



The Hon Craig Laundry MP

Minister for Small and Family Business, the Workplace and Deregulation
Member for Reid

MEDIA RELEASE

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KILLARNEE DECISION AFFIRMS AMERIND ON WORKERS' ENTITLEMENTS

The Australian Government has secured directions from the Full Federal Court of Australia in a judgment this week that maintains protection of workers' entitlements where their employer is an insolvent corporate trustee.

Minister for Small and Family Business, the Workplace and Deregulation, Craig Laundry, said the Federal Court's directions in *Killarnee Civil & Concrete Contractors Pty Ltd* has confirmed the priority for workers, noting the Fair Entitlements Guarantee Recovery Program's recent success in appealing the 2017 decision in *Amerind Pty Ltd* (which confirmed that the priority for employees will also apply in the Victorian Supreme Court).

The Court's directions are important for both workers and taxpayers, and will assist insolvency practitioners by clarifying the law. The directions confirm that employees' rights to priority of payment from an insolvent employer's assets must prevail, despite an employer operating as a corporate trustee of a trading trust.

A previously emerging line of legal authority, had it prevailed, would have resulted in significantly reduced funds available to pay employees and repay the Commonwealth's advances under the Fair Entitlements Guarantee scheme—the taxpayer-funded safety net for employees who lose their job due to the liquidation or bankruptcy of their employer.

Minister Laundry said he will continue to take an interest in issues arising from the insolvency of employers that affect the outcome for employees and taxpayers.

“Under the FEG Recovery Program, the Government has funded more than 100 matters, recovered more than \$60 million and delivered more than \$2 million in other unpaid entitlements to Australian workers, including for their superannuation,” Minister Laundry said.

“We are currently implementing reforms to corporations law to prevent the corporate abuse of FEG — to stop employers from exploiting a taxpayer-funded scheme, especially those who are avoiding their responsibilities to pay employees their entitlements.

“The FEG Recovery Program is already delivering strong results and the Turnbull Government will continue to apply the pressure on employers to meet their obligations to employees.”

For more information go to: www.jobs.gov.au/feg-recovery-program

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