chance and often influenced by factors quite unrelated to the point in question.

Having dwelt at length, because of its real difficulty in solution, on this problem of conflicting expert opinion, it should however be stressed that in the vast majority of cases medical opinion will be unanimous, or virtually so, and no such problem will arise.

The comments to this point have been concerned primarily with worker's compensation, but the Commission does envisage its proposals having a considerably wider coverage. Virtually all that has been said is probably equally applicable to compensation for traffic accident injuries. So far as the self-employed are concerned it may be assumed that inclusion in such a scheme would offer injury insurance cover on better terms than at present available through private insurance. The family problems and hardships which may arise from injury to the housewife, disabled at home or undergoing treatment in hospital, are probably appreciated by the medical profession more than anyone and any step to alleviate this situation is certainly in the right direction. The only doubt of the writer would be whether financial compensation is necessarily the best answer in these circumstances—at times it may be, at other times home-help paid by the compensation fund might better ensure the purpose of compensation.

In conclusion it seems to the writer speaking from the medical point of view, that the general philosophy of the Commission's recommendations appears sound, humanitarian and a clear advance on existing legislation. Anomalies and injustices, medical and otherwise, must inevitably occur, but probably less frequently than at present and it is essential that pre-occupation on this aspect does not cloud our judgment of the proposals as a whole. Finally if such a scheme as envisaged is introduced, it is to be hoped that it will be only the forerunner of an overall scheme to cover both accidental injury and sickness for all sections of the population. Basically it is extremely difficult to distinguish between the man accidentally infected with the tubercle bacillus and the man accidentally injured by a motor car—that different values should be placed upon their disabilities seems wrong.

REPORT OF THE ROYAL COMMISSION ON COMPENSATION FOR PERSONAL INJURY

A Private Insurance Viewpoint*

INTRODUCTORY

In December 1967 the Royal Commission of Inquiry published its report under the title of "Compensation for Personal Injury in New Zealand". The Insurance Council of New Zealand and the Non-Tariff Insurance Association of New Zealand had made joint submissions to the Royal Commission on behalf of the insurance industry, and on publication of the Report the Industry's Workers Compensation Committee subjected it to a close scrutiny.

* This article is contributed by the New Zealand Insurance Council

Several facts were immediately apparent. The Royal Commission had been appointed to examine and report upon occupational injury. These Terms of Reference had been enlarged by the Commission to take in personal injury by accident of every kind, whether at work or not. Employers, employees, even non-employed children and housewives, were included in a single all-embracing scheme to provide universal and compulsory national insurance against injury by accident, however and wherever suffered.

The Commissioners proposed the total abolition of the right to claim damages at Common Law in respect of personal injury by accident. They further proposed the total repeal of all Workers Compensation legislation. The compulsory insurance premiums paid by motor vehicle owners under the Transport Act and by employers under the Workers Compensation Act were in effect to be appropriated and, together with certain other charges to be imposed, would provide the funds required for the proposed national scheme. It was claimed that the new scheme in total could be operated for no more than was currently being expended in compulsory insurance premiums and various other direct and indirect charges on the public.

In very brief outline, the new scheme proposed, irrespective of the cause of the accident, to pay compensation by way of a weekly payment in respect of incapacity for work at a rate equal to 80 per cent of the claimant's lost (tax-paid) income, for as long as the incapacity lasted. Widows of those killed in accidents would receive one-half of the total incapacity benefit which would have been paid to their husbands had they survived, plus one-sixth of that benefit for each dependent child. The maximum weekly benefit would be $120. A maximum of $25 weekly was also proposed in respect of short term incapacity not exceeding four weeks. There were numerous other proposals relating to accident prevention, safety training and rehabilitation. So far as administration was concerned the insurance companies, including government and mutual, which at present administer Compulsory Motor and Workers Compensation insurance, would be entirely excluded from the new scheme. It would be operated by a special department responsible to the Minister of Social Security.

