

# Letter of termination of employment (redundancy) template

You can use this letter to provide an employee with written notice of termination due to redundancy.

Generally, employers must not terminate an employee's employment unless the employer has given the employee written notice of the day of the termination of the employment (which cannot be earlier than the day the notice is given). When you make an employee redundant, you may also have to pay redundancy entitlements and notify Centrelink.

Visit [www.fairwork.gov.au/termination](http://www.fairwork.gov.au/termination) for more information about redundancy and notice periods.

**Important:** it is unlawful to make a job redundant for discriminatory reasons or reasons that include discriminatory grounds.

## **Are you a small business owner?**

If you operate a small business it is important that you follow the [Small Business Fair Dismissal Code](#) when terminating an employee's employment. Using this template may help you to comply with the code.

## Suggested steps for preparing a letter of termination of employment

If at any time you need more information or assistance, call the Fair Work Infoline on 13 13 94 or visit [www.fairwork.gov.au](http://www.fairwork.gov.au).

### Step 1: Communicate changes to the employees affected

Regular communication with employees is important during periods when a business is undergoing major workplace change. Most awards and registered agreements require employers to consult with their employees regarding changes, including changes to production, organisation, structure or technology.

An employer should:

- inform employees about changes within the business that may affect their working arrangements
- provide employees with an opportunity to ask questions, and
- consider all options and alternatives to redundancies, such as redeployment, job sharing and reduced overtime.

For further information on this topic, see the [Best Practice Guide: Consultation & cooperation in the workplace](#).

### Step 2: Find out about notice periods and redundancy entitlements

Determine what the minimum notice of termination and redundancy pay entitlements are for affected employees. Notice of termination and redundancy entitlements are contained in the National Employment Standards, however awards and enterprise agreements often include additional redundancy entitlements for employees. If there is an applicable industrial instrument, contract of employment or workplace policy that provides different redundancy amounts than the National Employment Standards, you need to provide the employee with whichever is more generous.

The employee can work the notice period or the employer can pay the employee in lieu of that notice.

If you decide that you no longer want an employee's job to be done by anyone, except where you have made this decision because of becoming insolvent or bankrupt or due to the ordinary or customary turnover of labour, then the job (not the employee) becomes redundant and you can end the employment relationship.

Redundancy does not occur because of the performance or conduct of the employee.

For more information on redundancy and notice periods, visit [www.fairwork.gov.au](http://www.fairwork.gov.au), or contact the Fair Work Infoline on 13 13 94.

### Step 3: Inform Centrelink

If you decide to terminate the employment of 15 or more employees **and** it is for reasons of an economic, technological, structural or similar nature (or if the reasons include any of these things) you must provide Centrelink with written notice of the dismissals.

### Step 4: Create your letter of termination of employment

If an employee's position becomes redundant you need to give the employee written notice of the termination of their employment.

The letter of termination should specify:

- the reason for the termination of the employee's employment
- the notice period and whether the employee will be paid in lieu of notice
- the date of the employee's last day of work
- details of the employee's redundancy pay entitlements
- any other entitlements to be paid (like annual leave and long service leave), and
- that redundancy pay will usually result in waiting periods for any applicable Centrelink payments.

This template has been colour coded to assist you to complete it accurately. You simply need to replace the red < > writing with what applies to your employee and situation. Some of the sections are optional because they might not apply to your employee and can simply be deleted. Explanatory information is shown in blue italics to assist you and should be deleted once you have finished the letter.

### Step 5: Meet with the employee to provide notice of termination

Meet with the employee to give them the letter, explain the reasons the position has been made redundant and provide them with the opportunity to ask questions. Carefully explain the information in the letter and ensure the employee understands.

The written notice can also be delivered or posted to the employee's last known address.

You should keep a copy of the letter for your records.

**Important:** An employee may choose to submit a complaint or claim against you (e.g. unfair dismissal, discrimination) even if you follow these steps.

