



**Russell Kennedy
Lawyers**



Workplace Relations Checklist

Managing redundancies

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A redundancy occurs when an employee's job is no longer required to be performed because of changes to the operational requirements of the employer's business. Redundancies can arise in a number of situations, including:

- changes to the structure of a business (or a part of a business);
- changes to the location of a job;
- changes to the way in which work is performed;
- changes in demand for the goods or services provided by a business; and
- the closure of a business.

Most employers (with the exception of businesses with fewer than 15 employees), are required to make severance payments to retrenched employees. However, employees can also be entitled to a range of other entitlements when being retrenched. There are also procedural requirements, varying from employer to employer, which must be followed if an employer is to avoid a retrenchment being classified as an unfair dismissal.

Here are several questions employers should ask when considering making an employee's position redundant.

- Is an employee's job no longer required to be performed by anyone? Does this arise from changes to the operational requirements of your business?
- Are you aware of your consultation obligations under any relevant awards, enterprise agreements, contracts or policies?
- Have you considered how best to communicate with affected employees who are absent (e.g. parental leave, long service leave, workers' compensation)?
- Are there any possible redeployment opportunities for that employee within the business, or an associated entity's business? If there are possible opportunities, are they suitable?
- If you are selecting employees for redundancy or redeployment from within a group who perform the same duties, have you established fair selection criteria?
- Do you intend to give notice of termination, or make payment in lieu of notice?
- Are you aware of your obligations to provide redundancy or severance pay? Have you considered other entitlements (e.g. long service leave, annual leave)?
- Have you considered exceptions to redundancy obligations (e.g. casual employees, employees engaged for a specific period or task, certain transfer of business situations)?

This area of law is becoming increasingly complex, and is constantly being reviewed by the Fair Work Commission and the Courts. We therefore recommend that you obtain legal advice if you are not clear on your organisation's obligations and the correct process.

Please contact the Russell Kennedy [Workplace Relations, Employment and Safety team](#) if you would like advice on managing redundancies in your workplace.