The range and volume of the material contained in the Report, the Commissioners' totally unexpected enlargement of their Terms of Reference, and the unparalleled nature of their proposals, made it obvious that any complete review would take a very long time and would have to be almost as long as the Report itself. For that reason, the Insurance Industry's Committee produced "An Initial Commentary on the Report of the Royal Commission of Inquiry".

This Commentary was not intended to be exhaustive. Its purpose was to draw attention to some of the grosser and more obvious defects in the Report. Initially published privately, it has now been made available for general circulation, and anyone who is interested may obtain a copy by applying to the Secretary, Insurance Industry Workers Compensation Committee, P.O. Box 474, Wellington.

Since it is now freely available, no useful purpose would be served in this article by a mere recapitulation of the Initial Commentary. But the Industry's Committee emerged from its preliminary studies with the conviction that, even on grounds chosen by the Commissioners themselves, the Report was inherently unsound—unsound in fundamental principles, unsound in its financial assumptions, unsound in its adminis-

trative proposals. Nothing in the Industry Committee's continued and continuing study of the Report has led to any alteration of those views. The purpose of the present article is to examine some of them in depth.

FUNDAMENTAL PRINCIPLES

Of their own volition, the Commissioners chose to enlarge their Terms of Reference far beyond the scope of occupational injury. Though not explicitly defined as such, some of their reasons for this gratuitous extension may be inferred from the following:—

(i) The work force is exposed not only to the risks of industry, but also to the grave risks of the road and elsewhere during the rest of every 24 hours. Existing systems of financial relief are "a fragmented and capricious response to a social problem which cries out for co-ordinated and comprehensive treatment" (Report, paragraph 1).

(ii) No satisfactory system of injury insurance can be organised except on a basis of community responsibility, and *wisdom, logic and justice* all require that every citizen who is injured must be included, and equal losses must be given equal treatment (Report, paragraph 4). (*The italics are ours*).

(iii) If the well-being of the work force is neglected the economy must suffer. The whole community has a very real stake in the matter (Report, paragraph 5).

(iv) Injury, not cause, is the issue. Once the principle of community responsibility is recognised the principle of comprehensive entitlement follows automatically. Few would attempt to argue that injured workers should be treated by society in different ways depending upon the cause of the injury (Report, paragraph 6).

(v) Similar considerations apply to the self-employed, and to women who as housewives make it possible for the productive work to be done (Report, paragraph 7).

The Commissioners' interpretation of their Terms of Reference was never, at any time prior to the publication of their Report, made public. Inevitably, therefore, New Zealanders and their representative organisations were deprived of all opportunity to express any prior opinions on the principles involved. Among those so deprived were the recipients of the following selected Social Security Benefits as at 31 March 1967:—

Superannuation	130,473
Age	92,898
Widows	15,090
Invalids	7,896
Supplementary Assistance	10,581
	256,938

Let us assume that the 10,581 grants of Supplementary Assistance were all made to persons in the other four benefit classes. On that assumption 246,357 persons were involved. Their cases have been selected because their needs are not transient, but long term. Save for a limited number of superannuitants who have remained in gainful employment, the vast majority will have suffered a serious reduction in their normal

income. Who made any submission to the Royal Commission on their behalf? Their case was never pleaded, although in terms of both numbers and severity, their needs in total were incalculably greater than those of every category of employment casualty combined. And their case was never pleaded because they—and the rest of the nation—were left in the erroneous belief that the Royal Commission was examining occupational injury only.

It is true that some of them are given a few brief sentences in paragraph 17 of the Commission's Report, where it is asked how incapacity arising from sickness and disease can be left aside. At once the Commission's fundamental principles are discarded. The *wisdom, logic and justice* which were mandatory in paragraph 4 of the Report must, in paragraph 17, give way to other considerations. What other considerations? The Commissioners say:—

(i) It might be thought unwise to attempt one massive leap when two considered steps can be taken.
(ii) The urgent need is to co-ordinate the unrelated systems at present working in the injury field.
(iii) There is a virtual absence of the statistical signposting which alone can demonstrate the feasibility of a further move.
(iv) The way is left open for sickness benefit to follow whenever the relevant decision is taken.

