



**NIGERIA SOCIAL INSURANCE TRUST FUND**

Providing Social Security Services to all Nigerians



## **A Newsletter on the NSITF/DCSL Roundtable on “Practical Challenges to the Implementation of the Employees Compensation Act”**

DCSL Corporate Services Limited in collaboration with the Nigeria Social Insurance Trust Fund (NSITF), organized a Stakeholders Roundtable for Directors, Compliance Officers, Human Resource Practitioners, Company Secretaries, In-House and External Counsel to sensitize stakeholders on the compliance requirements under the Employees Compensation Act (ECA) and the practical challenges to implementation.

The event which took place on Thursday 23<sup>rd</sup> July, 2015 at the Protea Westwood Hotel, Awolowo Road, Ikoyi was well attended by Chief Executive Officers and Senior HR Practitioners and other Executives from organisations within the Private and Public Sectors. Key discussants at the Roundtable were Mr. Ismail Mohammed Agaka, General Manager, Nigerian Insurance Trust Fund, (NSITF) Lagos State, Comrade Ismail Bello, the Acting Deputy Secretary General of the National Union of Textile Garment and Tailoring Workers of Nigeria - representing the Nigerian Labour Congress and Dr. Akeem Akinwale, a Senior Lecturer, Department of Industrial Relations and Personnel Management at the University of Lagos who represented Professor Dafe Otofo, the President of the Nigerian Industrial and Employment Relations Association. Mrs. Bisi Adeyemi, Managing Director of DCSL Corporate Services Limited moderated the Roundtable.

Participants were afforded a platform to share their experiences and practical challenges in the implementation of the Employee Compensation Scheme (ECS) within the context of the various industries in which they operate.

Mr. Agaka led a discussion on the topic titled “***The Employees’ Compensation Scheme and the Role of the NSITF***”. He gave a brief background on the establishment of the Employee Compensation Scheme (ECS) to provide comprehensive compensation to employees who sustain injuries or suffer work induced mental illness in the course of employment. He explained that the Employee Compensation Act (ECA) repealed the Workmen’s Compensation Act (WCA), and that the ECS which is based on global best practices is applicable to all employers and employees in the public and private sectors in Nigeria with the exception of the Armed Forces.

The mandate of the NSITF to implement the Scheme and manage the Fund is derived from Section 2(2) of the ECA 2010. Monthly remittance by an employer was stated as a condition precedent to the issuance of an ECS Certificate of Compliance and for the compensation of work-related injuries.

Speaking on the “***Practical Implementation of the Employees’ Compensation Act, 2010***”, Dr. Akinwale was of the view that the interaction between employees, the employer and the state is regulated by various institutionalized procedures, one of which is the Employees’ Compensation Act, 2010. He noted that the Act symbolized an organized attempt to promote a fair treatment of employees and empowers the NSITF Management Board to implement the provisions of the Act.

While agreeing with Mr. Agaka, that the Act provided a robust system of compensation to employees or their dependents for any injury, death, disease or disability arising out of or in the course of employment,

Dr. Akinwale was of the view that the NSITF currently lacked the manpower to adequately implement the provisions of the Act.

Dr. Akinwale noted that compensation payable under the Act is restricted to personal injury and does not cover injury to the employees' property. He argued that although the Act provided for different scales of compensation for both permanent and temporary disability, the formulae for calculating the percentage of compensation due to an employee was complicated, unlike the case under WCA.

In concluding, Dr. Akinwale was of the view that there was a need to engage stakeholders more actively to increase awareness of the Scheme. He pointed out that the level of compliance with the Scheme remained relatively low and encouraged the NSITF to do more in this regard.

In addressing the topic – “**Alternative Dispute Resolution Mechanisms under the ECA/NSITF**”, Comrade Bello canvassed the use of Social Dialogue as an alternative means of dispute resolution. This was premised on the fact that Social Dialogue offers a more informal and less confrontational platform for discussion, thereby assuring a speedy, efficient and effective means of resolving dispute.

Comrade Bello observed that the composition of the National Industrial Court (NIC) - the only court to which appeals against the decisions of the NSITF Board lie – was not in conformity with the standards of the International Labour Organization (ILO) which require the constitution of a special court or Board of Arbitration composed of an equal number of employer and employee representatives with or without Judges, for the resolution of disputes relating to Workmen's compensation. Comrade Bello equally encouraged employers not to deny workers the right to be members of trade unions as the unions were a supportive mechanism for social dialogue and industrial harmony.

In rounding up the discussion, Mrs. Adeyemi summarized the views of the discussants which brought to the fore the fact that the ECS covered both accidents within and outside the work place as well as accidents incurred in the course of employment such that employees under the Scheme were guaranteed a right to compensation from the period of the injury until the age of fifty-five (55) when they would have recourse to benefits under the Pension Act. She enjoined NSITF to give consideration to some of the feedback from the Roundtable including enthroning good corporate governance that will ensure transparency and accountability which would in turn engender greater confidence in the Management of the Fund, providing more clarity with respect to the basis for calculating compensation and loss of productivity benefits under the Scheme as well as having another look at the substantial powers granted to the Board.

The general sentiments at the end of the Roundtable was that there was need for more stakeholder engagement and enlightenment on the implementation of the ECS and that more pro-active steps should be taken by the NSITF to ensure adoption of the ECA at the State and Local Government levels.