

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

2015 - 2016

Department/Agency: Australian Securities and Investment Commission

Question: AET 78

Topic: Fair Entitlements Guarantee

Reference: Hansard page no. 17 - 11 February 2016

Senator: McLucas, Jan

Question:

Senator McLUCAS: Going to the Fair Entitlements Guarantee: I understand that there is a six-month window from the date of losing your job to any potential going into receivership. If the company is placed in receivership more than six months after the worker has lost their position then there is no access to FEG. Is that your understanding as well?

Mr Price: I would need to take that on notice. That is fairly technical.

Senator McLUCAS: That is a concern to workers, that if this goes on then their potential to be supported through the government guarantee may be limited. I put that in front of you and I would like your advice—on notice is fine—to find out what is happening there.

Mr Price: Yes. I know from discussions with the administrator that they are keenly aware of some of the issues and difficulties that workers are facing. They are in close liaison with the Australian Workers' Union which, as I said, represents a number of these employees. Indeed, I understand that a representative from the Australian Workers' Union is on the creditors' committee, which the administrator is talking to on a regular basis.

Senator McLUCAS: There are three unions that are involved, but they are working very closely together.

Mr Price: Yes.

Answer:

The appointment of a receiver does not, of itself, give rise to a claim for FEG assistance. If a receiver is appointed, a liquidator must subsequently be appointed before an employee may become eligible for FEG assistance.

In general terms, a person may be eligible for FEG assistance if (refer to section 10 of the *Fair Entitlements Guarantee Act 2012*):

- the company they were employed by enters liquidation, and
- the end of their employment was as a result of the insolvency of their employer; or
- the end of their employment occurred less than 6 months before the appointment of an insolvency practitioner for the employer (or occurred on or after the appointment of an insolvency practitioner)

It may be possible for a person to be eligible for FEG assistance where their employment ended more than 6 months before the appointment of an insolvency practitioner if they can show their employment ended as a result of the insolvency of their employer.

To make an effective claim, the employee must lodge the claim no more than 12 months after the end of their employment or the date of the insolvency event (whichever is later).