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PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Fair Entitlements Guarantee
Amendment Bill 2014**

Second Reading

SPEECH

Tuesday, 30 September 2014

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Zappia, Tony, MP

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Mr ZAPPIA (Makin) (17:57): I note that only one of the 89 members in the government was prepared to come into this chamber and defend the legislation. Whilst I did hear that one member's contribution, I did not think he was able to defend it. But at least he had the courage to come into the chamber and have a go at defending the legislation. My point is that the fact that only one member of the government was prepared to come in here and try to defend this legislation sums up just how bad it really is. It simply highlights that this is bad legislation. No other government members are prepared to put their name to it—although I doubt very much that they were prepared to stand up in their party room and say to the minister of the day, 'We don't support this legislation.' What they did was simply not come in to this place and defend it. It is unusual because, when members of any party support legislation, there are always several who will come in here and put the case one way or another. Clearly, they know that they cannot sustain a credible argument with respect to supporting this legislation.

The crux of the Fair Entitlement Guarantee Amendment Bill 2014 is that it caps redundancy payments, which are currently set at four weeks pay for each year of service, to a maximum of 16 weeks pay regardless of the number of years a person has worked. Effectively, it does not matter whether you have worked at a workplace for one year or 30 years; if you are made redundant, under the new entitlements your payment will be capped at 16 weeks pay.

The Fair Entitlements Guarantee legislation was brought in by Labor in 2012 to, quite properly, protect workers' income if workers are made redundant. Since 2007, mainly under Labor, I understand some \$852 million has been paid to some 70,000 employees around Australia who fit the criteria. The legislation that Labor introduced in 2012 replaced the General Employee Entitlements and Redundancy Scheme, otherwise known as GEERS, that had previously been put in place.

The problem with GEERS was that it was not secured by legislation. It was essentially a scheme operated by a federal government department and, therefore, the government of the day, without bringing changes to parliament, could either amend or dismantle the scheme at any time. The Abbott government, through this bill, seeks to do just that—that is, to amend the scheme by reducing the safety net provided to workers under Labor's legislation. In this case it has to argue its case here in the parliament, and it has failed to do so.

The change, in my view, is a direct attack on Australian workers who lose their jobs, because it will cut their payout and by doing so drive down employment conditions and employment entitlements. It is, indeed, another step in the Abbott government strategy of driving down wages and other workplace entitlements—make no mistake about that. The term 'Work Choices' has been removed from the Abbott government's script but the ideology and the determination are still alive and well. We have seen that with the easing of restrictions on 457 visa holders, the proposed shipping reforms and changes to welfare payments, including the six-month waiting period. They are all part of the Abbott government's strategy of driving down labour costs and delivering for their big business friends. Not surprisingly, there was no mention of these changes by the Abbott government prior to the 2013 election. On the contrary, the Abbott government went to great lengths to dispel any fears about changes to Australia's industrial relations system if the Abbott government were elected.

I want to turn to why this change is grossly unfair. Based on the current calculation of four weeks of pay for each year of service, the proposed 16 weeks of pay equates to four years of employment service. That is not only unfair but unjust to a person who has given much more than four years of service and in some cases decades of service to their employer. The longer a person has been with a company the greater the investment that that person has made to the company. Tying the payment to years of service, therefore, recognises and rewards an employee for their personal investment in the business.

It may also be the case that a person who has spent long periods in one workplace will find it more difficult to transition to an alternative job and therefore will be unemployed for much longer. Of course, a worker who has been in a workplace for a long period—perhaps even decades—it is very likely to be a mature aged worker

who then, because of age, will find it more difficult to secure another job. That is why governments have had to implement additional measures to assist mature aged workers who want to get back into the workforce.

So this policy will disproportionately affect older Australians. We know that older Australians today are finding it harder than ever before to get back into the workforce. We also know that employers look at younger employees when they recruit. Yet the people who are likely to be most disadvantaged as a result of these changes are the people who are going to find it the hardest to get back into the workforce if they are made redundant. That is why this legislation is totally unfair and unjust.

