

June 2009

Employment Law

Minimum Redundancy Entitlements Bill

Labour MP Darien Fenton has introduced a private member's bill, which provides for minimum notice and compensation for redundancy (the Employment Relations (Statutory Minimum Redundancy Entitlements) Amendment Bill).

The provisions of the bill are based on the recommendations of the Public Advisory Group on Restructuring and Redundancy, which reported to the previous Government in 2008. The Group assessed the adequacy of redundancy laws and provisions and recommended options for addressing gaps and issues with existing laws and policy provisions. The bill aims to provide protection for workers facing redundancy who are not protected by redundancy and notice requirements in their employment agreements. Ms Fenton estimates that there are tens of thousands of workers who have no redundancy entitlements in their employment agreements.

The bill provides that employees are entitled to receive four weeks' notice of dismissal in redundancy situations. In addition, employers are required to pay four weeks' pay for the first full year of service, followed by two weeks' pay for every year or part year of service thereafter (to a maximum of 26 weeks' pay). These minimum entitlements apply to employees who have been in a continuous employment relationship with an employer for a year or more.

However, employers should not be overly concerned about the impact of the bill just yet. There is a ballot process for the introduction of private member's bills and it might take weeks, months or even years for the bill to be debated in Parliament. Even if it does make it past the ballot process, it is likely to be defeated at its first reading.

National's policies do not include the introduction of statutorily-based redundancy compensation entitlements and it is unlikely to support any changes to employment law legislation that impose increased costs on employers restructuring their businesses. Significantly, Ms Fenton's press release stated that the Group's report had been on the desk of Labour Minister Kate Wilkinson "since last November". Ms Fenton further revealed that she had spoken to Ms Wilkinson "weeks ago" about what action she was taking on the report and Ms Wilkinson had replied, simply, that she was "considering it". Given Ms Wilkinson's apparent reluctance to implement the Group's recommendations, it is unlikely that this bill will receive the Government's support in Parliament.

For more information, please contact:

Ben Atkins

Solicitor

p: 09 979 2130

e: atkins@brookfields.co.nz

Auckland p 09 379 9350
Manukau p 09 262 2145
f 09 379 3224 09 262 3875
Wellington 04 499 9824
04 499 9822
www.brookfields.co.nz



Brookfields

LAWYERS

Our Employment Law Contacts are:

Erin Davies
Partner

direct dial
email

(09) 979 2177
davies@brookfields.co.nz

Paul Wallace
Senior Associate

direct dial
email

(09) 979 2238
wallacep@brookfields.co.nz

Stephen Corlett
Senior Associate

direct dial
email

(09) 979 2141
corlett@brookfields.co.nz

Ben Atkins
Solicitor

direct dial
email

(09) 979 2130
atkins@brookfields.co.nz

The contents of this publication are general in nature and are not intended to serve as a substitute for legal advice on a specific matter. In the absence of such advice no responsibility is accepted by Brookfields for reliance on any of the information provided in this publication. © **Brookfields**

Auckland **Manukau** **Wellington**
p 09 379 9350 09 262 2145 04 499 9824
f 09 379 3224 09 262 3875 04 499 9822
www.brookfields.co.nz



Brookfields
LAWYERS