



REDUNDANCY & RETRENCHMENT GUIDELINES

Any consideration of retrenchment of an employee as a result of redundancy of a role should be supported by clear evidence of 'significant' changes in company structure, job role or responsibilities. It is advised to prepare clear before/after organisation charts, role evaluation reports and job profiles that distinctly reflect these changes in order to substantiate the case for the redundancy of a role.

Always refer to relevant state legislation regarding redundancy entitlements, company policy regarding Redundancy & Retrenchment practice and procedures, as well as the impacted employees' letter(s) of contract prior to initiating any process or communication with employees. Share plans, superannuation and incentive scheme plan rules should also be referred to when considering the exit process.

Ensure the intent and communication to impacted employees is always underpinned by fair and consistent treatment.

Be mindful of providing clearly documented evidence of the rationale for change and the fair treatment of the employee through the redundancy process. (See table below as an example)

Step in process	Action/s	Responsibility	Timing Guideline
Organisational change and role rendered redundant	Organisational restructure or change in resource requirements formally approved. Role/s rendered redundant and clearly documented.	HR / Manager/CEO	N/A
Communication to Employees "At-risk" of retrenchment	Employees are informed in a meeting that their existing roles no longer or will in the future no longer exist and that they are at risk of being retrenched. This discussion is confirmed in writing with a letter.	HR & Manager	Prior to organisational change
Selecting employees for retrenchment if more than one employee at risk	HR/Legal to discuss selection criteria with Manager to identify, which will be retrenched. As far as practicable selection criteria will be based on skills and attributes of employees, taking into account the on-going operational needs of the organisation.	HR / Manager.	Prior to any organisational change announcement
Discussions on suitable alternative roles	HR/Manager to discuss suitable alternative roles with employee.	At-risk Employee and HR/Manager	In advance of any change announcement
Outcome of discussions on suitable alternative roles	HR /Manager to agree if suitable alternative role can be found. If this is possible, then contract offered to At-risk employee.	HR / Manager	N/A
Status of At-risk employee confirmed	If an At-risk employee accepts an alternative role, they will exit the Redundancy Process. If a suitable alternative role cannot be found, the employee will be retrenched.	At-risk Employee, HR and Manager	N/A
Retrenchment	The employee is confirmed as retrenched in writing. Termination calculation requested from Payroll and exit paperwork drafted prior to Termination Date. The Termination Payment will be actioned when all signed paperwork and equipment is returned to the Manager	At-risk Employee, HR and Manager	N/A
Termination Date	Manager to execute exit process and HR to activate exit procedures	Manager & HR	N/A





Definitions

"Redundancy" or "Redundant" means - where the work or a major portion of a position is no longer required to be performed in its existing format;

"Retrenchment" means the termination of employment of a staff member as the result of redundancy.

"Termination Date" means the effective date of an employee's retrenchment.

Responsibilities

It is (generally) the responsibility of **employees** to:

- Make themselves available for meetings with HR or Managers.
- Monitor the organisation for alternative roles and apply for such roles, if they are at-risk of retrenchment.
- Give full consideration to any options or alternatives that are offered to them.
- Perform work to the standard expected by the organisation during the selection and redundancy process and notice period if applicable.
- Complete any outstanding workflow items via payroll
- Submit any final expense claims in accordance to the Company's Policy.
- Adhere to the terms and conditions in the retrenchment letter.
- Sign all required paperwork and return all company property and equipment by the requested dates to release the Termination Payment.

It is (generally) the responsibility of **Managers** to:

- Develop fair selection criteria, and undertake an assessment of which positions should be considered for redundancy.
- Discuss with an employee why their role is at-risk of being rendered redundant, has been rendered redundant or why an employee is personally at-risk of being retrenched.
- Discuss suitable alternative roles with employees, both within the affected department and across the organisation's operations generally, based on the employee's experience, skills and career aspirations.
- Contact the relevant HR/Legal representative should an employee be retrenched or redeployed and complete any other required documentation to ensure employees receive all the correct entitlements.
- Discuss and complete the exiting employee – handover notes with the employee before the Termination Date.
- Discuss and complete a leaver's checklist with the employee before the Termination Date. Return signed checklist to HR/Manager for reference.

Retrenchment Payment

Provide detail to the employee about how The Company will pay the Retrenchment Payment, i.e. by electronic funds transfer (EFT) into the employee's nominated bank account on the Termination Date / the date on which a signed copy of the employee's Retrenchment Letter is received. Payments for the retrenched employee should be calculated on the basis set out by the organisation and subject to applicable taxation, as per Australian Taxation Legislation.

Company Retrenchment Payments

In circumstances where all suitable alternatives have been exhausted, an employee who is retrenched may be entitled to a redundancy payment in accordance to policy, statutory entitlement and/ or mutual agreement above this.

Unless the employee is required to work out any period of notice, the employee may be paid a payment in lieu of notice for the termination notice period, as per the employee's employment contract.



Statutory Entitlements Payment

In addition to any policy or 'agreed' redundancy payment, the retrenched employee will receive: Their usual statutory entitlements for accrued annual leave; and Pro-rata long service leave, if an entitlement exists, (in line with the appropriate State Act).

Ex-gratia payments or 'one off' lump sum payments

From time to time a company may choose to pay a discretionary amount above statutory redundancy entitlements, for example as a contribution towards career transition or additional recognition of service. These payments are also subject to PAYG tax legislation.

Taxation of Retrenchment and Statutory Entitlement Payments

All components of the retrenchment payment will be taxed in accordance with relevant tax legislation at the termination date. This includes ex-gratia and 'one off' payments. A summary of the payments made, together with an overview of tax treatment of the payments may be provided to retrenched employees for the purpose of clarification.

Limitation on Retrenchment Payments

There may be no entitlement to Retrenchment Payments if:
 The employee is offered suitable alternative employment within the organisation
 The employee resigns prior to the advised Termination Date;
 There has been a transmission of business or
 The employee receives a lump sum payment in settlement of a Workers' Compensation Claim, which includes amounts representing compensation for loss of past and future earnings arising from total incapacity.

Superannuation

Employer payments of superannuation contributions to the employee cease on the termination date.

Payment in Lieu of Notice

Employees may be requested to work through their contractual notice period. However, in some instances, employees may determine that both parties may be 'better off' if the notice period is not served. However, the employer is still required to pay all full entitlements to the employee during this period.

Exclusion Periods

A retrenched employee may be restricted from returning to work for the organisation or any of its subsidiaries for a period from the Termination Date (for example, 12 months). This includes contracts of employment with any subsidiaries or with third parties. If a retrenched employee wishes to return to work with the company or any of its subsidiaries, the Company may require reimbursement of the (entire or percentage of the) retrenchment payment.

Return of Company Property

Retrenched employees, like any employee leaving organisations, must return any property belonging to The Company (including, without limitation, papers, security tags, documents, keys, credit cards, mobile phone, computer disk, training materials and other software storage media) in their possession or under their control by the Termination Date. Copies of any documents returned, whether paper documents or documents stored on computer disk or other software storage media may not be retained and must be destroyed or returned to The Company.

The Retrenched employee and relevant Manager would usually sign and return exiting documentation to the relevant HR/Legal representative or Manager before the Termination Payment is actioned by payroll.