

Employment Relations (Statutory Minimum Redundancy Entitlements) Amendment Bill

Member's Bill

Explanatory note

General policy statement

This bill amends the Employment Relations Act 2000 to insert *new Part 6E* to provide minimum statutory entitlements for employees in the event of dismissal for redundancy.

The provisions of this bill are based on the recommendations of the Public Advisory Group on Restructuring and Redundancy (the **Advisory Group**) who reported to the Government in 2008.

The Advisory Group assessed the adequacy of redundancy laws and provisions and recommended options for addressing gaps in and issues with existing laws and policy provisions.

The recommendations of the Advisory Group included consideration of the introduction of a statutory requirement that would provide for redundancy compensation and notice of redundancy termination to the affected employee.

Clause by clause analysis

Clause 1 is the Title clause.

Clause 2 provides for *new section 69ZJ* to come into force on the day after it receives the Royal assent; the remainder of the new sections inserted into the principal Act come into force 1 year after that date.

Clause 3 defines the Employment Relations Act 2000 as the principal Act.

Clause 4 inserts a new Part heading and *new Part 6E*.

Sue Moroney

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Part 6E

Statutory minimum redundancy entitlements

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The Parliament of New Zealand enacts as follows:

- 1 Title**
This Act is the Employment Relations (Statutory Minimum Redundancy Entitlements) Amendment Act **2012**.

2 Commencement

- (1) Except as provided in **subsection (2)**, this Act comes into force on the day after the date on which it receives the Royal assent.
- (2) **Sections 69ZI, 69ZK, and 69ZL** come into force 12 months 5
after the date of Royal assent.

3 Principal Act

This Act amends the Employment Relations Act 2000 (the **principal Act**).

4 New Part 6E inserted 10

After section 69ZH, insert:

**“Part 6E
“Statutory minimum redundancy
entitlements**

“69ZI Interpretation 15

In this Part, **redundancy** means the substantial disappearance of the work performed by an employee, by reason of the restructuring, downsizing, going into receivership or administration, or cessation of operations of the employer.

“69ZJ Application 20

The minimum entitlements conferred upon employees by this Part apply to an employee who has been in a continuous employment relationship with an employer for 1 calendar year or more.

“69ZK Public education campaign 25

The Minister of Labour must, over the course of the 12 months following the coming into force of this section,—

- “(a) conduct a public education campaign to inform employers and employees of the minimum entitlements conferred by this Part; and 30
- “(b) report to the House of Representatives within 6 months of the conclusion of that campaign as to its details, including an independent evaluation of its effectiveness.

“69ZL Minimum entitlements to notice and compensation

- “(1) Every employee to whom this Part applies and who suffers a redundancy is entitled to receive—
- “(a) notice of dismissal of no less than 4 weeks; and
 - “(b) compensation for redundancy in the amount of 4 weeks’ remuneration for the first full year of the employee’s continuous employment with the employer; and 5
 - “(c) further compensation for redundancy in the amount of 2 weeks’ remuneration for each subsequent full or partial year of the employee’s continuous employment with the employer, up to a maximum entitlement of 26 weeks’ remuneration. 10
- “(2) Provided that if the applicable employment agreement contains provisions that are more favourable to the employee than those set out in **subsection (1)**, those provisions shall apply in place of the provisions of this section.” 15
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