

Under the Employment Relations Act 2000

**BEFORE THE EMPLOYMENT RELATIONS AUTHORITY
WELLINGTON OFFICE**

BETWEEN Jacqui Ireton (Applicant)
AND River City Export Beef Limited (Respondent)

REPRESENTATIVES Vicki Eades for Applicant
Terry Lester for Respondent

MEMBER OF AUTHORITY G J Wood

INVESTIGATION Wanganui
MEETING 20 September 2006

DATE OF 22 September 2006
DETERMINATION

DETERMINATION OF THE AUTHORITY

1. The respondent (River City Export Beef) operated a meat works in Wanganui, as its name implies. It was not a successful business, unfortunately.
2. Ms Ireton was engaged during the latter period of the company's operation as its Plant/Compliance manager in October 2005. Ms Ireton's salary was \$51,000 per year.
3. Even from that time, it was very clear to all concerned, including Ms Ireton, that the company was not operating profitably and was in a perilous financial state. On 19 October 2005, all the staff except a small number of managers, including Ms Ireton, were laid off. Those managers were kept on by River City Export Beef in the hope that the plant would be sold off as a going concern. In the meantime, the management staff worked at another plant operated through another of the companies controlled by Mr Lester (the major shareholder of all the companies referred to here, including River City Export Beef). They were in fact paid by a third company controlled by Mr Lester.

4. By March 2006, it had become clear that the plant was not going to be sold as a going concern, certainly not in sufficient time to satisfy the needs of River City Export Beef's creditors, particularly its bank. On 19 March, Mr Lester was instructed by the banker that the other companies were not to carry the wages for River City Export Beef's staff any longer. As a result Ms Ireton's employment was terminated on 21 March 2006, as the instruction from the bank superseded any and all other issues between the parties. She was in fact summarily dismissed. Furthermore, Ms Ireton was not paid for the three days she had worked that week, nor any holiday pay owing to her. Ms Ireton was also not paid in lieu of the notice to which she was entitled under her employment agreement. I accept Ms Ireton's evidence that the period of notice for redundancy was four weeks.
5. River City Export Beef accepts that it owes Ms Ireton for unpaid holiday pay and also for the last few days she actually worked for it. However, its financial position is said to be that it has no assets yet has significant other liabilities, including substantial debts to its bank and ACC. It therefore claims that it can not pay her this money and she must remain a creditor to it.
6. It follows that Ms Ireton is entitled to be paid for the three days she worked prior to her employment being terminated, four days outstanding annual leave and the four weeks notice she was entitled to for redundancy. Whether River City Export Beef can pay any of these entitlements is an entirely separate question.
7. Ms Ireton also claims a week's pay for unpaid sick leave she took as a result of stress. River City Export Beef has declined to pay that sum because it does not accept that it was responsible for the work and other stressors Ms Ireton was suffering from. The evidence is clear from the medical practitioners, however, that Ms Ireton was too ill to work, whatever the real cause of that illness was. Given that Ms Ireton was entitled to be paid sick leave for a genuine illness and she had outstanding sick leave entitlements, she was therefore entitled to be paid during that period.
8. I therefore order the respondent, River City Export Beef Limited, to pay to the applicant, Jacqui Ireton, the following sums:
 - (a) \$3,923.08 gross in lieu of notice;

- (b) \$784.60 gross for annual leave;
- (c) \$980.00 gross for unpaid sick leave; and
- (d) \$588.45 in unpaid wages.

9. Costs are reserved.

G J Wood
Member of Employment Relations Authority