Let us take a brief glance at these considerations in the order they have been advanced.

(i) The Commissioners themselves have described their proposals as "without parallel" elsewhere. They have already proposed a massive step. Supposing that sickness and disease were to be included as well, would that step be any more massive, or any more revolutionary, than the introduction of the Social Security Act of 1938? If in 1938 we could take ten giant steps, why should we hesitate in 1969? Were times more propitious in 1938 than now? As a nation, in a world patiently drifting headlong into a major war, were we really better placed in 1938 than we are today?
(ii) The figures given in paragraphs 9 (above) and in paragraphs 13 - 14 (below) make nonsense of the argument that the urgent need is to co-ordinate the systems dealing with injury. Urgency should be directed to the greatest need, and as a class accident cases, both quantitatively and qualitatively, are far outnumbered and outweighed by the others.
(iii) The Commissioners are ready to plunge into a major extension of social security principles in respect of accidental injury on the basis of a mass of unverified and unstated statistical assumptions (see, for example, paragraph 9 of the Report). Why then should the "virtual absence of statistical signposting" deter them from extending their proposals—as *wisdom, logic and justice* demand they should be extended—to sickness and disease? And for that matter, is the information available in the Health and Social Security Departments so very meagre? Has the Social Security Department been making cash payments in respect of Sickness Benefit for 30 years without accumulating any statistical data on diseases, their incidence, and their effects?

But the community's contribution would be $637—about one-third of the assistance given to Mrs A. The same comparative result would emerge if she were assumed to have three children. Specific legislation designed to divide widows into two classes, one subject to a means test and the other not, demands solid moral justification. On grounds of mere expediency it is hard to imagine that any political party would ever look at it. Even if discrimination was justified by economic factors, it would have to be applied on some rational basis. Instead the Commissioners have based their discrimination on cause, the very factor which they themselves reject (see page 48). Could anything be more irrational?

The comparison considered in the preceding paragraph is not fanciful or even rare. Among the deaths analysed in the table on page 50 there were 2,271 cases of heart disease. The influence of alcohol in road traffic accidents was the subject of a paper presented by Dr C. M. Luke, M.R.C.P., F.R.A.C.P., at the Medico-legal Conference, Wairakei, in June 1967. There is only room here for one extract from that formidably competent essay: "I would estimate with confidence," claimed the author, "that alcohol is the single most important cause of New Zealand road deaths and that over 40 per cent of our fatalities are due to impairment of driving capacities as a consequence of drinking."

Enough has been written, we suggest, to establish that the Royal Commission while proclaiming the demands of *wisdom, logic and justice,* has in fact abandoned them. In direct contradiction to all its proclaimed principles, it has emerged with a scheme dominated by the fundamental conception that cause, not its effects, must govern entitlement. How did this happen? The briefest of searches would have brought to light the figures quoted in this article; why was that search not made? After all, the Workers Compensation Act includes both occupational diseases as well as accidents. If the Commissioners felt justified in extending the scope of their inquiry outside the occupational field, why did they devote all their attention and argument to accidents, without even bothering about sickness and other causes of financial misfortune? Is the answer that they were concerned not to establish the facts, but to select only those facts which would establish a preconceived case? Whatever the answers to these questions one central fact remains. In terms of principle the Report is self-contradictory and fundamentally unsound. It rests utterly and completely on the single arbitrary assumption that there are some elements, some qualities, some factors, in death or injury by accident which give the accident casualty absolute priority of right to the community's assistance. The assumption has no justification on mental, moral, philosophical, financial, social or any other discernible ground.

