Voluntary Redundancy Information Sheet

Information for Executives and Managers

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General matters

What is a voluntary redundancy?

A voluntary redundancy occurs where an employer invites employees to volunteer to have their roles made redundant in exchange for a redundancy payment and the employee chooses whether to accept.

What is the legislative basis to offer a voluntary redundancy?

ACTPS enterprise agreements (see, for example, clause L3.6 of the ACTPS Administrative and Related Classifications 2023 – 2026) allow the Head of Service to invite officers who are not in a redundancy situation to express interest in a voluntary redundancy where such redundancies would permit the redeployment of potentially excess and excess officers who do not wish to accept a voluntary redundancy.

Who can offer and/or approve a voluntary redundancy?

Under Head of Service Instrument of Delegation 2023-12, the Head of Service has delegated the authority to Directors-General to:

- invite officers to express interest in a voluntary redundancy;
- provide the officer with advice on the sums of money the officer would receive by way of severance pay, pay instead of notice and paid-up leave credits, and the career transition and development opportunities within the ACTPS;
- authorise accredited financial counsellors to directly invoice the relevant directorate;
- approve an officer's election to be made redundant and give notice of retirement;
- retire an officer at any time within the notice period; and
- approve the inclusion of other allowances in the severance payment.

Does the ACTPS have to declare an officer excess or potentially excess to offer a voluntary redundancy?

No. A voluntary redundancy can be offered to an officer without the officer being declared potentially excess or excess if such a redundancy would permit the redeployment of potentially excess and excess officers who do not wish to pursue a voluntary redundancy.

What is a potentially excess officer? An excess officer?

ACTPS enterprise agreements define an excess officer as –

- an officer employed in an administrative unit in which there is a greater number of officers of a class than is necessary for the efficient and economical working of the directorate; or
- an officer whose services cannot be effectively used because of –
    - technological or other changes in the work methods of the relevant administrative unit; or
    - changes in the nature, extent or organisation of the functions of the relevant directorate.

A potentially excess officer is an officer who is formally notified they are likely to become an excess officer in a foreseeable period of time.

It is not necessary to declare an officer as being excess or potentially excess to offer them a voluntary redundancy.

Offering voluntary redundancies

Do unions need to be consulted when offering voluntary redundancies?

Yes. ACTPS enterprise agreements (see, for example, clause F1 of the ACTPS Administrative and Related Classifications 2023 – 2026) provide that the ACTPS must consult with employees and unions on workplace matters that would have a significant effect.

Directorates must notify ACT unions if they plan to offer voluntary redundancies to one or more groups of officers and consult with them on the proposed process for officers to submit an expression of interest and elect to be made voluntarily redundant. However, it is not necessary to consult with ACT unions on voluntary redundancy offers to individual officers unless officers seek union representation as part of their expression of interest.

Is there a consultation phase with employees when offering a voluntary redundancy?

Yes. As the submission of an expression of interest for a voluntary redundancy (and any subsequent decision to elect to become voluntarily redundant) is entirely at the discretion of officers and, as such, the period of time an officer spends considering whether to request a voluntary redundancy meets any consultation requirement..

If individual officers approach the directorate with questions or requesting further information as part of their expression of interest or to help them make a decision to elect to become voluntarily redundant, the directorate must provide timely, accurate and factual advice to the officers.

What do officers receive as a severance package as part of a voluntary redundancy?

An officer who elects to be made voluntarily redundant is entitled to be paid the greater of the following amounts:

- an amount equal to 2 weeks of the officer's pay for each completed year of continuous service, plus a pro rata payment for completed months of continuous service since the last year of continuous service up to a maximum sum of 48 weeks' pay); or
- an amount equal to 26 weeks of the officer's pay.

There are specified taxation arrangements for redundancy payments. More information is available on the ATO website, and the enterprise agreements provide up to $1,000 towards financial advice for officers participating in a voluntary redundancy process (see, for example, clause L6.5 of the ACTPS Administrative and Related Classifications 2023 – 2026) (whereby the financial advisor sends an invoice for up to $1,000 directly to the directorate).

