

Employee Entitlements: Issues and Facts

Quick Fact:

Protection of employee entitlements in Australia is far from adequate. It is believed that around 19,000 employees lose up to \$500 million each year in unpaid entitlements.

Issues For Congress 2003

- The major deficiencies of the Government's General Employee Entitlements and Redundancy Scheme (GEERS) are the capping of redundancy pay at eight weeks and its failure to include superannuation, as well as an apparent lack of coverage in cases where an administrator or liquidator has not been appointed.
- The legal system still places the shareholder at the centre of the directors' responsibilities, with other stakeholders, including employees, with far fewer rights.
- The Federal Government has not proposed to place all employee entitlements above secured creditors in insolvency situations.
- Employees have no access to information about the financial position of their employers, even though they may bear the highest risk if the company becomes insolvent.

ACTU Draft Policy

Unions will continue to campaign for employers to:

- Contribute employee entitlements to a trust fund to ensure that they are available to employees in case of insolvency;
- make provision for security over employee entitlements through measures including insurance bonds, bank guarantees and charges over fixed assets;
- include contingent, as well as accrued entitlements, such as redundancy pay and long service leave, in the definition of entitlements.
- Unions will campaign for changes to the Corporations Act so that related companies are treated as single entities for the purpose of protecting employee entitlements and directors are personally liable for payment of employee entitlements.
- Union call on the Federal Government to give priority to 100% of employee entitlements above secured creditors, and only to recover its own expenditure once employees' claims have been satisfied in full.

More information on Employee Entitlements is available on the ACTU Website

- A comprehensive Congress background paper and
- the full draft policy

www.actu.asn.au/Congress2003

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