# REDUNDANCY POLICY

This template policy is intended to assist member businesses develop their own workplace policy. The following information should be used as a guide only. Any wording changes, other than those to insert a business name, may change the context, meaning or purpose of the policy. We recommend you receive advice from the Victorian Chamber of Commerce and Industry prior to making such changes.

## Contacting the Victorian Chamber of Commerce and Industry

The Victorian Chamber’s team of experienced workplace relations advisors can assist members with a range of employment, human resources and industrial relations issues.

Our experienced workplace relations consultants can also provide assistance to both members and non-members on a range of more complex matters for a fee-for-service. The consultants can, among other things, provide training to employees, conduct investigations and provide representation at proceedings at the Fair Work Commission.

For assistance or more information, please contact the Workplace Relations Advice Line on **(03) 8662 5222.**

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**REDUNDANCY POLICY**

**Who can use this Policy?**

This Policy can be used by all employers.

**Commentary**

The Policy is to be applied at the employer’s sole discretion, and as such, is not intended to create or confer any entitlement on employees. It is not intended to form part of an employee’s contract of employment, and your employment contracts should contain a statement to this effect.

National system employers should also be aware that they may be required to provide mandatory redundancy entitlements to employees under contracts of employment, enterprise agreements, applicable awards or legislation ('the Instruments'). This policy is not intended to override the obligations imposed under the Instruments.

**REDUNDANCY POLICY**

Date of issue:

Policy Approved by:

Contact person:

## 1 PURPOSE

## 1.1 This Redundancy Policy (‘Policy’) sets out (ADD FULL NAME OF BUSINESS) (‘(ADD SHORT NAME OF BUSINESS)’) Policy when redundancy occurs and benefits that may be provided in the event of redundancy.

## 2 COMMENCEMENT OF POLICY

2.1 This Policy will commence from 30/04/2019. It replaces all other redundancy policies (whether written or not).

## 3 APPLICATION OF POLICY

3.1 The Policy is not intended to create or confer any entitlement on an Employee. It does not form part of any Employee’s contract of employment.

3.2 Any payments made under this Policy (including determining the amount of such payment) is at the absolute discretion (ADD SHORT NAME OF BUSINESS). For the purposes of exercising its discretion in respect of these payments, (ADD SHORT NAME OF BUSINESS) may act arbitrarily, with any payment being entirely gratuitous and voluntary.

3.3 In addition to the other exclusions specified in this Policy, the Policy does not apply in the following circumstances:

1. where employment is terminated as a consequence of misconduct, performance issues, negligence, abandonment, neglect or refusal of duty, or voluntary resignation on the part of the Employee at any time prior to the expiry of the notice of redundancy;
2. the employment is terminated due to the ordinary and customary turnover of labour, such as, but not limited to, circumstances in which (ADD SHORT NAME OF BUSINESS) loses a contract, upon which the continuing employment of certain Employees in the business is reliant;
3. the employee is not an Employee as defined by this Policy;
4. where (ADD SHORT NAME OF BUSINESS) redeploys the Employee;
5. where (ADD SHORT NAME OF BUSINESS) cannot pay the amount; or
6. where (ADD SHORT NAME OF BUSINESS) is a small business employer as defined by the Fair Work Act 2009 (Cth) (‘Act’) immediately prior to the termination of redundant Employee.

## 4 DEFINITION

4.1 In this Policy:

1. “Redundancy” refers to a situation where an Employee is identified as surplus to the needs of (ADD SHORT NAME OF BUSINESS) as a result of the Employee’s duties no longer being required due to economic, technological or structural changes, such as (but not limited to):
   1. the financial demands within a business unit;
   2. a decrease in consumer/customer demand;
   3. a decision to close or transfer a part of the business to another entity; and
   4. changes in work methods arising from the introduction of technological development.
2. “Employee” refers to permanent full-time and part-time employees with more than 12 months’ continuous service. It does not include: casual employees; probationary employees; qualifying employees; apprentices; trainees; fixed-term employees; seasonal employees; employees engaged for a specific period of time or for a specific task; contractors; and/or consultants.
3. “Weeks’ pay” means the ordinary time rate of pay for the Employee and shall exclude overtime, penalty rates, disability allowances, shift allowances, special rates, fares and travelling time allowances, bonuses, superannuation, car allowances and any other ancillary payments as well as the value of any company vehicle provided to an Employee.

