

tomer may arrange in advance for the financing of his project with the Bank, and yet only pay interest on that portion which is actually being used. It works this way—a business man decides that he will erect a plant to be completed in say six or eight months' time. He can arrange for the financing of the project with the Industrial Development Bank in advance, and the Bank then advances funds only to meet actual expenditures as work on the plant progresses. The customer pays interest only on that portion of the authorized credit which is actually in use, resulting sometimes in a considerable saving.

The Bank does not ordinarily lend money for what are commonly known as working capital purposes. By virtue of its Act, it cannot lend to primary producers, nor to trades or services.

At the moment, the Bank's commit-

ments are slightly over the 21 million mark, and are steadily increasing. Since the necessity of conserving our reserves of United States dollars has led to restrictions on the importation of industrial machinery and equipment into Canada, it is likely that some decline in the rate of capital investment in industry may occur. Should such prove to be the case, it does not necessarily mean that there will be a contraction in the Bank's lending activities. Rather there is every indication that in the period ahead there will be many special financing problems for industry of a kind that the Bank was designed to meet.

During its first three years of operation, the Bank has provided a useful service to industry, and the evidence so far indicates a continuing demand for this type of financial service.

## New Zealand's Labour Legislation

by HON. JAMES THORN

**I**N 1873, apart from the Masters and Apprentices Act based on a similar law in Great Britain, there was only one piece of labour legislation on the New Zealand Statute Book. Then a legislative novelty it was called the Employment of Females Act and had three operative clauses. They read:

- "3. No person shall employ any female at any time between the hours of six in the afternoon and nine in the morning, or for more than eight hours in any one day.
4. Every female shall have holiday on every Saturday afternoon from 2 o'clock; and on Sunday, Christmas Day, New Year's Day, Good Friday,

Easter Monday, and any other day set apart as a public holiday, without loss of wages.

5. Every workroom shall be properly ventilated."

In 1873 this was almost revolutionary legislation, but if it is a good purpose to establish good conditions in industry this act is an indication that New Zealand started off on the right foot.

In 1885 the first Congress of Trades and Labour Councils ever held in New Zealand took place in Dunedin. Forty delegates represented 30 Unions. The total membership of these Trade Unions was 3,000. The objects of this Congress were officially stated to be:—

1. To promote the better organization of the working classes.
2. To consider carefully all matters affecting their interests, and pro-

EDITOR'S NOTE: Hon. James Thorn is New Zealand High Commissioner to Canada. This article is an adaptation of an address given by Mr. Thorn before Maritime Trade Union officers attending a Course in Labour Relations held at Dalhousie University, April 26-28, 1948.

mote all such measures as will better their condition.

4. To use every legitimate means of obtaining a proper representation of Labour in the legislature of the colony.

Several of the resolutions passed by this Congress were, within the following ten to twenty years, embodied in the law of my country and they formed the foundations for the Labour Legislation that has been enacted since.

### Conciliation and Arbitration

In 1890 a notable event in New Zealand's industrial history occurred. It is known as the Great Maritime Strike. It was a sympathetic strike in which most of the New Zealand Trade Unions engaged to help maritime workers who had been locked out in Australia. The Strike was defeated, but at a general election immediately after it led to a result which gave New Zealand a world-wide reputation for economical and social experiment.

That general election was won by a political party named the Liberal and Labour Federation, to which the Trade Union Movement, such as it was, attached itself. In 1894, the new Government, with the support and approval of the Trade Unionists, passed the Industrial Conciliation and Arbitration Act. The Act and its amendments have determined very largely the character and the development of Trade Unionism in New Zealand over the past fifty years.

In the preamble of the original Act, two purposes were set out. One was to "foster and encourage the formation of Trade Unions" and the other to provide a means by which strikes and lockouts could be avoided and by which disputes could be settled by a legal process.

For Unions registered under the Act the procedure was laid down as follows:

Disputes were first referred to a Conciliation Council consisting of an equal number of employers and Union repre-

sentatives, with a chairman appointed by the Government. If the Council failed to effect an agreement, the dispute was then sent to the Arbitration Court. This consisted of a Judge and a Workers' and an Employers' representative. The Court heard evidence from both parties. It had power to fix minimum rates of wages, hours, holidays, and the conditions of work. Its awards were the law of the land, and strikes by the Unions affected or lockouts by the Employers were illegal. It is the truth to say that the great majority of the Unions in New Zealand are registered under this Act and loyally abide by the decision of the Tribunals created under its provisions. It is also the truth that by the use of this legislation the Unions have been able to establish conditions which would have been impossible otherwise—at least in New Zealand.

