



Information for insolvency practitioners

Insolvency practitioners play a critical role in supporting the effective administration of claims for assistance under Fair Entitlements Guarantee (FEG). This fact sheet provides some basic information about the partnership between the Attorney-General's Department (the department) and insolvency practitioners (IPs) under FEG.

What is FEG?

FEG is a scheme of last resort to assist employees whose employment has ended due to an insolvency event with their employer. FEG provides financial assistance to cover certain employment entitlements that are owed where there is no other source of funds available.

FEG is a legislative scheme established under the [Fair Entitlements Guarantee Act 2012](#) (FEG Act) which commenced on 5 December 2012.

Working together

The department relies on a productive partnership with IPs to administer assistance under the FEG Act. The mutual objective for the department and IPs is to work closely together to:

- expedite lodgement of effective FEG claims
- accurately assess unpaid employment entitlements owed to former employees of insolvent or bankrupt employers
- approve and pay assistance to former employees.

IPs are the primary contact for former employees owed employment entitlements as a result of an insolvency event with their employer. IPs also have access to relevant employer books and records. Therefore the department works closely with IPs to verify outstanding employment entitlements so that FEG claims are administered as efficiently as possible. The department makes payments to eligible former employees directly into their nominated bank account.

The department continues to embrace opportunities for technological advancement and process efficiency in the way it engages with FEG claimants and IPs under FEG.

The department and IPs can support each other to achieve effective claim outcomes by:

- supporting good decisions through awareness of the conditions for eligibility and payment under FEG. IPs are encouraged to familiarise themselves with arrangements applying under FEG through the various resources available on the FEG website including:
 - FEG fact sheet - Eligibility for FEG assistance
 - FEG Act and associated Explanatory Memorandum
 - *Fair Entitlements Guarantee Regulation 2012*
- supporting potential FEG claimants to access FEG information that will assist them to make a claim, including the various FEG fact sheets on the FEG website and promoting use of FEG Online Services to lodge their claim.
- working closely to resolve complexities and discrepancies in the calculation of owed employment entitlements (the department can assist IPs with advice and guidance as needed on employee entitlement issues).
- being clear with FEG claimants about the different roles of the department and IPs in managing FEG claims.
- ensuring any FEG related documents provided to IPs from FEG claimants are forwarded to the department as soon as possible to avoid unnecessary delays.

FEG IP Online

FEG IP Online provides a single online portal for exchange of all information between the department and IPs in relation to claims, verification services, payments and recoveries under FEG. The objective of FEG IP Online is to:

- improve communications between the department and IPs
- ease administrative burden in the transmission of relevant information and documents
- increase transparency for IPs on the status of FEG cases and claims
- streamline processes to enable improved decision and payment timeframes.

How insolvency practitioners support assessment of claims

There are a number of steps involved in assessing FEG claims:

1. When a claim is received, the department checks if the claim is effective (see s.14 of the FEG Act) and likely to meet the eligibility conditions (see ss.10-13 of the FEG Act).
2. If the claim is the first eligible claim in a new FEG matter, the department requests information from the IP including employer circumstances, history and impacts of insolvency for employees (including whether business sales or transfers are expected to occur).
3. The department will also request confirmation from the IP on whether or not they will provide the Department with assistance to verify outstanding entitlements.
4. The department will send the verification spreadsheet to the IP to collect data on the employee entitlements owed according to books and records. IPs are asked to complete and return this spreadsheet within 4 weeks of the FEG request.
5. IPs do not need to provide entitlement data for employees who are clearly not eligible under FEG (e.g. they are the Director and employee, or a contractor, or a non-resident foreign worker). Only the names of excluded employees are required.
6. Following receipt of verified data, the department will assess claims taking into account other supporting documentation (if any) provided by the claimant.
7. The department will ask the IP to respond to any queries or discrepancies between the initial verified data provided by the IP and the final proposed amount to be paid under FEG.

Once discrepancies are resolved, the Secretary of the department (or the relevant delegate) will approve and pay the claim:

- a. the department pays the claim directly to the FEG claimant
 - b. tax calculations and associated remittance and tax documentation is prepared by the department.
8. At the time of making a claim payment, the department will complete and provide a formal proof of debt to the IP. This is in accordance with the department's subrogated right to recovery under the FEG Act as funds become available to satisfy employee entitlements in the winding up or bankruptcy.
 9. The IP will provide regular updates on all relevant information to keep the department informed on aspects of the winding up or bankruptcy relevant to its recovery rights, including creditor circulars and reports, advice on dividends or any development which affects the recovery prospects for the FEG payment.

The department supports the role of the IP throughout the claim assessment process to achieve timely payment outcomes for claimants.

In circumstances where there are insufficient funds or assets available to fund the IP for the FEG work done to verify entitlements, the department will pay for these services in accordance with the agreed IP fee model.

FEG Recovery Program

The FEG Recovery Program began on 1 July 2015. Under this program, liquidators of companies where FEG has been paid, can apply for funding to pursue litigation or other recovery proceedings to increase assets available to creditors in the winding up. For further information please refer to the [FEG Recovery Program](#) fact sheet available on the [FEG website](http://www.ag.gov.au/FEG) (www.ag.gov.au/FEG).

Want more information?

FEG has a dedicated phone number for IPs to contact for more information:

- Phone (02) 6240 0440
Mon - Fri, 9 am - 5 pm (AEST/ADST)
- Email FEGIPOnline@jobs.gov.au.

The information contained in this fact sheet is of a general nature and explains, in summary form, the intended operation of the *Fair Entitlements Guarantee Act 2012* - it is not legal advice. Where necessary, you should seek your own independent legal advice relevant to your particular circumstances. The Commonwealth does not make any representation or warranty about the accuracy, reliability, currency or completeness of the information contained in this fact sheet and is not liable for any loss resulting from any action taken or reliance made by you on the information contained in this fact sheet.