FINANCIAL CONSIDERATIONS

Taking the Commissioners' proposals as outlined in the Report, the Insurance Industry's Committee was unable to discover how the figure of $38 million—which was claimed to be the total annual cost of the scheme—has been calculated. It was true that Table II of Appendix 9 to the Report gave the totals of the estimated expenditure under various sub-headings. For example, $12,403,000 (plus 20 per cent for contingencies) was estimated for compensation to those temporarily and permanently incapacitated. A sum of $3,704,000 (again plus 20 per cent for

contingencies) was estimated as the cost of periodical payments to widows. There were totals for other sub-headings including hospital treatment, administration, and safety training. But the report gave no information on how these various sub-totals had been computed. The Insurance Industry is naturally not without experience of calculating the cost of pension plans. It seemed to the Industry Committee that a great deal of the information required to make any reasonably accurate costing of the Commission's scheme just did not exist in New Zealand, or if it did exist, it had never been collated. The scheme's proclaimed costs, in fact, were not capable of verification. The Commissioners themselves conceded the dearth of statistical information. They took refuge in sheer guesswork (Report, paragraph 459) or in assumptions (Report, paragraph 458). The nature of those assumptions, however, was not stated, and it remains unstated to this day.

Take only one illustration of the difficulty in verifying the Commissioners' estimates of cost. Have they assumed that the benefits of their new scheme will be granted to everyone who, at its inception, is already disabled or bereaved? The answer to that question could patently make a difference of many millions of dollars a year to the costs. In the table on page 48 we considered the long-term Social Security Benefits payable to nearly a quarter of a million people. If we exclude all superannuitants, we have a balance of approximately 116,000, including 15,090 widows. How many of them are accident cases is unknown, but if the new scheme is introduced, how are the existing widows to be treated? Will those who were bereaved by accident become entitled to the new benefits or not? If they will, what figure has been included in the estimates to cover the increased costs? As a matter of practical politics, would it be possible to exclude them? Their exclusion would leave us with two classes of widows, each bereaved by accident, but one class treated half as generously as the other solely because its bereavements occurred prior to the passing of the new Act. Has any allowance in costings been made for the possibility that such an arbitrary discrimination would be rejected by any Government New Zealanders chose to elect?

This is only one relatively small issue arising out of the Commission's Report. Enlarge the scope a little and consider the consequences of awarding the scheme's much more generous compensation to all existing widows who were bereaved by accident, even if their bereavement occurred before the introduction of the new scheme. What then would be the reaction of all those whose bereavements had been caused by sickness or disease? At once we are back with Mrs A and Mrs B, whose cases were compared at the foot of page 51. The problem they present cannot be evaded, because it exemplifies the whole political and financial dilemma with which the Commissioners have confronted themselves.

Even if we went no further than the scheme expounded in their Report, the Commissioners' costings rest on excedingly inadequate information, guesswork, and admitted assumptions of an unspecified nature. In itself, therefore, the scheme cannot be regarded as anything other than financially suspect. But that unsoundness fades into insignificance beside the financial consequences which would be inevitable if the New Zealand public demanded that remedial legislation must in fact be based on *wisdom, logic and justice;* that workers must not be treated by society in different ways depending upon the cause of their

misfortune. As we have seen, long-term Social Security Beneficiaries now total almost a quarter of a million, and 26,000 awards are made every year. Implicit in those figures alone—if we concede title to 80 per cent of lost (tax paid) income—is a potential cost which would make the Commissioners' $38 million look trivial.

Even before the Royal Commission issued its Report there was ample evidence that "long-term" Social Security Beneficiaries, especially those in receipt of Superannuation, Age, Invalids' and Widows' benefits, were becoming increasingly embittered by what they considered the injustice of their lot. The increase in current awards of Supplementary Assistance from 5,525 in 1960 to 12,625 in 1968 (see Report of the Social Security Department—year ended 31 March 1968, page 27) does not suggest that their needs are decreasing.

There are signs that both our major political parties have seen a good deal further than the Commissioners, and realise that the Report's impact in our whole Social Security structure simply does not permit it to be considered in isolation. The Labour Party in November 1968 announced its intention to establish a Royal Commission to conduct a nationwide investigation into the actual living costs of Social Security Beneficiaries. In the same month the Secretary of Justice announced the formation of a new committee of the National Development Conference to undertake a survey and re-assessment of our whole Social Security and Welfare systems. On radio and television programmes, in a growing stream of press reports, leading articles, and newspaper correspondence, public awareness of the range and depth of the problem is increasingly being developed. So far, little of this discussion has involved the Report of the Commission, but every informed person is acutely aware of the fierce political pressures likely to be generated by the introduction of a scheme designed to give accident victims, drunk or sober, guilty or innocent, married, single or widowed, 80 per cent of their lost (tax paid) income without any means test, while everyone else in need stands aside to let the new privileged class come through.