I want to come to another aspect of this legislation because I believe there is another more devious objective of this legislation. The Abbott government has turned its back on the automotive sector in Australia and on manufacturing more broadly. The statistics show that some 42 per cent of redundancy payments made to date have been made to workers who have exited the manufacturing sector. So, based on those figures and on what is happening in manufacturing more broadly across the country, one would expect that that trend not only will continue but in fact may increase. The government knows that, as a result of abandoning the automotive sector, the full effects of the decisions already made and the policies that this government have brought in to abandon manufacturers have not been fully felt but they will be in the coming years, when we expect tens of thousands of workers to lose their jobs. Indeed, one report suggests that the flow-on effect from those people employed directly and indirectly in the manufacturing sector—all those who depend on the manufacturing sector for their livelihood—could mean that up to 200,000 jobs across the country will be lost.

Workers in some of those areas may have workplace agreements and may be entitled to and may receive the payments they rightly deserve if they are made redundant, but I suspect that there will be many other workers who have no such agreements in place and will be very much dependent on the payments made under the FEGS for the compensation they rightfully deserve if they are laid off in the future. I am not referring to the workers at Ford, Toyota and Holden, because I expect they have secure workplace agreements in place and will have arrangements with those three companies to get their proper redundancy payments, but there will be many others who simply will not.

Only yesterday I spoke with a person who was very much concerned about a small business—it is a small cafeteria-delicatessen business—that relies solely on the automotive plant at Holden. That person told me that that business is likely to go down when Holden closes. I wonder whether the employees of that business will have any cover whatsoever—and is it not people like that that will be looking for this scheme in order to get their rightful payments?

This legislation, which changes the system, will deny those people their rightful payments. And, given that we are likely to see tens of thousands, if not hundreds of thousands, of people in the manufacturing sector lose their jobs over the years ahead, his legislation in my view is very carefully and deceitfully set up to avoid the government having to pay out the money that it would otherwise have to do, knowing in anticipation that those payments are likely to increase as a result of decisions that the Abbott government has chosen to make, and those decisions being that they have chosen to abandon car making in this country.

It is true that the government will make some budget savings as a result of this measure. I have heard the single member opposite who came into the chamber to try to defend the legislation make the point that this is also a budget savings measure and that we should expect the government to try to get the budget back into credit and so on. Since coming to office this government has created its own budget mess through its own incompetence. It has added \$68 billion of debt through its own spending decisions and its own policy decisions. Independent analysts have confirmed that. Consistent with the Abbott government's ideology, it wants to have low-income Australians get the budget back in the black. It is saying it has a budget problem. That is quite untrue. There is a budget deficit. There is no budget emergency or any major budget problem. Nevertheless, there is a budget debt. But what the Abbott government wants to do is, through this measure, add to the measures it has already embarked on, and that is to put most of the burden of getting the budget back into the black on low-income Australians. We have seen it through the attack on the elderly, we have seen through the attack on the sick, the unemployed and low-income wage earners. Now we are seeing it through an attack on workers who might lose their jobs through no fault of their own. It is also interesting to note that this proposal comes from of the Abbott government's so-called audit committee—their hand-picked audit committee, who themselves were paid \$1,500 a day but do not believe that workers who are made redundant are entitled to a fair payment for themselves.

Today there is no certainty for any worker, regardless of where they work. We saw that very, very clearly as a result of the global financial crisis, where the events in one country cascaded right around the world. We also know that there are unethical business operators who quite deliberately and quite calculatedly are prepared to let their businesses go down and they in turn manipulate the funds in a way they personally still come out of it all right. I have spoken to people who have been entitled to these kinds of payments who have worked for such employers. That is not to say that all employers like that, because most of them are definitely not. But there are. So we need to accept that governments have a role to play in ensuring that, if a worker loses their job through no fault of their own, they are at least paid their rightful entitlements. That is what the fair entitlements guarantee does and what GEERS did previously to that.

The last point I make in the minute or so that I have left is this: if the government is genuinely concerned about trying to balance its budget, rather than attacking workers, as it is doing through this legislation, why doesn't it look to the \$1.1 billion of tax loopholes that it has been prepared to cast aside that Labor had proposed prior to the 2013 election and look at raising money through those measures? Whilst the government comes in and criticises Labor for not having implemented those measures, at least they are proposals that the government could and should be looking at right now as alternatives. And why doesn't the government look at those 200 businesses around Australia who are paying minimal tax when other taxpayers are paying their full share of tax and workers are now being asked to lose entitlements that they are rightfully entitled to? Labor opposes this measure and certainly I do, too.