

Redundancy Process Checklist

Step 1. Ensure this is a redundancy situation

Make sure this is a redundancy situation. (Not something else?)

A redundancy arises where an employer no longer requires an employee's job to be performed by anyone. As a rule of thumb if you're going to replace the employee (in the short-term) it's not a redundancy.

Ask yourself, does your situation at work fit into one of these categories?

- Abolishing a particular job – “We are no longer going to employ a Sales Manager” or
- Reducing headcount – “We have 5 sales staff, we're going to reduce that number to 3”
or
- Outsourcing – “We are going to use an external IT company now for our IT needs, and no longer need an internal IT resource” or
- Redistribution of duties – “We're going to redistribute all the duties of an employee to other employees, and they will have no duties left”

NOTE

Keep a record of your decision-making process that led you to consider redundancies.

Step 2. Communicate with employees

Write to employees and tell them that you are considering changes that will impact the workforce which may include redundancies and that they may be affected. Also, invite each employee to an individual consultation meeting.

The consultation initially can happen as a group. But individual meetings should be kept between the employee, their manager and the director if required.

Step 3. Hold the consultation meeting

It is a requirement under modern awards and enterprise agreements to consult with employees where there are changes in the workplace that will affect them. The Fair Work Act 2009 (Cth) contains an absolute defence to a claim of unfair dismissal in redundancy situations – but only where the employer has first followed its obligations to consult. Even if your employees are not covered by an award or agreement, it is best to consult.

Use the meeting to discuss:

1. Any suggestions the employee might have to avoid redundancies
2. Any re-deployment opportunities

NOTE

- Let the employee have a support person with them if they choose.
- Do not make a final decision during the consultation meeting. You should advise the employee that you will take their responses into consideration and advise them of a decision at a later date – this will demonstrate that you are engaging in a genuine consultation process.

Step 4. Consider points raised by the employee in the consultation.

If there is nothing that the employee has suggested that changes your view on redundancy, and there are no redeployment opportunities, then you're ready for Step 5.

Step 5. Invite employee for a final meeting, allowing them a support person

At the meeting, explain to the employee that you have reached a final decision that their position will be made redundant. Hand the employee a termination of employment letter

setting out their termination of employment entitlements including any entitlement to redundancy pay.

Redundancy situations involving multiple employees

Sometimes you will be dealing with a redundancy situation involving multiple employees – such as where you have 5 people in a particular role and you need to reduce that number to 2.

In that sort of situation, it is advisable to come up with a selection criteria that you will apply to each employee to decide which employees will be made redundant.

Employers should therefore generally not consider matters such as:

- Age
- Health or health related absences
- Parental responsibilities etc
- Gender

Factors which might be useful include:

- Experience
- Length of service
- Qualifications
- Performance
- Cost of the employee

Most importantly, you need to ensure the selection criteria is fair and does not expose the employer to risks of discrimination or other claims.

Please seek professional or legal advice prior to entering into this process. The above information is a guide only.