This is not a party political issue, and it would be a tragedy for everyone if it were allowed to become one. The financial implications of the Royal Commission's scheme have to be faced by whatever political party is in power. And since the Report cannot possibly be considered in isolation, it is not a question of $38 million: it might turn out to be $138 million, or even twice that figure. So far public discussion of the Report has hardly begun, and already a Petition has been presented to Parliament asking for Compulsory Third Party Motor insurance to be extended to cover property damage. Once the Report becomes the subject of wide public discussion, at least a quarter of a million Social Security Beneficiaries—thrice armed in *wisdom, logic and justice* —are going to demand their fair share. Has the cost of satisfying that demand been counted?

Space compels us to leave the purely financial aspects at this stage, although there are many others which have been briefly mentioned in the "Insurance Industry's Initial Commentary". Some of them, however, involve questions of administration rather than benefits, and they will be considered in our next section.

ADMINISTRATION

The whole ground covered by the Commission's Report on administrative matters is far beyond the scope of this paper—or indeed this

journal. The Commissioners' decision that the existing administrative structure operated by insurance companies must be dismantled, and replaced by an entirely new authority operating within the general responsibility of the Ministry of Social Security, creates a host of problems in every direction. In effect, we shall have to start from scratch and create what is virtually a new government department. Exactly how this new department is to be integrated with all the other authorities and agencies in its appointed sphere is not very clear. Despite the responsibility of the Minister of Social Security (Report, paragraph 495), the Department of Health will apparently be involved as well (Report, paragraph 498 (2)). We have no time here to discuss details, and we must therefore concentrate on what seem to be the major issues in this section of the Commission's scheme.

The first of these is the issue of centralisation as opposed to local service. In their approach to administration the Royal Commissioners make no attempt to conceal their admiration of the system operated by Ontario Workmen's Compensation Board. Let us look at some relevant facts and figures.

At the end of 1967 Ontario's population was about $6\frac{3}{4}$ million. One-third of Canada's 20 million people—the equivalent of Ontario's total population—lives within 100 miles of Toronto, where the central establishment of the Workmen's Compensation Board is located. In 1966 the Ontario Board employed a total staff of 1,397. Of these 1,014 were employed in Head Office, 304 in Downside Hospital and Rehabilitation Centre, and 17 at chest examining stations. In five district offices, the Board employed a further 42 persons engaged on audit, claims investigation, and rehabilitation. This reflects an almost totally centralised administration. It is efficient, highly mechanised, and apparently admirably organised to serve the $6\frac{3}{4}$ million people who live within a hundred mile radius.

New Zealand population is about $2\frac{3}{4}$ million—roughly two-fifths of Ontario's. It seems a not too unreasonable assumption that the respective labour forces will vary in the same ratio. If we apply this assumption and endeavour to visualise the Ontario scheme operating in New Zealand, we have to think in terms of a Head Office in Wellington employing 400 people, a hospital employing 130 staff in the same general area, scattered chest examining stations employing 7, and 17 auditors and investigating officers. These New Zealand figures, of course, relate only to occupational injury. All the other sources of injury would entail a corresponding increase in the requirements. The Wellington Head Office would be the sole authority for receiving, authorising and paying claims, so that every claimant from Cape Reinga to Stewart Island—a distance of, say, 1,000 miles—would have to deal with Wellington by post. Such a system is, of course, completely alien to New Zealand's history, which in terms of social and commercial administration is a record of greatly decentralised systems of local service. In the sphere of insurance and Social Security, for example, we find New Zealand covered by a vast network of local offices in every city and town, and in relation to insurance particularly, an even more widespread network of local agencies.

