

Reducing staff hours and redundancy



Key messages

- ✓ Talk openly with your staff about the current situation, how the business is travelling and why there may need to be changes to employment
- ✓ Ensure any reduction in hours or redundancy is in writing, signed by both the employee and employer and kept with staff records
- ✓ If reduced hours or redundancy is needed, ensure you are aware of the notice periods you are required to give and pay employees

The current industry environment may have an impact on your workforce and whether you are able to continue to maintain an employee's hours or keep them employed.

Reducing hours or terminating a staff member is a very challenging situation that needs to be handled carefully and sensitively by the employer in order to look after the employee throughout the process and avoid problems in the future.

Reducing staff hours

Key things to consider when you need to change a staff member's employment situation:

- › Remember that you **cannot unilaterally vary the employment contract**, for instance by reducing hours. Depending upon the individual employment contract you may be able to reduce the hours of casual employees.
- › You should discuss the issue with the employee and explain the circumstances and see if you can get them to agree to the reduction in hours, either permanently or for the foreseeable future until the drought eases.
- › Staff are hard to replace and good staff are harder to replace so treading carefully is important.
- › Any agreed reduction in hours should be in writing and include the reasons, be signed by both parties and kept with employment records.
- › If the employee does not accept the reduction in hours, then the only option you have is **redundancy**.

Redundancy

If an employee doesn't accept the offer of reduced hours, you will have to pursue redundancy.

The key actions to take when progressing a redundancy include:

Remember all of the points below are important and should be recorded in writing and kept with employee records.

- › Be clear that the **position itself is redundant**, not the person.
- › Consult with the employee as per **Clause 8 of the Pastoral Award** and tell them that the position is no longer available and the reasons for this. Seek their views as to how the effect on them can be minimised.
- › Offer any other positions to the person which may be available on the farm, even if they are lower skilled positions or have less hours. Remember, if possible, you will be offering their own position to them with the reduced hours as well.
- › If they accept the lower position or the reduced hours then you have to give them paid notice in accordance

with the National Employment Standards at the old rate before they start the new position, or you can just pay the difference for the notice period and have them work the lesser hours straight away. For notice period information visit: www.thepeopleindairy.org.au/engagement-reward/termination.htm#dismissal-notice

- › If the business employs less than 15 employees there is no requirement to pay redundancy pay.
- › There is also no requirement to pay redundancy pay if the employee has been employed for less than 12 months or if they are a casual employee. This applies to large businesses also.

Failure to follow through with the requirements for redundancy can amount to an unfair dismissal as the redundancy will be seen as not being 'genuine'.

For more information on how to manage reducing employees hours or redundancy, visit www.thepeopleindairy.org.au/engagement-reward/termination.htm