

22 July 2025



Employee Redundancy Funds—Consultation Feedback  
Regulatory Reform and Implementation  
Australian Securities and Investments Commission  
GPO Box 9827  
Melbourne VIC 3001

Via email: [rri.consultation@asic.gov.au](mailto:rri.consultation@asic.gov.au)

Dear Madam/Sir

### **Consultation Paper 384 – Employee Redundancy Funds**

Thank you for the opportunity to provide feedback on the ASIC Consultation Paper 384, regarding the requirements that should apply to employee redundancy funds under the *Corporations Act 2001* (the Act) once the transitional relief grant expires on 1 April 2026.

This submission is from the Plumbing and Pipe Trades Entitlement Fund (PPTEF). The PPTEF is a relatively small fund, with some \$50 million under management. It is specifically designed for plumbers and sprinkler fitters. The PPTEF is governed by a Board, comprised of key stakeholders in the Plumbing and Fire Protection Industry and is represented by both Unions and Employer Associations to ensure balanced governance.

The PPTEF is managed by Incolink, Australia's oldest, largest and most comprehensive workers' entitlement scheme Fund Manager. Incolink manages and administers the Fund pursuant to a Commercial Management Agreement. PPTEF's robust and balanced Board and governance arrangements are backed by Incolink's corporate capability and financial strength, ensuring:

- Members' funds are invested appropriately
- Entitlements are paid quickly and in full
- Critical safety training is supported
- Direct member distributions from the Fund are maximised.

**The PPTEF's preferred way forward is to maintain the status quo**, particularly as it relates to smaller funds. Our view is that the transitional relief should be extended beyond the expiry date of 1 April 2026.

There are several key reasons for this position:

- **Lifting relief would negatively impact Fund Members.** Allowing the relief to expire and requiring strict compliance with the Australian Financial Services licensing, managed investment and associated provisions in the Act would cause hardship for smaller funds such as the PPTEF and disadvantage its Members and the Industry as a whole. For PPTEF scale funds, removing the relief will add significant unnecessary compliance costs to our operations, which will reduce the Fund's ability to deliver for its Members. Every additional dollar directed towards Corporation Act compliance is a dollar which is not returned to Members.
- **The existing arrangements are effective and adequate for smaller funds.** The PPTEF has a proven track record of managing Members' funds appropriately and has in place robust governance, transparency and accountability mechanisms. The PPTEF acts efficiently, honestly and fairly, maintains adequate financial and human resources, manages conflicts of interest and ensures compliance with all relevant laws. Whilst there may be strong arguments for lifting the relief as it applies to some of the larger funds, with billions of dollars under management and offering more services like long service entitlement management, the policy imperative to apply a more complex and compliance heavy regulatory regime to small, relatively non-complex member focussed funds like the PPTEF is not well articulated in the Discussion Paper.
- Limited relief options will reduce competition and worker choice. The PPTEF and other smaller funds would struggle to maintain current member service levels under either of the limited relief options (2a and 2b). The significant added compliance costs associated with these options would likely lead to a scenario whereby the smaller funds are absorbed by the larger funds, like Incolink. This would limit member choice, reduce competition and ultimately risk creating a market which is dominated by a small number of large funds.
- **Employee redundancy funds are different to commercial Managed Investment Schemes (MIS).** A key rationale for the proposed lifting of the relief is one of regulatory neutrality with other providers of similar financial products, in a commercial context. This is a false equivalence which fails to recognise that employee redundancy funds return funds to members and back into industry safety – not to private shareholders.
- **Employee redundancy funds provide critical services to workers and employers in precarious industries,** often including lifesaving safety training and member supports. This contrasts with commercial MISs that offer a commercial financial product which is purchased on a discretionary basis. The PPTEF submits that instead of trying to force fit employee funds into a regulatory model not designed for them, a better approach could be to develop a new regulatory model specifically for employee redundancy and entitlement funds, which reflects the member focus and the whole of industry benefits from the funds.

- **The PPTEF is a crucial safety net for plumbers and sprinkler fitters.** The project-based nature of much of the work undertaken by commercial plumbers and sprinkler fitters, means it is not uncommon for workers to finish on one project and face a lag time before the next project commences. It is very important that the Fund operate efficiently and not be burdened by unnecessary regulation, allowing members to have access to their entitlements when they need them.

For these reasons the **PPTEF supports a re-making of the current Instrument** granting relief to employee redundancy funds from the relevant provisions and requirements of the Act (Option 3). Option 3 proposes that the relief be continued with some additional tailored conditions. The PPTEF would support this approach (pending the applicability of those conditions) which would provide an uplift in transparency and accountability supplementing the governance of our Fund.

The Discussion Paper requested stakeholders provide feedback on the proposal to change the **definition of “Employee Redundancy Funds”** and to re-name them as “Employee Entitlement Schemes”. The **PPTEF supports the expanded definition** and re-naming.

The expanded definition better reflects the services and activities of modern funds, specifically regarding the management of long service leave entitlements. Insecure work is becoming a permanent feature of the Australian economy across almost every industry, requiring the development and expansion of the portable entitlements model. Expanding the definition to ‘employee entitlement scheme’ would enable flexibility to expand portable entitlements across other industries faced with significant job insecurity in the future.

Thank you again for the opportunity to respond to the ASIC Consultation Paper 384, regarding the requirements that should apply to employee redundancy funds moving forward. Should you wish to discuss the issues raised, please do not hesitate to contact me via email: [REDACTED] or mobile: [REDACTED].

Yours sincerely

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[REDACTED]

[REDACTED]

**Plumbing and Pipe Trades Entitlement Fund**