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REQUIREMENTS FOR CONTRIBUTIONS

Articles in the field of agricultural economics, suitable for publication in the journal, will be welcomed.

Articles should have a maximum length of 10 folio pages (including tables, graphs, etc.), typed in double spacing. Contributions, in the language preferred by the writer, should be submitted in triplicate to the Editor, c/o Department of Agricultural Economics and Marketing, Pretoria, and should reach him at least one month prior to date of publication.

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THE ACCIDENT FUND ESTABLISHED IN TERMS OF THE WORKMEN'S
COMPENSATION ACT, 1941*

by

O. GROBBELAAR

Office of the Workmen's Compensation Commissioner

The Accident Fund is a State insurance fund administered by the Workmen's Compensation Commissioner who is a public servant on the establishment of the Department of Labour. With the exception of "employers individually liable" who, in terms of the Act, are exempt from paying assessments to the Accident Fund, every employer who carries on business or farming operations in the Republic of South Africa or in South-West Africa, is required to insure his workmen with the Accident Fund against injuries and scheduled industrial diseases arising out of and in the course of their employment.

Workmen of an employer who has failed to effect the required insurance, are also covered by the Fund in the event of injuries on duty, but the amount of any benefit paid may be recovered from such an employer by way of a penalty.

"Employers individually liable" are -

- (i) the State which carries its own risk;
- (ii) local authorities employing 500 or more White workmen and which, with the approval of the Commissioner, carry their own risk; and
- (iii) employers who have received the Commissioner's approval to insure their workmen with a mutual association in respect of the benefits payable under the Act.

Two mutual associations, viz., the Rand Mutual Assurance Co. Ltd., for the mining industry, and the Federated Employers' Mutual Assurance Co. Ltd., for the building industry, are at present licensed to undertake, subject to the Commissioner's approval in the case of each employer, workmen's compensation insurance under the Act.

THE ACCIDENT FUND'S REVENUE

(i) Assessments

The Accident Fund's main source of income is the assessments paid by employers in terms of the Act and which are calculated at such a percentage of the annual wages of their workmen as the Commissioner considers necessary to meet the claims and administration costs payable by the Fund for the year of assessment.

*Taken over from "Saipa", Vol. 3, No. 1, July 1967, with the permission of the Executive Committee of the S.A. Institute for Public Administration.

Wage statements are required to be submitted to the Commissioner on the prescribed wage return forms during January in each year.

The accident risk for the different types of businesses is not the same and businesses are, therefore, divided into different classes and sub-classes for assessment purposes, although the Accident Fund is liable as a whole for the payment of compensation and medical aid.

For each sub-class of business an assessment rate based on its claims experience is fixed annually. The principle adopted is that each class and sub-class should, as far as possible, bear its own cost of accidents and pro rata share of the costs of administration. Every class and sub-class is thus a mutual insurance association of employers in that class and sub-class.

The Accident Fund is not administered with a view to making a profit and the assessment rates are therefore reviewed and adjusted periodically so as to produce an income just sufficient to cover the Fund's expenses.

(ii) Other Income

Apart from assessments, the Fund's only income of importance is interest on investments and the penalties paid by employers for late or non-rendition of wage returns, understatement of wages and for late payment of assessments.

The total income of the Fund from all sources was about R19,700,000 for the year 1966.

THE ACCIDENT FUND'S EXPENDITURE

(i) Compensation and Medical Aid Payments

The Accident Fund's annual income is used mainly for payment of compensation and medical expenses in respect of injuries, including scheduled industrial diseases, arising out of and in the course of the employment of workmen as defined in the Act.

The Act makes provision for payment of all reasonable medical expenses incurred, including the costs of artificial limbs, for a period not exceeding two years from the date of the workman's accident. This period of two years may, however, be extended in certain circumstances.

In consultation with the Medical Association of South Africa, a Scale of Fees applicable in respect of Workmen's Compensation cases has

been compiled. Compensation payments to injured workmen or their dependants in the case of fatal accidents, are made according to a scale laid down in the Act.

In the case of temporary total disablement, periodical payments are made at a rate of 75 per cent of the monthly earnings of the injured workman with a minimum payment of R13 per month or the rate of the workman's earnings at the time of the accident, which ever is the lesser. Monthly earnings above R120 are disregarded for compensation purposes.

Compensation for permanent disablement depends on the injured workman's degree of permanent disablement and his earnings at the time of the accident.

Whites, Asiatics and Coloureds receive lump sums for permanent disablement of 30 per cent and under and monthly pensions for permanent above 30 per cent. Bantu are paid lump sums for all degrees of permanent disablement.

