Case In Point

An Employment Contract, A Without Cause Termination and the Availability of "Unjust Dismissal" Protection

Date: January 18, 2013

Klein and The Royal Canadian Mint*,* a recent adjudication award made under the *Canada Labour Code,* affirms the proposition that the unjust dismissal provisions do not protect all employees from termination without cause, particularly where such terminations are conducted in accordance with a binding employment contract. In this case, the complainant had signed an employment agreement which set out the notice and severance (above the minimum standards) which would be paid in the event of a without cause dismissal. After his dismissal, he filed an unjust dismissal complaint under section 240 of the *Code*, requesting reinstatement.

Adjudicator Peltz held that a review under section 240 was not available. His decision emphasizes the continuing importance of implementing clear and specific employment contracts which contemplate without cause terminations and specify any notice and severance that will be provided in the circumstances, as long as such notice and severance meets or exceeds the minimum statutory entitlements. In addition to limiting the risk of being ordered to reinstate an employee in a section 240 complaint, these kinds of termination clauses continue to be a "best practice" for ensuring that both parties understand their rights and obligations upon termination.