JOBS VICTORIA
WORKERS IN TRANSITION

A guide for businesses facing retrenchments
**CHECKLIST FOR EMPLOYERS**

*Jobs Victoria Workers in Transition* has developed a checklist for employers to help you establish what you need to do if you intend to retrench staff.

<table>
<thead>
<tr>
<th>Step</th>
<th>Checklist</th>
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<tbody>
<tr>
<td>Discuss your business issues with a business mentor or industry group such as the Victorian Employers Chamber of Commerce and Industry (VECCI) or The Australian Industry Group (AiG).</td>
<td>✓</td>
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<tr>
<td>Call 03 8662 5333 or 1300 55 66 77, visit victorianchamber.com.au or aigroup.com.au.</td>
<td>✓</td>
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<tr>
<td>Look at other options before deciding to retrench staff e.g. restructure, reduced hours with agreement of employees, etc.</td>
<td>✓</td>
</tr>
<tr>
<td>Consult with Business Victoria regarding options and advice for businesses facing challenges.</td>
<td>✓</td>
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<tr>
<td>Call 13 22 15, visit business.vic.gov.au.</td>
<td>✓</td>
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<td>Consult with your employees and union/s on the planned changes.</td>
<td>✓</td>
</tr>
<tr>
<td>Advise the Commonwealth Department of Human Services – Centrelink of the proposed retrenchments.</td>
<td>✓</td>
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<tr>
<td>Call 13 11 58, visit humanservices.gov.au/organisations/business.</td>
<td>✓</td>
</tr>
<tr>
<td>Check your Enterprise Bargaining Agreement (EBA) or Award to confirm your obligations.</td>
<td>✓</td>
</tr>
<tr>
<td>Check you are meeting your obligations as a business regarding:</td>
<td>✓</td>
</tr>
<tr>
<td>• severance pay</td>
<td>✓</td>
</tr>
<tr>
<td>• accrued wages</td>
<td>✓</td>
</tr>
<tr>
<td>• annual leave / long service leave</td>
<td>✓</td>
</tr>
<tr>
<td>• notice of termination</td>
<td>✓</td>
</tr>
<tr>
<td>• pay in lieu of notice</td>
<td>✓</td>
</tr>
<tr>
<td>• Employment Separation Certificate.</td>
<td>✓</td>
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<tr>
<td>Contact the <em>Jobs Victoria Workers in Transition</em> team to arrange a seminar to support and assist your retrenched workers throughout the process.</td>
<td>✓</td>
</tr>
<tr>
<td>Call 1300 208 575, visit jobs.vic.gov.au.</td>
<td>✓</td>
</tr>
<tr>
<td>Consider contacting local companies in your industry or similar industries who may have vacancies.</td>
<td>✓</td>
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</table>
Even in countries with strong economies such as Australia, retrenchment of staff may be necessary. Broader business conditions or unique circumstances may affect businesses and employers might respond with restructure or closure, including redundancy and retrenchments.

If you are an employer experiencing these challenges, this guide provides you with information and referral assistance so you can:

- Understand retrenchment and assist your workers affected by the process
- Obtain advice from the Victorian Government
- Identify additional support services.
1. REDUNDANCY AND RETRENCHMENT

Redundancy and retrenchment are different terms that are sometimes confused.

A redundancy occurs when a specific position within a business is no longer required. In this situation, an employee may be redeployed to another position where suitable. If they cannot be redeployed, they may be retrenched.

A retrenchment occurs when an employee loses their position and cannot be redeployed because no other suitable positions exist.
2. ALTERNATIVES TO RETRENCHMENT

To avoid retrenching skilled employees, who may need to be re-employed once the market has recovered, a business should consider alternative cost-cutting and business development activities.

There are many support services in Victoria, both government and non-government, that provide advice and direction about the various options available to help businesses survive challenging times.

