APPENDIX II

AMENDMENT TO THE ACCIDENT COMPENSATION ACT, REPLACING SECTION 73.

4. Rewards and penalties according to safety records

The principal Act is hereby amended by repealing section 73, and substituting the following section:

"73. (1) Subject to any regulations made under this Act, the Commission may from time to time, after having regard to the accident experience of an employer or a self-employed person as compared with the general accident experience of employers or self-employed persons in the same class of business and such other factors as it considers relevant under the circumstances, in its discretion and on such terms and conditions as it thinks fit, by notice in writing to the employer or self-employed person concerned,-

"(a) Either impose on the employer or self-person a penalty of such amount as it thinks fit (not exceeding 100 percent of the amount of annual levy on earnings as an employee or, as the case may be, earnings as a self-employed person that that employer or self-employed person was last liable to pay immediately before the date of that notice), or require the employer or self-employed person to pay a levy at a penalty rate (not exceeding the normal rate of levy for his class by more than 100 percent), on the earnings for such period as the Commission specifies;

"(b) Either pay to the employer or self-employed person a safety-incentive bonus of such amount as it thinks fit (not exceeding 50 percent of the amount of annual levy on earnings as an employee or, as the case may be, earnings as a self-employed person that that employer or self-employed person was last liable to pay immediately before the date of that notice), or permit the employer or self-employed person to pay a rebated rate of levy (not being below the normal rate for his class by more than 50 percent), on the earnings for such period as the Commission specifies."
"(2) Where an employer or a self-employed person is required to pay a penalty under the foregoing provisions of this section, payment shall be made not later than the date specified in the notice; and the provisions of sections 75, 81, and 82 and subsections (2) to (7) of section 171 of this Act shall apply to that penalty as if it were a levy payable under sections 71 and 72 of this Act.

"(3) In respect of any period for which a penalty rate or a rebated rate of levy is so payable by any employer or self-employed person the provisions of this Act shall apply as if that rate were the appropriate rate prescribed by Order in Council in respect of the levy.

"(4) For the purposes of this section the expression 'accident experience', in relation to any employer or self-employed person, means only the experience of that employer or self-employed person in relation to accidents that arise out of and in the course of employment by that employer or as a self-employed person, as the case may be."

Source: The Accident Compensation Amendment Bill, introduced and passed 1978.
APPENDIX III

SOME CASE STUDIES OF INDIVIDUAL FIRMS' BEHAVIOUR UNDER A.C.C.

CASE A: A LARGE EDUCATIONAL INSTITUTION (11,000 students)

Employees: 850 Teachers
           240 Technicians
           100 Groundsmen
           250 Library
           250 Administration.

Levy Rate: 25¢ for those in administration.
           30¢ for all others.

As a state-funded body, the levy is paid by grant, and while first-week payments may have some marginal impact, (i.e. less money available for something else), A.C.C. payments are not regarded as an incentive to safety.

An analysis of all accidents from October 1977 to October 1978 revealed that of 59 work accidents, 14 were suffered by the academic, administrative and library staff, while 45 were suffered by other employees. Thus most of the accidents were found amongst the cleaners, car-park attendants, technicians, carpenters, gardeners, etc. all of whom are levied at the low rate of 30¢ applicable to provision of educational services.

Other educational institutions are similarly levied, even technical institutes which teach hazardous industrial processes and which are in many respects similar to factories.
CASE B: A LARGE TEXTILE MANUFACTURER:

Employees: 1200
Class 324, Levy Rate 40¢.
Levies paid 1976/77: $30,592.
First-Week Compensation:
1976/77: $2,662 (8.7% of total direct costs, Levy and First-Week).

The firm has protested on several occasions to the A.C.C. that its levies are excessive. Considerable amounts have been spent on health clinics, safety promotions and personnel to give a good frequency record compared to the industry average. The Commission subsidises 10% of the nurse's time which she spends attending accidents. Unfortunately this penalises the firm because the more time the nurse spends preventing accidents, rather than treating them, the less subsidy is paid.

