

ACQUISITION OF UNDERTAKINGS BY EMPLOYEES (SPECIAL CASES) LAW, 5746-1987

Definitions.

1. In this Law -

“undertaking” means a place of employment in industry or in the building trade in which not more than 200 employees are employed, which is owned by a body corporate or an individual and regarding which one of the following is the case:

- (1) it has been closed down completely; or
- (2) its main industry has been discontinued for three months; or
- (3) it is owned by a body corporate against which a receiving order, including a provisional order, has been made or for which a trustee-in-bankruptcy has been appointed; or
- (4) it is owned by an individual against whom a receiving order, including a provisional order, has been made or for whom a trustee-in bankruptcy has been appointed.

“employee” means an employee of the undertaking who on the date of the filing of the application under section 5 has completed at least one year of employment at the undertaking;

“the representative organisation of employees” means the employees’ organisation representing the greatest number of employees in Israel;

“the Ministers” means the Minister of Industry and Commerce and the Minister of Labour and Social Affairs.

The Fund.

2. (a) The Government and the representative organisation shall establish a fund for the granting of loans for the acquisition of undertaking by the employees of those undertakings (such fund hereinafter referred to as “the Fund”).

(b) The amounts to be transferred to the Fund by the Government and the representative organisation of employees and the dates of the transfer of those amounts shall be fixed by agreements between the Government and the representative organisation of employees: Provided that the amounts transferred to the Fund by the Government and the representative organisation of employees shall be equal unless otherwise agreed upon between them.

(c) The moneys of the Fund shall be invested by the Treasury in accordance with directions laid down by the Accountant-General of the Ministry of Finance and the treasurer of the representative organisation of employees, and the accounts of the Fund shall be kept by the Accountant-General in accordance with the directions of the Committee established under section 3.

The committee.

3. (a) For the purpose of carrying out the functions of the Fund under this Law, the Ministers and the secretary-general of the representative organisation of employees shall appoint a committee which shall prescribe the policy and modes of activity of the Fund (such committee is hereinafter referred to as "the committee").
- (b) The committee shall consist of six members, viz. -
 - (1) a representative of the Ministry of Industry and commerce, who shall be the chairman of the committee;
 - (2) a representative of the Ministry of Labour and Social Affairs.
 - (3) a representative of the Ministry of Finance.
 - (4) three representatives of the representative organisation of employee, who shall be designated by it and one of whom shall be the deputy chairman.
- (c) A representative of an organisation of employees which in the opinion of the chairman of the committee is a representative organisation of employees in the industry or trade where the undertaking operates for which an application for assistance under section 5 has been filed shall be invited to the meetings of the committee without voting rights.

Committee's work procedure.

4. The committee shall prescribe its work procedure and may empower one or more of its members to act in its name for the implementation of its decisions.

Filing of application for assistance.

5. (a) A works committee of an undertaking or a special representative of employees at an undertaking (both hereinafter referred to as "committee") empowered for the purposes of this section, at a meeting of employees, by a majority of the employees of that undertaking may apply to the committee for assistance from the Fund for the purpose of the acquisition of the undertaking by the employees thereof.
- (b) Provisions concerning the procedure of convening a meeting of employees for the purposes of subsection (a) shall be prescribed by regulations.

Statement of case for the undertaking.

6. Where an application under section 5 has been filed, the committee shall give a person empowered to act on behalf of the undertaking an opportunity to state its case for it.

Handling of application for assistance.

7. (a) Where the committee decides that the application should be examined, it shall seek a professional opinion (hereinafter referred to as an "opinion") on the undertaking for which the application has been filed. The opinion shall include economic, legal and employment aspects connected with the application.
- (b) The opinion shall be financed out of the money of the Fund.

(c) The committee may, with the consent of a person empowered to act on behalf of the undertaking, bring information on the undertaking, as well as the opinion or part thereof, to the notice of potential buyers of the undertaking, including a representation of the employees.

(d) Where the committee has received the opinion and no buyer has been found for the undertaking, the committee may, at its discretion, decide upon granting assistance to the employees towards the acquisition of the undertaking in accordance with the provisions of this Law.

Assistance.

8. (a) Assistance towards the acquisition of an undertaking shall be given by way of a loan to a cooperative society of the employees established under Section 9.

(b) The committee shall prescribe conditions for the grant of assistance.

(c) All agreements and legal documents connected with the acquisition of the undertaking by the employees shall require approval by the committee.

Cooperative society of employees.

9. For the acquisition and management of the undertaking, the employees shall establish a cooperative society under the Cooperative Societies Ordinance (hereinafter referred to as “the Ordinance”), and, for the purposes of this Law, the following special provisions shall apply to such society in addition to the provisions of the Ordinance and the regulations thereunder.

(1) the application for registration of the society under section 8 of the Ordinance shall be signed by at least two thirds of the employees; each employee shall have the right to be included among the signatories of the application for registration of the society;

(2) the minimum amount to be actually paid by a member as a contribution to the capital of the society shall be as the committee shall decide;

(3) the proposed regulations of the society referred to in section 8, require approval by the committee; after registration of the society and so long as its debts have not been paid, any proposed variations of its regulations require approval as aforesaid;

(4) the amount of remuneration to be paid to a member of the society for his work in the undertaking acquired by the society requires approval by the general meeting of the society in accordance with rules prescribed by its regulations;

(5) the regulations of the society shall prescribe provisions for the accession of members to the society;

(6) subject to rules prescribed by the regulations of the society, where a member of the society ceases permanently to work in the undertaking acquired by the society, his membership in the society shall terminate;

(7) the board of the society shall consist of four representatives of the members of the society elected by the general meeting thereof and three members of the committee; the composition of the board of the society under the provisions of this paragraph shall be for two years from the date of the decision of the committee to assist the employees in

the organisation of the undertaking or from the date of the registration of the society under the Ordinance, whichever is the later; however, the committee may shorten the period if it considers that its supervision of the mode of management of the society is no longer necessary.

Other assistance by the Government.

10. The provisions of this Law shall not derogate from any other assistance by the Government to an undertaking under any enactment or administrative direction.

Implementation and regulations.

11. The Ministers are charged with the implementation of this Law and may, in consultation with the representative organisation of employees and in consultation with the Knesset Economic Committee, make regulations for its implementation.

Commencement.

12. This Law shall come into force on the 2nd Nisan, 5747 (1st April, 1987).