



# Union Factsheet

## Secure wages, entitlements and super

**Labor will protect the full wages and entitlements for 97% of workers**

- Too often when a company goes bust workers are left out of pocket, losing wages, super and other entitlements when they can least afford it.
- Unions have campaigned long and hard to improve workers' financial security and now, under the Labor Government's new Fair Entitlements Guarantee, 97 per cent of eligible workers will receive all the redundancy pay they are owed. Wages and other important entitlements such as annual leave will also be protected, and all workers will receive the overwhelming proportion of what they are owed.
- Every worker should receive superannuation on their earnings, but unfortunately some employers fail to pay. The Labor Government has announced measures to ensure employers comply with the law.
- To make sure companies do not get away with ripping off workers' entitlements, Labor has also proposed tougher corporation and taxation laws.
- These changes are another great win for workers and their unions. They highlight the stark difference at this election between Labor and the Coalition on workers' rights.

## Guaranteed entitlements – that's fair

Workers need to know that the wages and entitlements they earn are safe. When a worker loses their job, through no fault of their own, they need their unpaid wages, redundancy pay, and entitlements like annual leave, to make ends meet. These are things they have earned over years of loyal service, and that employers have a legal obligation to set aside.

But all too often businesses go broke and employers have gambled on employers' wages and entitlements, leaving nothing in the bank. We saw it with Ansett and again with the ABC Learning childcare centres, not to mention a host of other small businesses. Labor's Fair Entitlement Guarantee will fix this.

Labor is the first party that has released a policy that will ensure nearly all workers receive their wages, entitlements and super in full when their employer becomes bankrupt or insolvent.

Labor's Fair Entitlements Guarantee will protect all workers' redundancy pay up to a maximum of 4 weeks per year service for workers, but annual earnings greater than \$108,300 (indexed) will be ignored for the purposes of the guarantee. Nearly all workers will receive their full redundancy entitlements.

Under the old General Employee Entitlements and Redundancy Scheme (GEERS), workers' full redundancy entitlements were not protected – only 16 weeks redundancy pay was guaranteed. This left thousands of workers out of pocket.

The Fair Entitlements Guarantee will be protected in legislation. The GEERS scheme was an administrative measure that could be struck out or amended at any time by a Minister.

## What else is protected by the Fair Entitlements Guarantee?

Australian workers deserve to know their wages, superannuation, and other entitlements are safe – they've earned them.

Not only will the proposed Fair Entitlements Guarantee protect redundancy pay up to 4 weeks per each year of service, it will also protect:

- Up to 3 months unpaid wages and amounts deducted from wages (like employee superannuation contributions), up to three months prior to insolvency;
- All unpaid annual leave;
- All long service leave and up to a maximum 5 weeks pay in lieu of notice.

**Company directors will be made personally liable if they rip off workers' super**

## Securing super

Most employers do the right thing and pay their employees' superannuation entitlements regularly. Unfortunately there are some employers who don't.

To make sure workers' super is safe, under Labor's proposal all employees will receive information about their super payments on their pay slips and super funds will contact employees and the company, on a quarterly basis, if super contributions stop being made.

This will better protect workers' super but will also serve as a type of early warning to alert employees, unions and super funds when a company may be in danger of insolvency.

In a further important reform, company directors will be made personally liable if the company fails to make compulsory superannuation payments.

The Labor Party has also committed to enhance the enforcement powers of the Australian Tax Office and the Fair Work Ombudsman, to make sure businesses pay employees' Superannuation Guarantee entitlements.

## Strengthening corporate and tax law

**Companies that do the right thing will not be affected**

It's important to remember that taxpayer support for worker entitlements is not a green light for employers to behave unethically. Nor should it be treated as a 'get out jail free' card for bad employers.

Guaranteeing worker entitlements must be backed by strong laws to enforce good corporate behaviour and punish bad behaviour with appropriate penalties.

Better protection of workers' entitlements is needed so that companies that do the right thing by their workers are not disadvantaged.

Australia's corporate and tax laws will be strengthened under Labor's proposal to better protect your wages and entitlements. The Australian Securities and Investment Commission (ASIC) will be given stronger power to place companies into liquidation to protect creditors like workers and small businesses. The ranking of employee creditors working in unincorporated companies will be improved inline with priority given to employee creditors in incorporated companies.

Stronger measures will be introduced to prevent 'phoenix companies', where companies close down one day and open up the next day under a similar name to avoid paying workers' entitlements or tax. Directors will be made personally liable for the debts of such phoenix companies.

**Liberals were shamed by the company collapse of the then-PM's brother Stan Howard**

## The Liberals will side with big business

The Liberal Party has shown little regard for the plight of workers who through no fault of their own are left out of their pocket because of unethical behaviour by their employer.

GEERS was only established as a stop-gap measure and followed an acute political embarrassment for then-PM John Howard. In 2000, John Howard had been forced to bail out workers at his brother Stan's company, National Textiles, when that company collapsed leaving employee entitlements unfunded.

Despite overwhelming evidence about the flaws and inadequacies of GEERS, the Liberals made little effort to improve the scheme in all their years in office.

The Liberals forfeited any credibility on the issues of job and income security with their opposition to the economic stimulus package that saved more than 200,000 jobs during the GFC. If they'd had their way, thousands of Australian companies would have collapsed and unemployment would have gone through the roof.

The Liberals will always side with big business and oppose any reforms to improve corporate behaviour or punish corporate misbehaviour.

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