Another factor must be taken into account. The Ontario Board is a specialised agency operating in one relatively narrow field. It has reached its present stage of efficiency as the result of 50 years trial and error under monopoly conditions, supported by authoritative powers the like

of which New Zealand has never seen in the same field. The medical officers employed by the Ontario Board decide all questions as to the necessity, character, and sufficiency of any medical aid to be given. The Board likewise has exclusive jurisdiction to determine all claims, and its appeal system is internal and administrative. In the end the Board is the final arbiter. If the Board's officials in Toronto decide that Mr X is fit for work, his compensation is stopped. If the Board's medical officers decide that Mr X needs an operation, or rehabilitative treatment, Mr X—if the colloqualism is permitted—"gets told". To any Ontario administrator, the restrictions on the termination or reduction of compensation which are embedded in Section 30 of New Zealand's Workers Compensation Act are inconceivable. This is not because Ontario's administrators are harsh where New Zealand's are kind. As a matter of history, the basic assumptions of their social legislation are completely different from those of New Zealand. The scale and scope of New Zealand's health, medical and welfare benefits are as alien to Ontario as Ontario's authoritative compensation system is to New Zealand.

Two questions arise out of the preceding paragraphs. First, do New Zealanders want a highly centralised and authoritative system? Two views may be quoted. First, Federated Farmers of New Zealand, in their submission to the Royal Commission, described the system of local service as "an asset of inestimable value". Second, at the end of February 1969 the failure of the Social Security Department to provide a branch officer in Upper Hutt was criticised by members of the City Council, who protested that it was wrong that pensioners and people with young families should have to travel to Lower Hutt—say, 12 miles away—to attend to their affairs.

This issue of centralisation versus local service is of major importance to the administrative sector. If indeed the people of New Zealand do not want any centralised administration of their affairs, then all the Royal Commissioners' contentions on administrative costs must be reviewed. Further, the whole administrative structure they apparently visualise, will have to be reconstructed. And, of course, the same outcome is inevitable if the New Zealand worker decides, for reasons rooted deeply in his history, that he does not like "getting told", and that he would prefer to know that in the background his ultimate protection lay in the Courts and in a rule of law which rejected the claim of the Executive to be the judge of its own case.

This brings us to what appears to be the second of the major administrative issues raised by the Report—whether or not any scheme of compensation should be administered by insurance companies of any kind, even Government and Mutual organisations. The Commissioners flatly reject the idea for three major reasons, which can be found in paragraph 15 of their Report.

First, they assert that the field is one which, in principle, cannot be open to private enterprise. "Nobody," they proclaim, "would suggest that the administration of universal superannuation or the system of health benefits should be undertaken by business organisations." In the course of their inquiry the Commissioners visited a fair number of countries, including Great Britain. In January 1969 the U.K. Labour Government's Department of Health and Social Security published a White Paper on National Superannuation and Social Insurance (H.M.S.O. Cmnd 3883). That Paper suggests precisely what the Com-

missioners claimed that nobody would suggest. The Paper, which is reportedly the outcome of 12 years of research and preparation, specifically favours a combination of state superannuation and private occupational pension schemes. The two will complement each other, and the private schemes will be given the necessary powers to "contract out". (Indeed, a form of contracting-out was introduced in Britain in 1961. Considering the range of their bibliography, and the imposing list of persons they met overseas, it is odd that the Commissioners do not appear to have heard or read anything about contracting-out.)

After detailing a few facts about the impressive growth of occupational pension schemes (from 37,500 schemes with a membership of 8 million in 1956 to 65,000 schemes with a membership of 12 million in 1967), paragraph 119 of the White Paper concludes:—

> "The Government welcome this growth in occupational pension provision and recognise the important role which occupational schemes now play, not only in provision for old age (and to some extent for widowhood and sickness), but as a source of the savings needed to finance investment."

We may add that large numbers of these schemes have been underwritten by insurance companies. As a footnote of some local interest, a single firm of New Zealand consultants in this field has, over the past few years, devised and placed in the commercial insurance market 210 superannuation schemes, including some of New Zealand's largest employers of labour.