CASE C: A LARGE MANUFACTURER OF A BASIC COMMODITY:

Employees: 257 in production
69 in management.
Levy Rate: 80¢.
Levies paid 1977/78: $19,281.
First-Week: $2,723.

The direct production workers are highly skilled and tend to have a low accident rate. Others: tradesmen, cleaners, packers, maintenance staff and fitters, have most of the accidents. The first-week payment has a limited effect on incentives and the firm has had limited success in reducing the accident rate because accidents tend to be non-process-related.
This firm would like to see an increase in firms' responsibility and a decrease in levies.

**CASE D: LARGE COMPANY INVOLVED IN BUILDING MATERIALS:**

The analysis of this company is complex as many subsidiaries are involved. In one area of operation in which a levy-rate of $4.20 is applicable, the company splits employees into six categories and pays a differing levy applicable to each. Another subsidiary uses 20 categories, illustrating that some companies do use an occupational rather than a product basis for assessing levies.

**CASE E: A LOCAL BODY:**

Basic levy rate is 80¢ for Local Authority operations, but this large body uses 17 separate classes for separate activities. The occupational breakdown does not just refer to separate activities such as zoo and abattoir, but to occupational groups such as Painters $2.20, Electricians $1.00. This is in contrast to the educational institutions for example. Other local authorities break employment down to a lesser extent. Many extraneous workers - road chippers, rubbish clearers, scrub cutters, are lumped together under the local body class at 80¢.

**CASE F: SMALL ENGINEERING FIRM:**

Employees: 5 production.

4 management.

Levy rate: 80¢.

This firm is highly capital-intensive employing skilled workers. In ten years there has only been one minor accident. The first-week provisions are thus irrelevant as far as incentive to safety is concerned.

CASE 6: LARGE MANUFACTURER OF ELECTRICAL APPLIANCES:

| Employees:  | 2,000 |
| Levy rate:  | $1.70 |
| Levy (1976/77): | $198,000, 77/78: $266,000. |
| First-week: | $8,988. |

This firm employs labour in many occupational categories, e.g. electricians, fitters, painters, plating, cafeteria, gardeners, etc. The breakdown of these groups is attempted.

A humanitarian attitude has meant that this firm has always been safety conscious. Nurses, doctors, an ergonomist and safety officers are employed and the firm believes it has a good record compared to the industry average. First-week payments are small (4.5% of total direct costs), and do not act as an incentive. This firm is alarmed by the enormous cost of levies and the lack of recognition of expenditure on safety through provision of medical clinics, etc.
### APPENDIX IV

**DURATION OF COMPENSATION 1976-77 YEAR**

FOR 36 FREEZING COMPANIES

(Source: Derived from the Nordmeyer Report)

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<th>DAYS OF COMPENSATION</th>
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* This order is the one used in the Nordmeyer Report and does not correspond to the ranking in Tables 6.1 and 6.2.
KEY TO WORKS BY NUMBER:

1. Hellaby, Northland.
2. Shortland
3. Southdown
4. Longburn
5. Westfield
6. Aotearoa
7. Rangiuru
8. Waitara
9. Patea
10. Hutton, Eltham
11. Inlay
12. Feilding
13. Wairoa
14. Kaiti
15. Whakatu
16. Tomoana
17. Pacific
18. Waingawa
19. Horotiu
20. Gear
21. Picton
22. Nelson
23. Canterbury
24. Belfast
25. Islington
26. Pareora
27. Fairton
28. Kaiapoi
29. Smithfield
30. Pukeuri
31. Makarewa
32. Mataura
33. Finegand
34. Burnside
35. Ocean Beach
36. Alliance
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The Economics of Accidents in New Zealand, Industrial Relations Research Monograph, no.5, Industrial Relations Centre, Victoria University of Wellington and New Zealand Accident Compensation Commission, 1979, forthcoming (permission of Industrial Relations Centre).


CAMPBELL, I.B. 'Alcohol and Occupational Safety in New Zealand', unpublished paper presented to Summer School of Alcohol Studies, Massey University, 4 February 1977.


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N.Z. MINISTRY OF TRANSPORT. Motor Accidents in New Zealand Statistical Statement Calendar Year 1976, Wellington.


