

'Fair chance' for entitlements

By Louis Nelson

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Fifteen Latrobe Valley workers sacked with 10 minutes' notice last week by the now-defunct Mechanical Engineering Corporation have a "fair chance" of seeing owed entitlements remunerated, according to the company's liquidator.

Solvency management firm Worrells was appointed to liquidate MEC's assets when the engineering company ceased trading last week after incurring multi-million dollar losses amid a rapid decline in customer orders.

Worrells partner and liquidator Paul Burness said while the firm had only just commenced investigating MEC's accounts, it appeared about 90 unsecured creditors were owed in excess of \$3.5 million.

About 30 MEC employees were retained through the sale of the company, to an entity owned by MEC managing director Anthony Elliott, Australian Mechanical Engineering.

While sacked employees were paid their last week's wages, a number of workers expressed fears they would not see tens of thousands of dollars in leave entitlements.

Mr Burness said based on initial entitlement claims being made by the 15 former employees, there was a likelihood the Commonwealth's Fair Entitlements Guarantee scheme, designed to financially support workers sacked during liquidations, would meet those claims.

"FEGS is an excellent scheme for workers impacted by the insolvency of the employer, although it doesn't cover superannuation and is capped (at about \$100,000 per employee)," Mr Burness said.

He added the eligibility of FEGS payments relied on whether employees were terminated in accordance with legal due process.

Mr Burness said the liquidation process would examine whether the company was sold legally, through an "arms length" process, including whether the business was put out to market at a reasonable price before going into liquidation.

Sacked MEC worker 'Steve', who wished to withhold his surname, said the workers remained sceptical about seeing any entitlements.

"It's good to hear there is fair chance of us getting something, but a lot of the fellas wont be counting on it in case it doesn't actually go through; a lot of the guys have been burnt in the past, and they wouldn't believe it until the money's in the account," Steve said.

He said while most of the sacked workers had been working proactively to secure new employment, they were collectively considering their legal options, "if it has to come to that".