It would be misleading to say that Unions registered under the Act have never struck, and that various Governments, for reasons they thought good from time to time, have never insisted on any penalty. Strikes have occurred and are still occurring. Between 1910 and 1913 there were several strikes, some of them very serious and prolonged, and in 1913 the Government passed the Labour Disputes Investigation Act which could be used by Unions *that* did not wish to register under the Industrial Conciliation and Arbitration Act. But this Act also provides conciliation machinery which is invoked to expedite settlements. The point is that in New Zealand Trade Unions are largely the creation of the Law, and that legal provision is the substantial means by which the pay, the hours, the conditions of their members are determined.

During the 53 years the Act has been on the Statute Book in New Zealand it has been amended by Governments sympathetic with Trade Unionism, and by others by no means sympathetic. In 1935 its provisions were thoroughly un-

satisfactory to the Trade Unions, the membership of which then totalled 80,000. It was towards the end of that year that the present Government was first elected to office. The membership of the Trade Unions is now over 240,000. These Unions are nearly all affiliated with the one national industrial organization, the Federation of Labour, and likewise they are nearly all affiliated with the New Zealand Labour Party, which for twelve years has been the Government of the Dominion.

### Improving Working Conditions

Of the greater part of the period the Industrial Conciliation and Arbitration Act has been in operation, other legislation like Factories, Shops and Offices, and Workers' Compensation for Accidents Acts have reinforced it in the endeavour to safeguard and extend the workers' rights in their employment, and all these Acts have been greatly improved within the past ten years.

It is, of course, impossible in a brief article to explain in detail the Labour legislation that has reached the Statute Book in recent years, but if I mention briefly four measures enacted by the present Government it will be sufficient to show the legislative trend in New Zealand and how Trade Unionists are faring.

In 1936 two amendments of great importance were made to the Industrial Conciliation and Arbitration Act. One introduced the 40 hour week, which almost immediately received a very wide application. The 40 hour week has been gradually extended since 1936, and now it is the general rule, and in the great majority of cases it is worked within the 5 day week.

The other amendment made Trade Union membership compulsory. When enacting this amendment the Government's argument was that, if members of a Union registered under the Act accepted the responsibility and undertook the expense of securing awards that im-

proved wages and conditions, it was unfair that non-members should enjoy these benefits without shouldering some part of the expense and the responsibility. Since 1936 then, in industries covered by agreements and awards under the Industrial Conciliation and Arbitration Act, it has been illegal for employers to employ non-unionists. The effect of this amendment and of the encouragement given by the improved Act to the formation of Trade Unions was to increase Trade Union membership from 80,000 in 1935-36 to 180,000 the following year. Today it is roughly 240,000.

Some few years later, the Holidays with Pay legislation was passed, and under this Act all the workers in New Zealand receive a fortnight's holiday with pay annually.

Then to make sure that all workers, whether organized or not, should enjoy a standard of life below which none could fall, in 1945 the Minimum Wage Act was made law. Under this Act all males of 21 years and upwards must receive, if paid by the hour or by piecework, no less than 2/9 an hour; if paid by the day £1/2/0; and otherwise £5/5/0 a week. For females 21 years of age and over the minimum rate laid down in this Act is: 1/8d an hour, 13/4 a day, otherwise £3/3/0 a week. I have not converted our New Zealand money into dollars, because if you looked at the dollars without reference to the cost of living in New Zealand you would not get an accurate picture.

About two years ago, in accordance with the full employment principle embodied in the Charter of the United Nations, a National Employment Service was established, and so successfully has it worked that a month or so ago no more than 44 persons were registered with the service as being unemployed.

Thus it can be seen that in New Zealand legislation has aimed at the employment of our citizens and has given them a guarantee that they will be paid and treated fairly.

### Social Security

But the best labour legislation for workers in industry will not meet the needs of many others in society who suffer the hazards of life—old age, widowhood, chronic invalidity, wife desertion, orphanhood, maternity, illness, disease and so on. And to meet these needs generously our Social Security Act was passed in 1938.

