charge on Wage-sheet.
	£			£
Farmers	33,638,422	12s.	15s. to 25s. (say, 20s.)	+ 134,553
Clerical	13,004,798	4s.	5s.	+ 6,502
Builders	10,314,053	20s.	35s.	+ 77,355
City Councils	9,523,707	25s.	20s.	— 23,809
Drapers	6,096,490	4s.	5s.	+ 3,048
Excess charge according to the Queensland rates				£197,649

In the case of City Corporations the charge under the Queensland tariff on the wages would have been less by £23,809, but in the other cases the excess charge would have been as shown—viz., £134,553 for farmers, &c., amounting in all to £197,649 on the five largest groups of occupations. In the case of the Queensland premiums it may be urged that the increase is to some extent offset by the increased benefits. It must, however, be borne in mind that in New Zealand wage-earners can draw compensation up to a weekly maximum of £2 10s., whilst in Queensland the maximum is limited to £2. In addition to this a first-aid medical fee of £1 is provided in New Zealand, whilst there is no such benefit in Queensland, nor does Queensland cover the trade diseases as is the case in New Zealand.

As the information this memorandum contains is the result of careful consideration and discussion by both of us we have signed it jointly.

J. H. RICHARDSON, F.F.A., Commissioner.
PERCY MUTER, F.I.A., Actuary.

Government Insurance Department, Wellington, 21st October, 1919.

The Chairman, Labour Bills Committee.

Workers' Compensation Act, 1908.

WITH reference to our memorandum of the 3rd instant, our attention has been drawn to the fact that we were in error in stating that trade diseases were not covered under the Queensland Act of 1916. We find that certain diseases were included for a period of two years by an amending Act of the same year which came into operation on the 1st July, 1917, and understand that this period has been further extended by subsequent legislation. We were unaware that two Acts had been passed.

The diseases covered are—Anthrax; lead, mercury, phosphorus, and arsenic poisoning or its sequelæ; and septic poisoning arising from handling meat. These diseases are to be regarded as accidents, as in the New Zealand Act, and the usual compensation paid, but the worker must have resided in Queensland for at least one year, and have been employed in one of the trades mentioned in the schedule to which the particular disease is applicable; thus a workman engaged in a trade involving the use of lead is covered in the case of lead-poisoning. As far as the liability is concerned, however, these diseases are comparatively unimportant.

The most important alteration is in regard to mining, and the amendment provides that where a worker has resided in Queensland for five years and is employed in mining, quarrying, or stone crushing or cutting, certain occupational diseases—of which miners' phthisis is the chief—are to be regarded as accidents. In lieu of the usual compensation, however, a certain limited scale of allowances are to be made to the miner himself or to his widow and children, on much the same lines as provided in the Miner's Phthisis Act, 1915, of this Dominion.

The Queensland Act makes provision for the payment of one-third of the cost out of the Consolidated Fund for a period of six years, not to exceed £10,000 per annum for the first three years and £5,000 per annum for the last three years.

Provision is also made for increasing the premiums in the mining trades.

As far as miners' phthisis (pneumoconiosis) is concerned, we think, for various reasons, that this disease is not a suitable one to be included under workers' compensation, and that it is best dealt with independently of the Workers' Compensation Act, as is the case in this Dominion.

It is to be noted that—apparently with a view to prevent miners already afflicted with the diseases obtaining employment in Queensland and claiming compensation—there are certain restrictions on employment, and provision for medical certificates.

A proposal to have the miners medically examined in New Zealand when the Workers' Compensation Act of 1908 came into operation caused considerable friction, and ultimately led to the removal of miners' phthisis (pneumoconiosis) from the list of diseases covered (*vide* Workers' Compensation Amendment Act, 1909).

J. H. RICHARDSON, F.F.A., Commissioner.
PERCY MUTER, F.I.A., Actuary.

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