

**Senate Economics References Committee**

**Inquiry into the Future of Australia's automotive industry**

**Public Hearing – Canberra - 15 April 2015**

**Questions on Notice**

**Question 1 – page 26**

**ACTING CHAIR:** How does it compare? I know there have been a number of different programs. I was right; it is 64.3 per cent. There have been a number of redundancy type programs over the years that the Australian government and state governments have been involved in. How do the re-employment figures here compare to those other programs?

**Ms Kidd:** I probably do not have anything in the right form to answer that directly.

**ACTING CHAIR:** Perhaps you could take that on notice, because it is a fairly relevant question, obviously, to judging the performance of these types of schemes. I am particularly interested in: not just this in comparison to other similar schemes, but also what you would expect for workers made redundant in other sectors that do not necessarily get the on-top or additional support that they do in the automotive sector. I know from experience that that data is quite difficult to pin down and find accurate sources for, but if you have anything on that I think the committee would be interested in it.

**Answer:**

<b>Current programmes</b>	<b>Rate of employment placement</b>
Automotive Industry Structural Adjustment Programme	64.3%
BlueScope Steel Labour Adjustment Programme	72.9%
Textile, Clothing and Footwear Structural Adjustment Programme	55.1%
Forestry Industry in Tasmania Structural Adjustment Programme	72.0%
Job Services Australia: total job seekers assisted against total job placements*	64.0%

\* This figure is for the total caseload (for job seekers in all streams) since the commencement of the current contract (1 July 2009) and is not specifically for retrenched workers.

## **Question 2 – page 26**

**Senator KIM CARR:** We had a global economic crisis in that time. How many of those 5,000 people would have been laid off during that time, on a year-by-year basis? Do you have that figure?

**Ms Kidd:** No, I do not, I am sorry.

### **Answer:**

The Department does not collect information on the dates workers were laid off.

The number of job seekers who registered under AISAP, year by year are:

2008-09: 625  
2009-10: 1355  
2010-11: 855  
2011-12: 492  
2012-13: 734  
2013-14: 806  
2014-15\*: 253

\*to 31 March 2015

**Question 3 – page 26**

**Senator KIM CARR:** How many would have been part of the scheme in the last 18 months?

**Ms Kidd:** I do not have that either.

**Senator KIM CARR:** Can you provide that information?

**Ms Kidd:** Yes.

**Answer:**

Over the past 18 months, 736 new registrants commenced in Job Services Australia under the Automotive Industry Structural Adjustment Programme.

**Question 4 – page 26**

**Senator KIM CARR:** How many of those persons have been able to secure employment on a year-by-year basis?

**Ms Kidd:** We can look to provide that as well.

**Answer:**

**Number of job seekers registered under AISAP placed into employment by year**

2008-09:	417
2009-10:	987
2010-11:	434
2011-12:	248
2012-13:	439
2013-14:	380
2014-15*:	388

\* to 31 March 2015

## Question 5 – page 26

**Senator KIM CARR:** How much was AISAP providing prior to what has been a catastrophic announcement regarding the OMEs? Under the AISA Program, under the New Car Plan, how much money was provided?

**Ms Kidd:** Sorry; I do not have that.

**Senator KIM CARR:** Has there been an additional amount of money provided since the announcement, as to the OMEs, that they were ceasing manufacturing in Australia?

**Ms Kidd:** In terms of the support for workers—

**Senator KIM CARR:** Under the structural adjustment fund and its predecessor program, AISAP, I would like to know: what has been the funding profile for that program? Has it substantially increased since Holden and Toyota announced their decisions?

**Ms Kidd:** I am sorry; I do not have the actual data in front of me, but the AISAP is demand-driven for auto workers, so it will adjust with the flow.

### In answer to questions 5, 6 and 7:

The original funding under the New Car Plan for a Greener Future was \$36.3 million over 5 years (from 1 November 2008 to 30 June 2013).

In 2012, a 4 year extension of AISAP was announced. The extension was \$15.6 million over 4 years (to 30 June 2017).

In 2014, when Holden and Toyota announced that they would cease manufacturing, AISAP was increased by \$15 million – a top up for 2016-17 and a 1 year extension.

2016-17: \$3.042 m

2017-18: \$11.965 m

Under AISAP, funding is not quarantined specifically for training purposes. Funding to support the jobseeker is available through the Employment Pathway Fund (EPF). The Employment Pathway Fund can be used to help eligible job seekers find employment. Support for job seekers includes a number of wage subsidies and other assistance for job seekers to gain employment. In certain cases, a Job Services Australia provider may agree to fund training. Since 1 July 2014, \$1000 credit is available per automotive worker in the EPF. From 1 July 2015, under *jobactive*, \$1300 in Employment fund credits will be available per automotive worker.

**Question 6 – page 27**

**ACTING CHAIR:** As to when that was decision made, was that in 2014 around the time Holden made their decision, and Toyota, I believe?

**Ms Kidd:** Yes. It was last—

**ACTING CHAIR:** So was that decision made after the decisions of Holden and Toyota were announced, or before?

**Ms Kidd:** It would have been last budget.

**ACTING CHAIR:** So it was after?

**Senator KIM CARR:** So is that the \$66 million you are referring to?

**Ms Kidd:** No. Last budget, basically, the program was extended an additional 12 months to ensure that it covered the closures that were announced. So, once we knew end dates for the companies, we extended the assistance package to ensure that it covered—

**Senator KIM CARR:** I am just trying to establish how much additional money the government has put aside for training under the structural adjustment program.