The benefits under the Act are all-embracing. They provide a universal superannuation at 65; a universal family allowance paid to mothers of children up to 16 years of age, or up to 18 if they are going to school; old age benefits at 60 years of age; similar benefits for widows where the husband neglects his responsibility, for wives deserted by their husbands, for chronic invalids and those suffering sickness and unemployment. Benefits are also paid to orphans. On the medical side, free medical attention is provided for maternity cases; free treatment in the mental and public hospitals, and almost free in the private hospitals; free medical practitioner service; free massage and free X-ray treatment; free medicines; and, in addition to the free dental treatment the Education and Health Departments give to the children in our schools, free dental treatment for adolescents up to the age of 19 is now about to be introduced at the expense of the Social Security Fund. These benefits this year will cost 40,000,000. The Social Security Fund is raised by a 7½% tax on all wages, salaries and other income, and by contributions from the Government's Consolidated Fund.

Just one instance of the nature of these benefits may be mentioned. The Old Age benefit is now one of £2/5/0 a week payable to a man or woman at the age of 60. If a man at 60 has a wife below that age, each receives the benefit, so that a couple on Old Age Benefit receive £4/10 a week. They may also have an additional income of £1/1/0 plus up to £1000 in the bank, plus a home, with-

out being in any way disqualified from the receipt of the benefit.

This Act is the most generous and comprehensive piece of humane legislation in the world. All political parties in New Zealand approve of it.

A Bill proposing to make all Workers Compensation Insurance a monopoly of the State was passed by the New Zealand Parliament last October.

On and after June 1st this year all such insurance will be handled by the State Insurance Office. The extent of coverage will be defined by the Act and will extend to virtually all employers, whether they have become insured or not. Thus no worker need fear that his legitimate claim will not be met because his employer has failed to insure and has insufficient resources to meet the claim.

Unlike the Canadian procedure, the employers' common law liability (liability for negligence) has not been done away with, and thus also is to be covered without limits under the new Bill.

The Act is more comprehensive than in other countries, covering nearly every kind of employer and worker, with very few exceptions. Provision is made for the covering of those not normally classed as workers or employers, such as members of an employer's family, and persons giving their services free.

The second part of the Act considerably increases Workers' Compensation benefits, raising the total incapacity rate to 75% of weekly earnings, compared with 66-2/3% previously; the death benefit has been increased by 50% from £1,000 to £1,500, and many other increases are provided, including the elimination of the distinction between right and left limbs.

In view of these increases it is not expected, at least to begin with, that premiums will be reduced. Nevertheless, the State operates on a non-profit basis and insurers will get full value for premiums paid.



### Government and Insurance

In order to understand the situation, some remarks about the role of the State in the insurance business should be made.

The State entered the insurance business at the beginning of the Century when within a few years, life, fire and accident insurance offices were set up by the Government. Its purpose was to reduce the excessive premiums then being charged by private companies and they have more than successfully competed with private enterprise since their inception.

Rates were quickly reduced: a 33-1/3% reduction was immediately made in fire insurance rates and premiums have been progressively lowered since then. Private companies were and still are bound by an underwriters' agreement to charge certain rates, and it has only been the competitive action of the State which has kept premiums down. For instance, in 1921 the average fire premium for all companies was 11/1d per hundred; in 1945 this was reduced to 6/4d. The reduction has been due entirely to the activities of the State Fire Insurance Office.

With the exception of the State office, competition in the healthy sense does not exist. Companies are bound to charge rates agreed to by their Underwriters' Association. In fact, the companies have in effect been "cartelized" for over forty years. Competition between the private

companies has been confined to a sort of internecine struggle, with agents taking business away from each other. The expenses involved in this process have only boosted premiums. Considerable profits have been made by the private companies. The ratio of claims to premiums in Workers Compensation has been in the vicinity of 55%, leaving well over 40% for expenses, taxes and profits.

The new legislation takes the profit motive out of industrial casualties; there is no doubt that it is a progressive and necessary measure for the welfare and benefit of the people of New Zealand.

In the same Parliamentary session the nationalization of the coal mines was enacted, and this year a seven-hour day will be introduced for the mine workers.

My last word is this: We are living in a world where the workers are determined to enjoy good conditions at their employment and to have the advantage of social welfare legislation. They are entitled to these. But on the other hand they have responsibilities. They have to remember that only by the production of wealth and services can these benefits be made possible, and this is the obligation which is on them. To the extent that they meet this obligation, they will establish their qualifications to take a greater part in the government of their country and in the administration of its industry.

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