Redundancy policy / redundancy clause

Description: These precedent redundancy provisions can be used (with minor edits) as either a policy or clause.

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Redundancy policy / redundancy clause

[Please note that the Fair Work Act 2009 (Cth) does, and industrial awards/agreements may, impose mandatory minimum criteria in relation to redundancy entitlements. Expert advice should be obtained before implementing this policy or inserting this clause into an employment contract. Please note that the obligation to make redundancy payments pursuant to the Fair Work Act 2009 (Cth) does not apply to small business employers (small business employers are those that employ fewer than 15 employees, calculated on a headcount basis).

1. Application
This redundancy policy / clause applies to the employee identified in Schedule 1 / all employees / only those employees engaged in the manufacturing/warehouse/sales/finance, etc, section.

2. Definition of redundancy
A redundancy occurs if the position held by the employee / an employee is no longer required to be performed by the employer for economic, financial, technological or operational reasons.

3. Severance pay [alternative 1]
If the employee’s / an employee’s position is made redundant for one or more of the reasons set out in clause 2, then in addition to notice of termination, the employee will be entitled to severance pay in respect of a continuous period of service as follows:

<table>
<thead>
<tr>
<th>Years of Continuous Service</th>
<th>Severance Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year or less</td>
<td>Nil</td>
</tr>
<tr>
<td>1 year and up to 2 years</td>
<td>4 weeks pay</td>
</tr>
<tr>
<td>2 years and up to 3 years</td>
<td>6 weeks pay</td>
</tr>
<tr>
<td>3 years and up to 4 years</td>
<td>7 weeks pay</td>
</tr>
<tr>
<td>4 years and up to 5 years</td>
<td>8 weeks pay</td>
</tr>
<tr>
<td>5 years and up to 6 years</td>
<td>10 weeks pay</td>
</tr>
<tr>
<td>6 years and up to 7 years</td>
<td>11 weeks pay</td>
</tr>
<tr>
<td>7 years and up to 8 years</td>
<td>13 weeks pay</td>
</tr>
<tr>
<td>8 years and up to 9 years</td>
<td>14 weeks pay</td>
</tr>
<tr>
<td>9 years and up to 10 years</td>
<td>16 weeks pay</td>
</tr>
<tr>
<td>10 years and over</td>
<td>12 weeks pay</td>
</tr>
</tbody>
</table>

Weeks pay means the employee’s ordinary base rate of pay per week.

OR

3. Severance pay [alternative 2]
(a) If insert position is made redundant for one or more of the reasons set out in clause 2, then in addition to notice of termination, the employee will be entitled to receive severance pay calculated at the rate of insert weeks pay per completed year of continuous service up to a maximum of insert weeks pay.
(b) A pro-rata amount of severance pay will be payable for a partially completed year of service.
(c) Weeks pay means the employee’s ordinary base rate of pay per week.

4. Exemption
(a) The employee / An employee will not be entitled to any severance pay under clause 3, if upon the redundancy of the employee’s position the employer:

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(i) requests the employee to perform duties in an alternative position which is on terms and conditions no less favourable than the position which has been made redundant; or

(ii) procures an offer of employment for the employee from another employer which:

(A) is on terms and conditions no less favourable than the position which has been made redundant;

(B) recognises the employee's past service and accrued entitlements.

(b) The exceptions to the making of severance payments set out in the Fair Work Act 2009 (Cth) apply to severance payments otherwise payable under this policy / clause.

Notes

1. Please note, this is the table provided in the Fair Work Act 2009 (Cth) and contains the minimum redundancy entitlements to which all national system employees are entitled.

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