## 5 REDUNDANCY

Procedure

5.1 Where it is necessary to select Employees for redundancy, (ADD SHORT NAME OF BUSINESS) may determine an appropriate selection criteria and apply it to relevant Employees.

5.2 As part of (ADD SHORT NAME OF BUSINESS)’s procedure, (ADD SHORT NAME OF BUSINESS) will endeavour to:

1. consult with the Employee(s) concerned to establish whether any proposed redundancy can be avoided or reduced, achieved fully or partly by voluntary means, and how to mitigate the impact on any affected Employee(s);
2. consider, prior to terminating an Employee due to redundancy, whether it would be reasonable in all the circumstances for the Employee to be redeployed within:
   1. (ADD SHORT NAME OF BUSINESS)’s enterprise; or
   2. the enterprise of an associated entity of (ADD SHORT NAME OF BUSINESS).

5.3 Where 15 or more Employees are to be made redundant due to reasons of an economic, technological, structural or similar nature, and any are members of a trade union, (ADD SHORT NAME OF BUSINESS) must before carrying out the terminations:

1. inform each trade union of which any of the Employees is a member about:
   1. the terminations and the reasons for them;
   2. the number and categories of Employees likely to be affected; and
   3. the time when, or the period over which, (ADD SHORT NAME OF BUSINESS) intends to carry out the terminations; and
2. give each such trade union of which any of the Employees is a member, an opportunity to consult with (ADD SHORT NAME OF BUSINESS) on:
   1. measures to avert or minimise the terminations; and
   2. measures (such as finding alternative employment) to mitigate the adverse effects of the termination(s).

Voluntary Requests

5.4 (ADD SHORT NAME OF BUSINESS) may consider any requests for voluntary redundancy in line with the needs of the business. However, there is no requirement on (ADD SHORT NAME OF BUSINESS) to consider or accept voluntary applications as it is important for (ADD SHORT NAME OF BUSINESS) to retain the most competent and productive Employees.

Notice Period

5.5 In order to terminate the employment of an Employee (ADD SHORT NAME OF BUSINESS) will give to the Employee notice in accordance with the following table:

|  |  |
| --- | --- |
| Period of Continuous Service | Period of Notice |
| Less than 1 year | 1 week |
| 1 year and less than 3 years | 2 weeks |
| 3 years and less than 5 years | 3 weeks |
| 5 years and over | 4 weeks |

5.6 In addition to the notice above, Employees over 45 years of age at the time of the giving of the notice with not less than two years continuous service, shall be entitled to an additional week’s notice.

5.7 (ADD SHORT NAME OF BUSINESS) may elect to pay an Employee in lieu of part or all of the notice period. Alternatively, (ADD SHORT NAME OF BUSINESS) may require an Employee not to report for work, or provide altered duties, during part or all of the notice period.

Time Off During the Notice Period

5.8 An Employee will be entitled to up to ONE DAY PER WEEK paid days off during the notice period to attend to financial affairs, job interviews or other job search activities. The Employee's supervisor must consider whether the circumstances warrant the absence and the Employee must provide documentary evidence to support the absence before any payment will be made.

## 6 REDEPLOYMENT

6.1 During the Notice Period (ADD SHORT NAME OF BUSINESS) may attempt to find alternative employment for the Employee both within and outside of (ADD SHORT NAME OF BUSINESS).

6.2 If (ADD SHORT NAME OF BUSINESS) offers an Employee alternative employment or obtains an offer of alternative employment from another employer, (ADD SHORT NAME OF BUSINESS) may apply to the Fair Work Commission to have any NES redundancy payments set aside. Where the entitlements under this policy are greater than the NES, (ADD SHORT NAME OF BUSINESS) may reduce the payment made at its discretion.

6.3 An Employee will not be entitled to receive a redundancy payment where in the opinion of (ADD SHORT NAME OF BUSINESS), the Employee unreasonably declines to accept an offer of redeployment.

Transfer of Business

6.4 (ADD SHORT NAME OF BUSINESS) will not provide a redundancy payment under this Policy where an Employee’s employment is transferred to another employer where the period of continuous service with the Employee and (ADD SHORT NAME OF BUSINESS) is recognised by the new employer.