**Ms Kidd:** I will have to unpack those figures on notice for you.

**See Answer to Question 5**

**Question 7 – page 33**

**Senator KIM CARR:** Is that \$35 million a subcomponent of the \$66 million you spoke of earlier?

**Ms Kidd:** It would be, yes. The program was done in chunks, so it would have been one element of it.

**Senator KIM CARR:** It was a terminating program, which meant it had to be reviewed in the normal process of termination. You are saying it has been extended beyond that.

**Ms Kidd:** That is right.

**Senator KIM CARR:** Could we establish just how much more than the \$35 million has been extended for those programs? If Mr Chesworth is able to help me with the other, that would be good. If he cannot, take it on notice.

**Mr Chesworth:** Yes.

**See Answer to Question 5**

**Hansard p 33 and 34**

**Question 8**

**Senator Kim Carr:** What is the current status of the bill? Is it still active in the Senate?

**Answer**

The Fair Entitlements Guarantee Amendment Bill 2014 was introduced in the House of Representatives on 4 September 2014 and passed on 30 September 2014. It was introduced in the Senate on 1 October 2014.



### Question 9

**Senator Kim Carr:** My understanding is that it is still before the Senate and it seeks to cap payments from a maximum of four weeks per year of service to a maximum of 16 weeks. Is that the case?

### Answer

- The Bill seeks to align redundancy payments with the National Employment Standards contained in the *Fair Work Act 2009*.

#### **Question 10**

**Senator Kim Carr:** How does that vary from the current scheme?

#### **Answer**

The current redundancy cap in *Fair Entitlements Guarantee Act 2012* provides for payment of redundancy pay of up to four weeks per full year of service (including pro-rata for part completed years if provided by the instrument governing employment).

### Question 11

**Senator Kim Carr:** I am told that there was also a legislative instrument to allow FEG to apply to textile and other outworkers. Has there been any attempt for any special concessions within the automotive industry in regard to measures under the entitlement guarantee legislation?

### Answer

No. The *Fair Entitlements Guarantee Regulation 2012* provides that contract outworkers in the Textile, Clothing and Footwear (TCF) industry are eligible for assistance. The Regulation recognises the particular working arrangements that often exist in the TCF industry.

## **Question 12**

**Senator Kim Carr:** The proposition I put to you is that the FEG bill, if carried, would see a reduction in entitlements provisions. Is that true?

## **Answer**

Any claimants who do not receive all their employment entitlements under the Fair Entitlements Guarantee still maintain their rights to pursue those remaining unpaid entitlements against the company assets in the winding up.

### Question 13

**Senator Kim Carr:** If that is the case, would it not act as an incentive for companies to close earlier so that they can access higher levels of entitlement under the current legislation?

### Answer

Subject to passage of the Bill, the change will take effect the day after the Bill receives Royal Assent leaving only a small window of opportunity for this to occur.

Importantly, the Fair Entitlements Guarantee is a scheme of last resort. The situation outlined by the Senator is a breach of the *Corporations Act 2001* and other laws.

Any claimants who do not receive all their employment entitlements under the Fair Entitlements Guarantee still maintain their rights to pursue those remaining unpaid entitlements against the company assets in the winding up.

#### Question 14

**Senator Kim Carr:** How many people have received a FEGs payment from its inception until now?

**Senator Kim Carr:** What is the dollar figure involved?

**Senator Kim Carr:** Can you give me a breakdown by number and dollar value by state, territory and electorate?

#### Answer

The department has paid 25,770 people a total amount of \$441.6 million since the *Fair Entitlements Guarantee Act 2012* commenced on 5 December 2012 (data to 27 April 2015).

A breakdown of amounts paid by state and territory is provided in Table 1. This data is not collected by electorate.

**Table 1: Employees Paid under FEG since inception up to 27 April 2015 by State and Territory**

State	Number of Employees Paid	Amount Paid
ACT	371	\$4,650,215.16
NSW	7731	\$146,430,030.07
NT	117	\$1,229,436.28
QLD	5548	\$81,382,017.52
SA	1959	\$39,918,070.81
TAS	568	\$8,559,898.82
VIC	6553	\$114,057,070.25
WA	2751	\$42,610,037.13
State not Recorded	172	\$2,738,301.51
<b>Grand Total</b>	<b>25770</b>	<b>\$441,575,077.55</b>

**Question 15**

**Senator Kim Carr:** How many people received FEG payment for in excess of 16 weeks since the last election and since the date on which the Fair Entitlements Guarantee Amendment Bill 2014 was introduced and since 1 January 2015?

**Answer**

1039 claimants have received a redundancy payment of more than 16 weeks since 7 September 2013.

484 claimants have received a redundancy payment of more than 16 weeks since 5 September 2014.

238 claimants have received a redundancy payment of more than 16 weeks since 1 January 2015.

**Question 16**

**Senator Kim Carr:** How many referrals—if there have been any—has the department made to ASIC to chase companies who owe their workers entitlements since the change of government and, secondly, since the date on which the amendment bill was introduced and by 1 January 2015?

**Answer**

Between 7 September 2013 and 1 January 2015 the department has referred 30 matters to ASIC to consider for further investigation.

Between 4 September 2014 (when the amendment bill was introduced) and 1 January 2015 the department has referred 4 matters to ASIC to consider for further investigation.