During their visit to Britain the Commissioners also apparently failed to learn anything about the British United Provident Association, a private enterprise organisation which, through individual membership and 8,000 staff groups (including groups in 89 of Britain's 100 largest companies) already provides about $1\frac{1}{2}$ million people with private medical treatment in place of that provided by the National Health Service. That private treatment allows a wide choice of specialists or consultants in every field of medicine, and an equally wide choice of private hospital and nursing home accommodation. Moreover, the scheme provides for continuity of cover—so long as contributions are paid the cover is automatically renewed.

We have made these points in refutation of the Commissioners' first reason for dismissing insurance companies. Their second reason is that the assessment of benefits and compensation should be free from dispute and contention, which they do not think can be avoided in the field of private enterprise. But the very scheme which is their own beau ideal—the Ontario Scheme—embodies an appeal system of at least three stages. It ends in rejecting one out of every 25 claims received. By the standards of New Zealand's so-called contentious system, this is an inordinately high rate of disallowance. In the New Zealand Social Security Department the rate of rejection for the year ended 31 March 1968 was one in seven claims according to the Department's own Report. The private insurer, in the last analysis, can be taken to Court and made to prove his point. Nobody can do that with a State social insurance organisation. Systems operated by State Departments may or may not avoid contention, but there is no doubt they reject a much higher percentage of claims.

The Commissioners' last reason for excluding insurers is that their system is considerably more expensive to operate. Conceding for the purpose of argument that Ontario's expense ratio is considerably lower in crude terms, it remains to be seen whether or not any such centralised

and authoritarian scheme would be acceptable to New Zealand. If Upper Hutt's citizens consider they are entitled to a Social Security Office on their own doorstep, and should not have to deal with Lower Hutt, it seems possible that the citizens of Auckland, Christchurch and Dunedin might not be prepared to relinquish their local service. Ontario, so different in conception and execution, might well have to be dismissed altogether; New Zealanders might in fact be prepared to pay more for local service.

Throughout its "Initial Commentary" and this paper, the Insurance Industry has endeavoured to maintain a reasonable level of objectivity, but on their treatment of administration costs we cannot but feel that the Commissioners have made some deplorable use of the figures available to them. There is simply no excuse whatever for the suggestion that the insurance companies' expense ratio over the whole of the Commission's scheme must be dealt with in Workers Compensation figures. The figures themselves are examined in paragraph 23 of the "Initial Commentary". We do not propose to ventilate this aspect any further here, save to place on record the undeniable fact that paragraph 447 is only one of many examples of a marked degree of selectivity in the Report's approach to evidence.

As a final point on administration expense, in the Industry's second submission to the Royal Commission we gave full support to the proposal, made by the State Insurance Office, that there should be an independent examination of costs by the Workers Compensation Board. For reasons best known to themselves the Commissioners refused to take any advantage of the offer.

CONCLUSION

We have not attempted to publicise in full all the errors of fact and inference contained in the Woodhouse Report. This paper's specific intention is to demonstrate that the Report of the Royal Commission is open to many serious objections.

It can no doubt be said that the Insurance Industry opposes the Commission's recommendations because of its interest in the premium income it stands to lose. We make no secret of our interest. Indeed, we have, we think, every reason to be proud of it and the manner in which we have discharged our responsibilities over many years in the Compensation field. The submissions made to the Royal Commission are notable for their entire absence of any criticism of the way in which we have performed our role.

It is most interesting to note that a recent Royal Commission in British Columbia, which recommended a new Injury Compensation Scheme also recommended that the Government should not involve itself but should leave administration in the hands of insurance companies.

In conclusion the Insurance Industry desires to emphasise that its approach has never been negative. In our submissions to the Commission and in our "Initial Commentary" we made a large number of recommendations designed to improve the Workers Compensation Act in both principle and in practice. In a large measure those suggestions, are, we consider, in line with public opinion, and we see no difficulty in bringing them into force in a relatively short time. That we consider, is the direction in which the country should move.