6.5 (ADD SHORT NAME OF BUSINESS) will not provide a severance payment under this Policy where an Employee rejects an offer of alternative employment made by another employer if:

1. the terms and conditions of employment offered are substantially similar to, and considered on an overall basis, no less favourable than the Employee’s terms and conditions of employment with (ADD SHORT NAME OF BUSINESS) immediately before the termination; and
2. continuous service with (ADD SHORT NAME OF BUSINESS) would have been recognised in the Alternative Employment; and
3. had the Employee accepted the Alternative Employment, there would have been a transfer of employment in relation to the Employee.

## 7 SEVERENCE PAY

7.1 An Employee who is redundant, will at (ADD SHORT NAME OF BUSINESS)’s discretion be entitled to severance pay in accordance with the following scale:

| Length of Continuous Service\* | Severance Pay |
| --- | --- |
| Less than 1 year | Nil |
| 1 year and less than 2 years | 4 weeks’ pay |
| 2 years and less than 3 years | 6 weeks’ pay |
| 3 years and less than 4 years | 7 weeks’ pay |
| 4 years and less than 5 years | 8 weeks’ pay |
| 5 years and less than 6 years | 10 weeks’ pay |
| 6 years and less than 7 years | 11 weeks’ pay |
| 7 years and less than 8 years | 13 weeks’ pay |
| 8 years and less than 9 years | 14 weeks’ pay |
| 9 years and less than 10 years | 16 weeks’ pay |
| 10 years and over | 12 weeks’ pay |

\*If the terms and conditions of employment that applied to an Employee’s employment with (ADD SHORT NAME OF BUSINESS) contained no entitlement to redundancy pay as at 31 December 2009, then continuous service for the purpose of calculating severance pay under this Policy begins to accrue on or after 1 January 2010.

7.2 In calculating the severance payments, years of service will be calculated to include part year service rounded up to the nearest whole month.

*Timing of Payment*

7.3 Payment of an Employee’s termination benefit will be made shortly after the Employee’s employment terminates (less any amounts due to tax or other obligations required to be withheld).

## 8 NOTIFICATION TO CENTRELINK

8.1 Where (ADD SHORT NAME OF BUSINESS) terminates the employment of more than 15 Employees, it must provide appropriate documentation to Centrelink.

## 9 CERTIFICATE OF SERVICE AND SEPARATION CERTIFICATE

9.1 A certificate of service is available to Employees upon their request. A certificate of service will outline an Employee's length of service and the positions held by the Employee during the employment.

9.2 On termination of employment, (ADD SHORT NAME OF BUSINESS) will provide an Employee with an Employment Separation Certificate in the form required by Centrelink.

## 10 OUTPLACEMENT

10.1 (ADD SHORT NAME OF BUSINESS) may offer an Employee the opportunity to participate in an outplacement program. If offered to an Employee, the Employee cannot "cash out" the value of an outplacement program.

## 11 OTHER PAYMENTS

Annual leave

11.1 Each Employee shall be paid pro rata in lieu of any annual leave accrued but not yet taken as at the date employment terminates, plus any loadings which would otherwise have been paid on that leave.

Long Service Leave

11.2 Employees will be paid long service leave on a pro-rata basis disregarding the minimum continuous service requirements under the relevant legislation (e.g. an employee

## 12 VARIATIONS

12.1 (ADD SHORT NAME OF BUSINESS) reserves the right to vary, replace or terminate this policy from time to time.

## 13 ASSOCIATED DOCUMENTS

* (ADD POLICY NAME/S)

## 14 POLICY VERSION AND REVISION INFORMATION

|  |  |
| --- | --- |
| Policy Authorised by: (ADD NAME OF PERSON AUTHORISING POLICY)  Title: (ADD TITLE OF PERSON AUTHORISING THE POLICY) | Original issue: 30/04/2019 |
| Policy Maintained by: (ADD NAME OF PERSON MAINTAINING POLICY)  Title: (ADD TITLE OF PERSON MAINTAINING POLICY) | Current version: 1 |
| Review date: 30/04/2020 |  |

## 15 WORKPLACE PARTICIPANT ACKNOWLEDGEMENT

I acknowledge:

* receiving the (ADD COMPANY SHORT NAME) Policy;
* that I should comply with the policy; and
* that there may be disciplinary consequences if I fail to comply, which may result in the termination of my employment, the cancellation of my engagement, or the loss of my position.

|  |  |
| --- | --- |
| Your name: |  |
| Signed: |  |