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**PROTECTING WORKERS' ENTITLEMENTS PACKAGE**

Prime Minister Julia Gillard today announced the *Protecting Workers' Entitlements* package which will provide the strongest protection of employee entitlements Australian workers have ever had.

Every year, thousands of Australians are made redundant when their employer's business

hits the wall – only to find out that the company had not set aside enough money to pay their entitlements.

Workers who lose their job when their employer goes bust have enough to worry about. They should not have to worry about being paid what they have already earned.

That is why a Gillard Labor Government will introduce a three part package to enhance the protection of workers' entitlements. This includes:

- The Fair Entitlements Guarantee.
- Securing Super.
- Strengthening Corporate and Taxation Law.

This stands in contrast to the Coalition who will rip workers' entitlements away. Australian employees work hard and deserve to know that their wages, superannuation and other entitlements are safe.

The biggest risk to these entitlements is Tony Abbott who can't be trusted not to bring back WorkChoices.

### **Fair Entitlements Guarantee**

The Gillard Labor Government will introduce legislation to ensure that workers' entitlements are protected even if the company they work for enters liquidation and can't pay them what they are owed.

The Fair Entitlements Guarantee will protect redundancy pay, up to a maximum of four weeks for each year of service. This will mean that almost all Australian workers will receive all of the redundancy entitlements they are owed.

The Fair Entitlements Guarantee will replace the former Coalition Government's General Employee Entitlements and Redundancy Scheme (GEERS).

Under GEERS a worker is only entitled to a maximum of 16 weeks redundancy pay, even if they have worked for the same company for decades. This means that under GEERS approximately one in five eligible workers do not receive their full redundancy entitlements.

It is estimated that under the Fair Entitlements Guarantee about 97 per cent of eligible workers will receive all the redundancy payments they are owed.

The Gillard Labor Government will enshrine the Fair Entitlements Guarantee in law. This will improve on GEERS, which is an administrative scheme that can be amended or abolished with the stroke of a pen.

The Fair Entitlements Guarantee will cost an additional \$60.8 million over four years.

Funding for this commitment will be fully offset over the forward estimates, consistent with the Gillard Labor Government's commitment to return the budget to surplus in three years.

### **Securing Super**

Unfortunately some employers fail to pay their employees' superannuation entitlements. That is why the Gillard Labor Government will take strong action to make sure that these employers do the right thing.

Employees will receive information on their payslips about the amount of superannuation actually paid into their accounts and notification from their superannuation fund if regular superannuation payments cease.

The enforcement powers of the Australian Taxation Office and the Fair Work Ombudsman will be enhanced, giving them stronger powers to ensure businesses pay their employees' Superannuation Guarantee entitlements.

The Government will consult with the superannuation industry, employer representatives and unions about the implementation of these measures.

### **Strengthening Corporate and Taxation Law**

Australia's corporate and taxation law will also be strengthened to better protect workers' entitlements.

The Australian Securities and Investments Commission (ASIC) will be given stronger powers to place companies into liquidation when they have been abandoned by their directors. This will ensure employees get swifter access to their unpaid entitlements through the Fair Entitlements Guarantee.

The ranking of employee creditors working for unincorporated companies will be improved to bring their ranking into line with the priority given to employee creditors of incorporated companies.

A process of public consultation will consider stronger measures to prevent 'phoenix' company behaviour, where a business closes down one day and opens up the next day with a different name just to avoid paying its obligations.

Directors will be made personally liable for the debts of companies that have deceptively similar names to failed businesses previously run by the same directors. This will draw on existing laws in New Zealand and the United Kingdom.

Additional reform options include improving the compliance activity from the Australian Taxation Office and extending the promoter penalty regime to include schemes to avoid payment of tax and superannuation.

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