

ALERT

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Abbott Government moves to cap FEG redundancy pay entitlement

The Abbott Government has introduced the *Fair Entitlements Guarantee Amendment Bill 2014 (Bill)* in the House of Representatives. The Bill seeks to amend the *Fair Entitlements Guarantee Act 2012 (Cth) (Act)*, which provides for the Fair Entitlements Guarantee (FEG).

FEG (previously known as GEERS) is the latest name for the scheme designed to help employees whose employment has ended following the insolvency or bankruptcy of their employer. FEG provides financial assistance (effectively an advance) to cover certain unpaid employment entitlements such as wages, annual leave, long service leave, termination notice and redundancy pay. Under the current scheme, redundancy payments of up to 4 weeks per full year of service are available.

The Bill, if passed, will implement the Abbott Government's 2014-15 Budget Announcement to cap the redundancy pay entitlement under FEG at 16 weeks, realigning it to the maximum redundancy pay set by the National Employment Standards under the *Fair Work Act 2009 (Cth)* (see our earlier [Alert](#)).

The revised cap will apply from January 1 next year if the Bill is passed.

The Bill also makes various technical amendments to clarify the Act's operation, including that:

- applicable tax will be deducted from payments before they are made to employees;
- any debts owed by employees can be offset against their FEG entitlement; and
- payments can be made to the estate of deceased employees.



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