

BULLETIN

New Interest rate for late payments

This information has been prepared to assist in understanding the planned change under Northern Territory workers compensation legislation for interest charges. The amendment is currently before our Parliament and is not yet law.

Background

The *Workers Rehabilitation and Compensation Act* makes provision for payment of interest in the following circumstances:

- under section 89, interest is payable by an employer who fails to make weekly payments to an injured worker on or before the day it is due.
- under section 131 (3), interest is payable by an employer if the premium is not paid in full within one month of receiving the premium notice from the insurer.

The prescribed interest rate of 20% per annum was set many years ago when interest rates were comparatively high. The rate has been out of step with current rates for a number of years.

There has been an anomaly in that where an employer disputes a claim, interest is payable from the date the employer is required to make payment. This is the date liability is accepted by the insurer or the Court orders it and this can be many months after the worker was injured. This has meant workers in this circumstance have not received any interest on the late weekly payments.

Key Points

- The interest rate prescribed in the legislation will be changed from the prescribed rate of 20% per annum to the rate applicable to a judgment debt under a judgment of the Supreme Court. The current rate is 10.75%
- This rate will apply on late payment of weekly benefits to workers and late payment of premium to insurers.
- If a claim is disputed and a decision is made at a later date to wholly or partially accept the claim interest will be payable from the date payment would have been required if the claim was not disputed.

Information for Employers

It is important workers compensation payments are made to workers by the due date (normal pay days). Workers compensation payments made more than 7 days after the usual pay day result in payment of interest to the worker. In addition the legislation provides for a substantial penalty for an employer who does not pay on time.

Information for Workers

If your employer is more than 7 days late in making payment you are entitled to interest on the payment. The legislation sets how the interest amount is calculated.

If your claim is disputed and a decision is made at a later date to wholly or partially accept the claim interest will be payable from the date payment would have been required if the claim was not disputed.

For additional information contact NT WorkSafe on 1800 250 713 or go to www.worksafe.nt.gov.au