EMPLOYERS GUIDE TO REDUNDANCY VOLUME 2

HR/IR is a HR consultancy firm based out of Wollongong. We are legally trained and focus on workplace/employment problem solving and advice. We work with management teams to help manage workplace relations. In addition to advice/problem solving, we write any formal documentation that you require including contracts, policies and onboarding procedures.

A Few Tips:

Ordinary Pay

The pay rate for redundancy is based on the employee's ordinary pay, this does NOT for most award cases include overtime, loading and penalties commission or bonus.

Ordinary and Customer Turnover of Business.

When a business hires an employee to work based on a specific contract that the employer has when that contract comes to an end the business usually does not have to pay redundancy, subject to having the "ordinary and customary turnover of business" clause in the employee's contract.

If you are not sure of how the concepts work talk to John Morrissey at HRIR Solutions Pty Limited at 04507069507

Modern Awards**:**

Consultation

Employers usually know that a job has to go. The employer must, however, consult award-covered employees before the redundancy decision is made. Employers must listen to what employees have to say.

Failure to consult for redundancy can result in Fair Work directing the employer to re-engage with the employee and pay wages from the time of termination until re-engagement which is no less than six months' pay in most cases.

Award Free employees do not have the same right to be consulted as award-covered employees.

Time off during notice period to look for other work

Modern awards will generally prescribe time off with pay during the minimum notice period to look for new employment. You will need to look at your employee's relevant award to determine if this applies.

Template for Redundancy Procedure:

Communication strategy

This step is crucial to avoid unfair dismissal claims due to redundancy.

First, when you encounter difficulties or complications that might result in redundancies, you need to meet with your staff to discuss the issue. This allows the team to have some notice and input about what might happen.

Second, you may wish to give notice to the relevant union. There may be no union employees in your workplace, but it may be essential to notify the blocks before making decisions.

Third, once you have made a final decision, you must give notice to your employee. You should give this employee the date they will become redundant and provide relevant information such as redundancy pay.

Fourth, it would help if you offered support to your worker. This may mean support at work By way of giving some time off during the notice period to look for other work.

Last Day Protocol

You should draft a last-day protocol that removes the employee from the business. This should include giving back items such as keys or laptops. Each business is each business, and you should decide what is necessary to do on the last day.

Severance Payment

If the employee is entitled to severance payment (see the previous article), you must pay them what they are entitled to. This should include long-service leave, accrued extended service leave (5-10 years employed) and the actual severance payment.

Notifying Services Australia

If you are planning on making 15 or more staff redundant, you are required to give Services Australia a written notification. You will need to fill out a copy of Services Australia's "Notice to Services Australia of proposed dismissals".

Pro Forma Templates:

Business Case for Redundancy	
Manager's Name:	
Date:	

Has there been a downturn in business? Why?
- Decrease in customers? - Higher interest rates? - Increase in fuel costs?
Do you anticipate a downturn in business? What percentage do you expect in what timeframe?
- Do an analysis on the prospects of both the next 6 and 12 months
Has there been a cost increase? Can this be passed on to your clients?
- Inflation? - Minimum wage increase? - Rising fuel costs?
What costs can you reduce?
- Wages? - Outsourcing?

Can you outsource any duties?
- List possible outsourcing which can cut down on costs
Are there technological changes that can save you money/time?
- An analysis on possible technological money-savers
List any other business case scenarios which you think are essential.
- Businesses are unique and you should list other problems within the business

Possible cost breakdown per week (incl. Super)	
Increase in spending	**Decrease in spending**
New Technology: +$400 New employee: +$250	Wages: -$4196
Possible Saving of: $3546 p/week	

2. Consultation Protocol:

Employee's Details	
Employees Names & Job Titles	
Date of Meeting	

Introduction
Outline purpose of the meeting, letting the employees know that no decisions have been made. Let the employees know they can ask questions, and there will time for questions at the end.
Business Case
Outline your business case, but you are under no obligation to give your employees the actual business case. You should give your employees enough information for them to give relevant feedback and input. This does not include the actual numbers.
Discuss Possible Selection Criteria
The selection criteria are objective, but not determined yet. Outline your thoughts on selection criteria.
Support
Outline possible new positions and information for Centrelink. Outline how the notice period would work for employees if redundancy takes place.
Conclusion
Give your employee's assurance that there have been no final decisions. In addition to this, outline the next steps in the redundancy procedure. For information on this, see Part 1 of our redundancy booklet. Give your staff the opportunity to ask questions and give their input at this point.

4. Formal Letter Advising Employee of Redundancy: Part-Time Bookkeeper

Dear [Name]

This letter aims to confirm the outcome of a recent review by [Business] (the employer) of its operational requirements and what this means for you.

As a result of [Business case reasons], the position of [Position] is no longer needed. Regrettably, this means your employment will terminate. This decision is not a reflection of your performance.

Based on the length of your service, your notice period will be [Number] weeks. Therefore, your employment will end [Date]. During this notice, you will be allowed [Number] day(s) per week to search for an alternate job. These days will be paid.

You will be paid your accrued entitlements, redundancy pay and any outstanding pay up to and including the last day of your employment. This includes your long service leave and annual leave. Your long service leave will be calculated based on the length of your employment, minus your parental leave.

You may seek information about minimum terms and conditions of employment from the Fair Work Ombudsman. If you wish to contact them, you can call 13 13 94 or visit their website at www.fairwork.gov.au.

Redundancy and leave payments will usually give rise to waiting periods for Centrelink payments. You should contact Centrelink to find out how long you have to wait to receive applicable benefits. The best way to do this is to lodge a claim for payment.

Affected employees and their partners have immediate access to job activity before becoming eligible for income support. For information about job active eligibility and other support services available, you can access the Help for workers who have recently lost their jobs fact sheet. In addition, the 'What's Next' website provides an online self-help resource for affected employees and employers. For more information, visit www.whatsnext.dese.gov.au.

We thank you for your valuable contribution during your employment with us. Please contact me if you wish to obtain a reference in the future

5. Table Attached to Letter: Part-Time Bookkeeper

Redundancy Payments	
Redundancy Payment:	$[Number (If Applicable)] See the calculation process in Pt.1 of our Redundancy Toolkit
Long-Service Leave:	$[Number (If Applicable)] (based on [Length of Service])
Annual Leave:	$[Number]

6. Redundancy Checklist

1. Create a Business Case for your business into the future
2. Have a consultation with the members of your team
3. Decide if you are to draft new roles in the business
4. Create selection criteria for redundancy
5. Do you need new position descriptions?
5. Calculate the correct notice period
6. Decide if your employees require redundancy pay, and if so, how much
7. If necessary, contact Services NSW and the Unions
8. Draft a formal letter advising employees of redundancy
9. Last day protocol

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