What is the process to offer a voluntary redundancy?

The process will vary depending on the unique operational environment of each directorate. However, in broad terms, as part of a call for expressions of interest in a voluntary redundancy directorates should:

- confirm the presence of staff in unfunded positions and the need to implement voluntary redundancies to balance the size of the workforce;
- determine areas of specific interest (e.g., particular work programs, employee classifications, etc.) within the directorate to target with a call for expressions of interest;
- form an approvals committee to review expressions of interest received from officers;
- invite officers in the areas of specific interest to elect to become voluntarily redundant;
- provide those officers who express interest in a voluntary redundancy with advice on the sums of money the officer would receive by way of severance pay, pay instead of notice, and paid-up leave credits;
- take appropriate action at the end of the one-month consideration period based on the decision of the officers (e.g., voluntarily retire the officer or not);
- implement strategies in parallel with the call for expressions of interest to mitigate any risks arising from the reduction in staffing levels in the directorate; and
- monitor the uptake of voluntary redundancy offers across the directorate and determine if additional strategies are required.

For information on offering a voluntary redundancy to potentially excess or excess officers, refer to the Redeployment of Excess Officer Policy.

How long do officers have to consider a voluntary redundancy offer?

Officers who receive a redundancy offer are entitled to a one-month consideration period to allow them time to seek independent financial advice.

Does the directorate have to pay for financial counselling?

Yes. ACTPS enterprise agreements (see, for example, clause L6.5 of the ACTPS Administrative and Related Classifications 2023 – 2026) provide that the directorate must supplement the costs of independent, accredited financial counselling incurred by each officer who has been offered a voluntary redundancy up to a maximum of $1000. The financial counsellors must directly invoice the directorate.

Funding

How are voluntary redundancies funded?

A central Restructure Fund administered by Treasury will reimburse directorates for the severance component of voluntary redundancies which meet the following principles:

- the voluntary redundancy is in directorate-specific areas of highest unfunded FTE or need for reprioritisation;
- the voluntary redundancy does not represent a high loss of capability;
- the voluntary redundancy is only being replaced from internal ACTPS recruitment (unless exceptional circumstances exist); and
- the voluntary redundancy represents a genuine reduction in staffing costs in the directorate overall.

What costs are incurred by the directorate?

In addition to supplementing the costs of independent, accredited financial counselling incurred by each officer who has been offered a voluntary redundancy (see, for example, clause L6.5 of the ACTPS Administrative and Related Classifications 2023 – 2026), the directorate will be responsible for the payout of the accrued annual and long-service leave for each officer who elects to become voluntarily redundant.

Notice periods

Is there a notice period if an officer elects to become voluntarily redundant?

Yes. Where an officer elects to become voluntarily redundant, the directorate must give the officer no less than four weeks' notice or, for officers over 45 years-old with at least two years of continuous service, five weeks' notice.

Can the notice period be waived?

Yes. At the discretion of the Director-General or where the officer so requests, the officer can be retired at any time within the notice period but must be paid in lieu for the unexpired portion of the notice period.

Managing risk

What are the risks associated with offering voluntary redundancies?

Directorates should ensure that a comprehensive risk assessment is completed as part of its preparations to offer voluntary redundancies, document the findings of its assessment and any identified risk mitigation strategies.

Action to reduce staffing levels could result in work health and safety risks (including psychosocial risks) if staff experience work-related stress and claims of wage theft on the basis that remaining staff are undertaking work at a higher classification without appropriate remuneration.

To mitigate these risks, directorates should undertake a parallel program of assessment to identify opportunities to streamline work (e.g., using quality improvement methods such as Lean or Plan-Do-Study-Act) or identify activities or work programs that can be stopped (e.g., using the ACTPS Expenditure Prioritisation Framework).

Where can I find more information?

For assistance and advice on voluntary redundancy matters, contact the Secure Employment team, Office of Industrial Relations and Workforce Strategy, at secure.employment@act.gov.au.