Employers need to consider the cost of the retrenchment of workers as part of the retrenchment process. The International Labour Office (ILO) has identified the costs of retrenchment for an employer, which can be both financial and non-financial:

**COSTS OF RETRENCHMENT**

- **Direct costs** – The direct and indirect costs associated with lay-offs might reduce future gains.
- **Lay-offs have serious operational disadvantages** – Lay-offs can cause a number of serious problems. Employee morale is lowered by the fear of losing their jobs. The business might be affected by realigning its employees and restarting their operations after the retrenchment process.
- **Employers often believe a number of myths about the advantages of downsizing for business success and the lack of adverse impacts on employees** – Here are some myths and facts about retrenchment:

<table>
<thead>
<tr>
<th>Myth</th>
<th>Fact</th>
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<tbody>
<tr>
<td>Retrenchment boosts profits</td>
<td>Profitability does not necessarily follow retrenchment</td>
</tr>
<tr>
<td>Retrenchment increases productivity</td>
<td>Productivity results after retrenchment are mixed</td>
</tr>
<tr>
<td>Retrenchment has no adverse effects on work load, morale or commitment to a company</td>
<td>In most companies, the retrenchment process has adverse effects on work load, morale and commitment</td>
</tr>
<tr>
<td>Retrenched workers suffer no long-term income losses as a result of structural shifts in the economy</td>
<td>Downward mobility is the rule rather than the exception</td>
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**Less costly alternatives to retrenchment include:**

- Retraining
- Reducing overtime
- Encouraging people to take built-up leave
- Changing full-time positions to part-time or casual work
- Rewriting job descriptions
- Job redesign
- Temporary shutdowns and cutting costs in other areas
- Transfers.

*Source: International Labour Office: A guide to worker displacement (2009)*
3. ADVICE AND ASSISTANCE FROM THE VICTORIAN GOVERNMENT

If your business is facing difficulties, discuss your situation with a Victorian Government Business Office or Regional Development Victoria office before making a decision as they may be able to assist.

All Victorian Government Business Offices and Regional Development Victoria offices are staffed with Business Development Managers who are specialists in business and industry. They will support your business and help you navigate government services, programs and regulations. Business Development Managers also have local knowledge of the operating environment that you are in and can offer advice and guidance on resources to help you start, run or develop your business. These offices are located across Victoria in the following locations:

### Victorian Government Business Offices – Metro

- **Melbourne**
  - Level 31
  - 121 Exhibition Street
  - Melbourne 3000
  - [13 22 15](tel:13 22 15)
  - rdv@rdv.vic.gov.au

- **Ringwood – Eastern Metropolitan Region**
  - Suite 11, Level 1
  - 12 Maroondah Highway
  - Ringwood 3134
  - [03 9938 0150](tel:03 9938 0150)
  - information.eastmetro@ecodev.vic.gov.au

- **Bundoora – Northern Metropolitan Region**
  - University Hill
  - Suite 16, Level 1
  - 20 Enterprise Drive
  - Bundoora 3083
  - [03 9935 0600](tel:03 9935 0600)
  - information.northmetro@ecodev.vic.gov.au

- **Dandenong – Southern Metropolitan Region**
  - Level 6
  - 165-169 Thomas Street
  - Dandenong 3175
  - [03 9938 0100](tel:03 9938 0100)
  - information.southmetro@ecodev.vic.gov.au

- **Tottenham – Western Metropolitan Region**
  - Level 1
  - 67 Ashley Street
  - Tottenham 3012
  - [03 9334 1301](tel:03 9334 1301)
  - information.westmetro@ecodev.vic.gov.au

### Victorian Government Business Offices – Regional

- **Bairnsdale – by appointment only**
  - 574 Main Street
  - Bairnsdale 3875
  - [03 5152 0600](tel:03 5152 0600)
  - information.bairnsdale@rdv.vic.gov.au

- **Ballarat Regional Business Centre**
  - 111 Armstrong Street Nth.
  - Ballarat 3350
  - [03 5327 2800](tel:03 5327 2800)
  - information.ballarat@rdv.vic.gov.au

- **Bendigo Regional Business Centre**
  - Level 1
  - 56-60 King Street
  - Bendigo 3550
  - [03 4433 8000](tel:03 4433 8000)
  - information.bendigo@rdv.vic.gov.au

- **Geelong Regional Business Centre**
  - Level 2
  - 237 Ryrie Street, Harrison Place
  - Geelong 3220
  - [03 5215 6000](tel:03 5215 6000)
  - information.geelong@rdv.vic.gov.au