The maximum monthly pension payable is R90 and is payable to a White, Asiatic or Coloured workman whose permanent disablement is 100 per cent and whose monthly earnings were R120 or more. For permanent disablement of less than 100 per cent but above 30 per cent a pension reduced proportionately is payable.

In the event of a fatal accident to a White, Asiatic or Coloured workman whose monthly earnings are not less than R120, the widow receives a monthly pension of R36 while she remains unmarried and the three youngest children R18 per month each until they reach the age of 17 years.

When the recent amendments* to the Act come into operation, compensation payments will be based on the first R150 instead of R120 of a workman's monthly earnings. The maximum periodical and pension payments will then be 25 per cent more.

(ii) Administrative and Reserve Expenses

In 1942 when the Accident Fund was established, it was decided to limit administrative expenses to R15 and transfers to the Statutory Reserve Fund to R5 for every R80 paid in respect of compensation and medical aid.

Administrative expenses proved to be less than anticipated and it was then decided to supplement transfers to the Statutory Reserve Fund with the savings in administrative expenses.

To strengthen the financial position of the Accident Fund, a further reserve fund has been created as a subsidiary provision for unascertained commitments.

*The amendments came into operation on October 10, 1967. Editor.

The Reserves of the Accident Fund amounted to about R18 million as at the end of the year 1966.

(iii) Subsidies to the National Occupational Safety Association (N.O.S.A.)

N.O.S.A. is a non-profit-making company formed for accident prevention purposes. It provides guidance and assistance to employers and employees in connection with the prevention of occupational accidents and diseases. A percentage of the Accident Fund's annual assessment income, as determined by the Commissioner, is paid every year as a subsidy to the Association. This subsidy is the Association's main source of income and amounted to R300,000 in 1966.

The directorate of the Association includes the Workmen's Compensation Commissioner, the Assistant Workmen's Compensation commissioner and representatives of employers' organisations.

(iv) Subsidising of Rehabilitation Associations for Injured Workmen.

Two rehabilitation associations, one in Johannesburg and one in Durban, are subsidised by the Accident Fund. These two associations are non-profit-making companies formed for the purpose of establishing rehabilitation centres for injured workmen.

A rehabilitation centre for White workmen who are entitled to the benefits of the Workmen's Compensation Act, 1941, and who require special treatment to reduce or remove their disablement, is already in operation in Johannesburg. A similar centre will be opened shortly in Durban.

(v) Merit Rebates

To adjust the position of employers who pay substantial amounts in assessments which are out of proportion to their accident costs and also to encourage employers to introduce effective accident preventive measures at their business premises, merit rebates are paid to employers once in every three years.

An employer's rebate is based on the percentage which his claims cost bears to the amount of this assessments for the rebate period.

About 17 per cent of the assessments paid by employers is returned to them by way of merit rebate payments.

VALUATION OF THE ACCIDENT FUND

In order to determine the sufficiency of the Accident Fund, a valuation of its assets and liabilities is made every three years by an actuary appointed by the Minister.

OBJECTION AND APPEAL PROVISIONS

A workman, employer or any other person who is affected by a decision of the Commissioner

may, if dissatisfied, lodge an objection against the decision.

An objection usually forms the subject of a formal hearing mainly for the purpose of taking oral evidence and is considered and determined by the Minister, one representing workmen and one representing employer. When medical issues are involved the Commissioner may invite the assistance of a Medical assessor.

After consideration of all evidence, the issue is decided by agreement between the Commissioner and at least one assessor (other than a medical assessor). A medical assessor has no vote.

If the Commissioner disagrees with both assessors the matter in dispute must be submitted to the Minister for a decision.

NOTE: Any farmer who employs one or more workmen and who is not as yet registered with the Accident Fund, must submit his application for registration to the Workmen's Compensation Commissioner, P.O. Box 955, Pretoria. Editor.

A decision by the Commissioner or by the Minister is subject to appeal in the Supreme Court on the following matters:-

- (a) Interpretation of the Workmen's Compensation Act or other laws.
- (b) The question of whether an accident is due to serious and wilful misconduct.
- (c) The question as to whether compensation awarded is excessive or inadequate to such an extent that the award could not reasonably have been made.
- (d) The right to increased compensation in terms of Section 43 of the Act.

Apart from this provision for appeal, the Act also makes provision for review of a decision by the Supreme Court if it appears to the Court that the Commissioner and the assessors or the Minister exceeded their powers or failed to exercise their powers properly.