



25/07/2025

**Employee Redundancy Funds—Consultation Feedback**  
**Regulatory Reform and Implementation**  
**Australian Securities and Investments Commission**  
**GPO Box 9827 Melbourne VIC 3001**  
**email: [rri.consultation@asic.gov.au](mailto:rri.consultation@asic.gov.au)**

**Re: ASIC Consultation Paper 384 — Employee Redundancy Funds**  
**Submitted by: Contracting Industry Redundancy Trust (CIRT)**

CIRT welcomes the opportunity to provide feedback on Consultation Paper 384 regarding the future regulatory framework for employee redundancy funds. We acknowledge ASIC's objectives of ensuring transparency, accountability, and good governance, and we support a proportionate regulatory response that reflects the nature and scale of redundancy fund operations.

CIRT is a small to medium-sized employee redundancy trust with approximately \$120 million in funds under management. We operate exclusively to provide genuine redundancy benefits to workers in the electrical contracting industry, in accordance with industrial agreements.

### **Feedback on Proposed Definition Change (Section B)**

CIRT acknowledges ASIC's proposal to update the definition of employee redundancy funds by renaming them employee entitlement schemes and expanding the scope to include long service leave entitlements and other incidental employment-related benefits.

We provide the following feedback:

- CIRT supports, in principle, ASIC's intent to modernise the definition and better reflect the operational scope of some funds. We recognise that certain funds have broadened their remit to administer other employment entitlements alongside redundancy, and it is appropriate for ASIC's guidance and relief instruments to reflect this evolution.
- However, CIRT recommends that the revised framework retain a clear distinction for "genuine" redundancy funds, that is, funds whose primary and sole purpose is the administration of redundancy entitlements under industrial instruments. This distinction is critical to ensure that such funds are not unintentionally subject to broader regulatory obligations intended for more complex or multi-benefit structures.



- We are concerned that adopting the broader term “employee entitlement schemes” without a clear taxonomy may:
  - Create ambiguity around which obligations apply to which types of funds;
  - Expose redundancy-only funds to compliance expectations better suited to entities offering long service leave, advice or insurance products; and
  - Dilute the rationale for proportionate relief currently afforded to genuine redundancy trusts.

To that end, we propose that ASIC consider including in its final policy:

- A definition or carve-out for “genuine redundancy funds” that operate solely for the purposes of redundancy and directly incidental benefits;
- Confirmation that such funds would continue to benefit from tailored relief that is aligned to their risk profile and operational complexity; and
- Clarification that funds offering broader benefits may be subject to additional obligations depending on the nature of those benefits (e.g. if insurance products are issued).

CIRT does not currently provide long service leave or other ancillary benefits, and supports a regulatory framework that maintains clarity, proportionality and fairness between different fund types.

### **Preferred Regulatory Option – Support for Option 3**

CIRT supports Option 3: Remake the existing relief with additional conditions, as the most appropriate and practical regulatory model for the following reasons:

1. Fit-for-purpose regulation: CIRT does not operate as a conventional financial services provider. We do not offer investment choice, product switching, or advice. Our purpose is narrowly defined and aligned to entitlements-based administration.
2. Proportionality: Imposing the full suite of AFSL and managed investment scheme obligations (under Option 1 or 2(a)) would create a disproportionate burden relative to the fund’s size and complexity.
3. Governance uplift without excessive cost: The proposed conditions under Option 3 (e.g. public financial reporting, conflict management, holding assets on trust) are appropriate and achievable for a trust like CIRT and largely reflect our current level of governance.



### **Commentary on Additional Conditions (Option 3)**

CIRT supports each of the proposed conditions under Option 3, including:

- Annual audited financial statements and public disclosure – promotes accountability.
- Information transparency (via fund website) – appropriate substitute for PDS and DDO requirements.
- Trustee obligations for asset management – reflects our existing governance practice.
- Conflict of interest management – aligns with CIRT’s governance policies.
- Notification to ASIC – supports ongoing regulatory visibility.

We consider these conditions strike the right balance between regulatory oversight and operational practicality.

### **Feedback on Other Options**

#### **Option 1: Allow Relief to Expire (Full Compliance)**

Not supported. This option imposes excessive compliance costs for a fund with a non-commercial mandate.

Estimated cost impact: Preliminary estimates suggest upwards of \$250,000–\$350,000 annually in licensing, legal, and reporting costs – costs that would otherwise be directed to member entitlements.

#### **Option 2(a): Limited Relief**

Not preferred. While it provides some relief, requiring full licensing and registration of the fund imposes administrative overhead that outweighs its benefit to members or stakeholders.

#### **Option 2(b): Broader Relief**

More balanced, but still imposes unnecessary requirements such as full AFSL compliance, which is disproportionate to the role redundancy funds play in industrial relations settings.

### **Suggested Enhancements to Option 3**

We recommend the following clarifications or refinements:

- That ASIC confirms PDS, DDO and hawking provisions are fully exempt under Option 3.
- That reporting obligations under Option 3 remain at the fund level only, not at the corporate trustee level, where duplicative.



- That further guidance be issued on what constitutes adequate "conflict of interest" management for smaller entities without related parties or inter-entity transactions.

### **Conclusion**

CIRT supports ASIC's intention to improve the transparency and governance of employee redundancy funds but urges ASIC to adopt a framework that is proportionate and contextually relevant. We strongly recommend Option 3 as the preferred path forward.

CIRT welcomes any opportunity for further engagement as ASIC finalises its position and would be happy to participate in future targeted consultation.

Thanks for your consideration,

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