- **Horsham**
  - Grains Innovation Park
  - 110 Natimuk Road
  - Horsham 3400
  - [03 5362 2111](tel:03 5362 2111)
  - information.horsham@rdv.vic.gov.au

- **Mildura Regional Business Centre**
  - 131 Langtree Avenue
  - Mildura 3500
  - [03 5051 2000](tel:03 5051 2000)
  - information.mildura@rdv.vic.gov.au
Shepparton Regional Business Centre
79a Wyndham Street
Shepparton 3630
☎ 03 5895 4100
✉ information.shepparton@rdv.vic.gov.au

Seymour – by appointment only
Level 2
8-10 Elizabeth Street
Seymour 3660
☎ 03 5799 0573
✉ information.seymour@rdv.vic.gov.au

Traralgon Regional Business Centre
33 Breed Street
Traralgon VIC 3844
☎ 03 5116 7300
✉ information.traralgon@rdv.vic.gov.au

Wangaratta Regional Business Centre
1st Floor
62 Ovens Street
Wangaratta 3677
☎ 03 5722 7101
✉ information.wangaratta@rdv.vic.gov.au

Warrnambool
Old Police Station
South West TAFE
Gilles Street
Warrnambool 3280
☎ 03 5561 4135
✉ information.warrnambool@rdv.vic.gov.au

Wodonga
111-113 Hume Street
Wodonga 3690
☎ 02 6059 0200
✉ information.wodonga@rdv.vic.gov.au

You can also contact Business Victoria, who can provide specialist advice on all aspects of your business. ✉ www.business.vic.gov.au ☎ 13 22 15
4. THINGS TO CONSIDER WHEN MAKING YOUR DECISION

Before you make a decision about retrenchments, and managing the process with staff, here are some questions and considerations to help you prepare for your discussions with your Victorian Government Business Office and your employees.

❓ Have you considered what will happen when the skills, knowledge and duties of the position are gone?
If you make positions redundant, keep in mind the skills and knowledge you might need again, e.g. when business bounces back, and what it will take to replace them.

Some positions and duties will be essential to cash flow, safety or compliance.

❓ Is redundancy and then retrenchment the only option? Can you prove this to a third party?
Can you show that retrenchment was the last resort? Make sure you have financial and other records you can use, e.g. cash flow projections for after a retrenchment, or other financial statements to support your decision.

❓ Is your business requiring or undergoing broader transformation?
Retrenching positions may not address broader issues with your businesses such as changing market demands or technological development.

Investing in the up-skilling or retraining of your workers may serve to improve the long-term viability of your business. The Federal and State Government may be able to provide assistance to businesses undergoing transition.

❓ Can the position be turned into a part-time or casual position?
Technically, this will be a redundancy. You should consult a professional adviser to determine what, if any, entitlements must be paid at the time the change takes place. You should also be sure to consult within your workplace, and possibly with the union, to determine whether replacing full-time positions with part-time or casual positions is practicable.

❓ Have you consulted with employees and unions on the planned changes?
The sooner you do this, the better. Early consultation with workers (and unions), even in confidence, will encourage smoother change and may give you some invaluable ideas on how to reduce the impact of retrenchment on your employees.

❓ Do you know the legally required notice period?
The award, contract or Fair Work Act 2009, will list the legally required minimum notice period, if it is not stated in the employee’s letter of offer or contract.

❓ Does the redundancy/retrenchment process need to be compulsory?
Employers can offer employees the option to resign without a compulsory selection process – this is known as voluntary redundancy.

❓ What selection process should I use for selecting retrenched workers?
The Victorian Equal Opportunity and Human Rights Commission has an employer’s guide to avoiding discrimination.

You will need to be able to demonstrate how you made the selection and that you explored other options in case there is a claim later for unfair or unlawful dismissal or discrimination.

humanrightscommission.vic.gov.au
What can I do to reduce the stress of an employee's job loss?

Keeping people up-to-date reduces the sense of uncertainty, fear, and therefore stress.

- Organise information seminars (offered by a third party); offer time-off to look for work; investigate retraining opportunities; offer financial planning and specialist support outplacement consultants.
- Prepare redundancy materials and support for all workers through a Human Resource (HR) Transition Plan.
- Jobs Victoria Workers in Transition can support your business and retrenched workers during the process (see Section 5).
- Organise a farewell event to demonstrate gratitude and appreciation for employees who are leaving.

