

2. During the 1936 session of Parliament legislation was passed substantially increasing the rights of injured workers to compensation. The amendments may be summarized as follows :—

- (1) Extension of definition of term "worker" to include "share farmers" as defined, and any person plying for hire with any vehicle the use of which is obtained from the owner thereof under any contract of bailment (other than a hire-purchase agreement) in consideration of a fixed sum or a share in the earnings or otherwise.
- (2) Extension of the scope of the Act to include casual workers and domestic servants, not employed in and for the purposes of the employer's trade or business, who have been engaged or employed by the employer by whom employed at the time of the accident for not less than three consecutive days during the twelve months immediately preceding the date of the accident in respect of which a claim for compensation is made.
- (3) Increase in minimum compensation in case of fatal accidents, where there is total dependency, from £300 to £500.
- (4) Increase in minimum weekly compensation to £2 for adult workers, and to full wages (not exceeding £2) for minors and apprentices.
- (5) Increase in maximum weekly compensation from £4 to £4 10s.
- (6) Alteration of method of computing compensation by providing that the basis shall be a full week's earnings (exclusive of any payment for overtime), or the "average weekly earnings" for the preceding twelve months or any lesser period the worker may have been employed by the same employer, if greater.
- (7) Provision against discontinuing or diminishing weekly compensation payments.
- (8) Provision that compensation is to rank equally with wages in the distribution of the assets of an employer who may become bankrupt.

With these amendments it is safe to say that the New Zealand Workers' Compensation Act under more than one heading gives benefits to the injured worker which are well ahead of Workers' Compensation benefits in other parts of the world. It is calculated that the new benefits will absorb ultimately a further 14 per cent. of premiums as at present calculated, which, added to the present average claim-cost of 70 per cent., would bring the total claim cost to 84 per cent., leaving approximately 16 per cent. for working-expenses on this particular class of accident business as against the previously approved margin of 30 per cent. It is not anticipated that the full effect of the legislation will be felt immediately, and the present not being a time to increase employers' costs, the Government, after considering all aspects of the question, decided that the State Accident Office would carry the increased benefits without any increase in insurance-rates meantime. It is understood that insurance companies generally have increased their premiums by a percentage sufficient to cover the anticipated increase in claim payments.

The Law Reform Act, also passed last session, contains far-reaching provisions for the enlargement of the headings under which action for damages may be brought. The full implications of this law cannot be estimated at present, but some of its provisions will certainly add to the cost of motor-vehicle third-party claims. Part VI of the Act completely abrogates the defence of "common employment," and servants injured as the result of the negligence of fellow-servants may now proceed against employers without the restrictive limit of £1,000 which applied previously. New Zealand is the first country in the Empire, possibly in the world, to make this concession.

3. *Motor-car Insurance.*—Although the claims experience of the State Office continues to be better than average, the results both from motor-car comprehensive insurance and insurance under the Motor-vehicles Insurance (Third-party Risks) Act, 1928, give cause for anxiety as to the adequacy of premiums. The lamentable casualties on the roads have led to numerous claims for negligence and increasingly heavy payments for damages, with the result that claims have exceeded Third-party Act premiums during the last three registration years. As a consequence, some adjustments in Third-party Act premiums have been made for the current licensing-year, and, with the establishment of a Safety Council under the Chairmanship of the Minister of Transport, better results are hoped for in the future. Increases in cost of repairs to motor-cars and spare parts have made successful comprehensive motor-vehicle insurance also very difficult. Although it is understood competitors have raised their comprehensive insurance rates and imposed a franchise, the State Office has not increased its rates or similarly restricted its policy contract.

4. For the fifth year in succession the Accident Branch has acted as claims-settling agent for the Employment Division of the Labour Department without charge for the services rendered. Since 1932 a total of 3,232 claims has been dealt with on behalf of the Department.

5. It gives me much pleasure to again place on record the highly efficient manner in which the officers of the Accident Branch have carried out their duties during the year.

J. H. JERRAM, General Manager.