

Employees (Priority of Debts and Wage Protection Insurance) Bill 2001

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

Overview of Bill

The object of this Bill is to give priority, where companies are insolvent, to the payment of employee entitlements over other company debts, to provide for the establishment and administration of an insurance scheme to guarantee the payment of wages and certain other liabilities owed to employees in the event of employer insolvency.

Outline of provisions

Part 1 Preliminary

Proposed Part 1 (clauses 1 and 2) sets out the name (also called the short title) of the proposed Act and provides for the commencement of the proposed Act 3 months after the date of assent, unless commenced sooner by proclamation.

Part 2 Priority of employee entitlements

Proposed Part 2 (clauses 3–5) contains provisions that alter the priority of payment of debts on the winding up of an insolvent company. Clause 5 provides that employee entitlements (as specified in that clause) will take priority over other debts.

Part 3 Wage protection insurance

Proposed Part 3 (clauses 6–24) establishes a wage protection insurance scheme to guarantee the payment of wages and certain other liabilities owed to employees in the event of employer insolvency. All employers (other than employers whose employees are not employed for the purposes of a trade or business carried on by the employer and employers who employ less than 20 employees) will be required to take out, and maintain, policies of wage protection insurance with an approved insurer for the employer's workforce.

Part 4 Miscellaneous

Proposed Part 4 (clauses 25–27) contains provisions of a miscellaneous nature. The provisions provide for an offence of giving false or misleading information in insurance claims, deal with how proceedings for offences against the proposed Act or the regulations are to be dealt with and empower the Governor to make regulations in connection with the proposed Act.