



COVERSHEET

| | | | |
|-------------------------------|---|-----------------------------|-------------------------------|
| Minister | Hon Andrew Bayly | Portfolio | Commerce and Consumer Affairs |
| Title of Cabinet paper | Adjustments to the Employee Preference Cap under Insolvency Law | Date to be published | 7 October 2024 |

| List of documents that have been proactively released | | |
|--|---|---|
| Date | Title | Author |
| August 2024 | Adjustments to the Employee Preference Cap under Insolvency Law | Office of the Minister of Commerce and Consumer Affairs |
| 22 August 2024 | Adjustments to the Employee Preference Cap under Insolvency Law LEG-24-MIN-0163 Minute | Cabinet Office |

Information redacted

YES / NO (please select)

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reason of legal professional privilege.



Cabinet Legislation Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Adjustments to the employee preference cap under insolvency law

Portfolio Commerce and Consumer Affairs

On 22 August 2024, the Cabinet Legislation Committee:

- 1 **noted** that the Companies Act 1993 and the Insolvency Act 2006 require the employee preferential claim figure to be adjusted every three years, using a prescribed formula;
- 2 **noted** that the next adjustments to the employee preferential claim figure must be made by Orders in Council, before 30 September 2024 for the Insolvency Act 2006 and before 31 October 2024 for the Companies Act 1993;
- 3 **noted** that the adjusted employee preferential claim figure is \$31,820;
- 4 **noted** that the Companies (Maximum Priority Amount) Order 2024 and the Insolvency (Maximum Priority Amount) Order 2024 will adjust the employee preferential claim figure in the Companies Act 1993 and the Insolvency Act 2006;
- 5 **authorised** the submission to the Executive Council of the:
 - 5.1 Companies (Maximum Priority Amount) Order 2024 [PCO 26617/2.0];
 - 5.2 Insolvency (Maximum Priority Amount) Order 2024 [PCO 26618/2.0];
- 6 **noted** that both Orders will come into force on 30 September 2024.

Tom Kelly
Committee Secretary

Present:

Rt Hon Winston Peters
Hon Chris Bishop (Chair)
Hon Dr Shane Reti
Hon Paul Goldsmith
Hon Judith Collins KC
Hon Mark Mitchell
Hon Brooke van Velden
Hon Tama Potaka
Hon Casey Costello
Hon Nicole McKee
Hon Simon Watts
Hon Andrew Bayly
Hon Scott Simpson, MP
Jamie Arbuckle, MP

Officials present from:

Official's Committee for LEG
Prime Minister's Office