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\$1 billion of workers' money misused by employers a case for greater regulation and protection: unions

Reports today that employers who do not keep aside funds for their workers' entitlements have cost workers and the taxpayer up to \$1 billion over the past decade are alarming, and must lead to tougher penalties for mismanagement, says the ACTU.

ACTU Secretary Dave Oliver said the result should be tougher penalties for company directors who breach corporations laws, including trading insolvent or failing to make superannuation contributions.

"This is a shocking report – that in the last 10 years, \$1 billion of workers' hard earned money has been taken by employers, leaving workers without their entitlements," Mr Oliver said.

"I would like to hear the arguments against tougher penalties from business and their supporters in the Liberal Party, considering how hard they have argued for further regulations for unions.

"The General Employee Entitlements and Redundancy Scheme (GEERS), which the Gillard Government has promised to legislate this year, plays an important role protecting workers from losing their entitlements due to company mismanagement or illegal behaviour.

"But the GEERS scheme is only intended to be a last resort, and it should not be left to taxpayers to increasingly pick up the tab for poor corporate behaviour.

"The amount of money being covered by taxpayers highlights the important role this scheme plays, but also backs up union calls for greater penalties.

"It should be the responsibility of employers to make provision for workers' entitlements, and directors who run their companies into the ground with no funds left for workers should be punished. These entitlements have been earned over years of loyal service, and employers have a legal obligation to pay them.

"But all too often businesses go broke leaving nothing in the bank. Frequently, companies treat workers' entitlements as a kind of unsecured, interest-free loan – without telling the workers and often with no intention of ever paying it back. It is left to taxpayers to come to the rescue. This type of behaviour must be punished through tougher penalties."

"In recent times, unions have been quite clear that any misuse of workers' money by any individual should be fully investigated and punished with the full force of the law.

"Given the Liberal Party's tough position on this issue, we especially look forward to Tony Abbott's support for an increase in investigations and tougher penalties for employers who are misusing up to a billion dollars of workers' entitlements."

Before the Gillard Government acted to protect workers from losing their entitlements during a company collapse, unions had been campaigning to establish an employer-funded scheme.

"Industry groups have resisted these schemes, but if employers cannot be responsible, they must accept tougher penalties for senior managers who fail in their responsibilities or break the law. This could include forcing company directors to take personal responsibility to cover costs they have failed to meet.

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