Have you checked to see whether counselling and other assistance for both retrenched employees and remaining employees are mentioned in awards, agreements or contracts?

While providing counselling might be beyond smaller businesses, there are free services you can refer employees to, such as moneyhelp.org.au.

You should be able to offer the employee useful feedback on their strengths to help them plan for their next job. If you have an apprentice, talk to your contact at Australian Apprenticeships or your Group Training Organisation to transfer the apprentice to another organisation.

What can you do if you are bankrupt and cannot pay your employees their entitlements?

Advise your employees to contact Fair Entitlements Guarantee (FEG). FEG helps employees when a business cannot pay its workers their redundancy payments. You should advise employees that, generally, the time limit for lodging an FEG claim is 12 months.

1300 135 040
fairwork.gov.au

Have you done your best to avoid unfair dismissal or unlawful dismissal?

Make sure you explore other options; document your research and discussions with employees; use a fair and consistent selection process and err on the side of generosity if you can. Maintain open communications from the start and treat people with respect during what can be a stressful time.
5. JOBS VICTORIA WORKERS IN TRANSITION

Jobs Victoria Workers in Transition can support your business and your affected workers during the retrenchment process.

We have developed *A guide for workers facing retrenchment* to ensure they understand the retrenchment process and their options for the future. The guide contains information about financial counselling, job-searching and upskilling, and where to seek emotional support throughout the process. We have also developed *regional guides* that provide information about where workers can access support services in their local area.

We can offer *group information sessions* to help retrenched workers understand the services and options available to them to support them through the process.

*Tailored workshops* are available to meet particular needs of retrenched workers and may cover topics such as personal well-being and support, career development, financial advice, English literacy, digital literacy and how to start a business.

*One-on-one sessions* can be customised to the needs of retrenched workers who are at high-risk of becoming long-term unemployed.

The Jobs Victoria Workers in Transition team will determine which services are delivered according to the specific circumstances of the workers affected.
6. ADDITIONAL SUPPORT AND INFORMATION

In addition to the Victorian Government Business Offices, the following agencies can provide you with support and information.

**Business Victoria**
Business Victoria connects Victorian small businesses to services, information and support.

- Website: [business.vic.gov.au](http://business.vic.gov.au)
- Phone: 13 22 15

**Department of Education and Training Victoria**
The Higher Education and Skills Group offers training support for retrenched workers. It also works with other government departments and key industry stakeholders to provide information about skills and training services to businesses facing restructure or retrenchments.

- Website: [education.vic.gov.au](http://education.vic.gov.au)
- Phone: 1800 809 834

**Australian Government Department of Human Services – Centrelink**
Centrelink provides a range of services and printable claim forms that can be completed and returned by mail or electronically. This includes:

- Advice and assistance on completing Centrelink forms, such as Separation Certificates and Employer Contact Certificates
- General information on Centrelink issues and referrals to other government agencies.

- Phone: 13 11 58

**Australian Tax Office (ATO)**
The ATO holds tax seminars and webinars to provide a basic understanding of business tax issues and obligations. You can ask questions and learn about the many services and programs the ATO has developed to support and assist you in running your business.

- Website: [ato.gov.au](http://ato.gov.au)
- Phone: 13 72 26

**business.gov.au**
business.gov.au is the Australian Government’s online resource for the business community. It offers access to essential information on planning, starting and growing your business including:

- Advisory services
- Grants and assistance
- Events for business throughout Australia, including seminars, training courses and workshops.

- Website: [business.gov.au](http://business.gov.au)
- Phone: 13 28 46

**Fair Work Ombudsman**
The Fair Work Ombudsman is an independent body that helps employers and employees understand their rights and responsibilities at work by promoting harmonious, productive and cooperative workplace relations and ensuring compliance with Australian workplace laws.

- Website: [fairwork.gov.au](http://fairwork.gov.au)
- Phone: 13 13 94

**Australian Securities and Investments Commission (ASIC)**
The Australian Securities and Investments Commission offers a range of financial information about insolvency and winding up solvent companies, as well as voluntary deregistration.

- Website: [asic.gov.au](http://asic.gov.au)
- Phone: 1300 300 630