*The Fair Work Ombudsman is committed to providing you with advice that you can rely on.*

*The information contained in this template is general in nature. If you are unsure about how it applies to your situation you can call our Infoline on 13 13 94 or speak with a union, industry association or a workplace relations professional.*

<Print on your business letterhead>

<Date>

**Private and confidential**

<Insert employee's full name>

<Insert employee's residential address>

Dear <insert name>

**Termination of your employment by reason of redundancy**

The purpose of this letter is to confirm the outcome of a recent review by <insert company/partnership/sole trader name and the trading name of business> (the employer) of its operational requirements, and what this means for you.

As a result of <insert change in operational requirements of the employer, for example, closing a certain store, economic downturn, introduction of new technology requiring less staff>, the position of <insert position title> is no longer needed. Regrettably this means your employment will terminate. This decision is not a reflection on your performance.

The employer has made the following attempts to find you an alternative position within the enterprise and any associated entities <insert redeployment details of attempts>.

*The next part of the letter provides four options relating to notice of termination and redundancy payments. Choose the option that is correct in your situation and delete the other three options.*

*If you need assistance, contact the Fair Work Infoline on 13 13 94 or seek legal advice or help from your employer association.*

*Check the National Employment Standards and your relevant industrial instrument (e.g. award or registered agreement) for how much notice you need to provide the employee. If there is an applicable industrial instrument or contractual arrangement (e.g. contract of employment, workplace policy) that provides different notice amounts than the National Employment Standards, you need to provide whichever is more generous to the employee.*

*To find out if you are required to pay redundancy pay, check the National Employment Standards and your relevant industrial instrument (e.g. award or enterprise agreement). If there is an applicable industrial instrument or contractual arrangement (e.g. contract of employment, workplace policy) that provides different redundancy pay amounts than the National Employment Standards, you need to provide whichever is more generous to the employee.*

*If you are a small business it is very important that you ensure you have complied with the Small Business Fair Dismissal Code before you terminate an employee's employment. Visit [www.fairwork.gov.au](http://www.fairwork.gov.au) for a copy of the Small Business Fair Dismissal Code.*

*It is also very important that a job is not made redundant for discriminatory reasons or reasons that include discriminatory reasons.*

**Option A:** *Use this option if you are required to pay redundancy and the employee will work the notice period.*

Based on your length of service, your notice period is <insert number> weeks. Therefore your employment will end on <insert future date to cover all of the weeks you need to give notice>.

Due to your employment ending because of redundancy, you will be paid redundancy pay of \$<insert amount> in accordance with <insert full name of the source of the entitlement (e.g. award, enterprise agreement, National Employment Standards, contract of employment)>. This amount represents <insert number of weeks of redundancy pay> weeks' pay which is based on your <insert number of years of employment> years of service.

*Option B: Use this option if you are required to pay redundancy and the employee will be paid in lieu of the notice period.*

Your employment will end immediately. Based on your length of service, your notice period is <insert number> weeks. Instead of receiving that notice, you will be paid the sum of \$<insert amount>, plus the redundancy entitlement set out below.

Due to your employment ending because of redundancy, you will also be paid redundancy pay of \$<insert amount> in accordance with <insert full name of the source of the entitlement (e.g. award, enterprise agreement, National Employment Standards, contract of employment)>. This amount represents <insert number of weeks of redundancy pay> weeks' pay which is based on your <insert number of years of employment> years of service.

*Option C: Use this option if you are not required to pay redundancy and the employee will work the notice period.*

Based on your length of service, your notice period is <insert number> weeks. Therefore your employment will end on <insert future date to cover all of the weeks you need to give notice>.

*Option D: Use this option if you are not required to pay redundancy and the employee will be paid in lieu of the notice period.*

Your employment will end immediately. Based on your length of service, your notice period is <insert number> weeks. In lieu of receiving that notice, you will be paid the sum of \$<insert amount>.

*The next part of the letter applies to all employees.*

You will also be paid your accrued entitlements and any outstanding pay up to and including your last day of employment. This includes the balance of any time off instead of overtime paid accrued but not yet taken (paid at the overtime rate applicable when the overtime was worked), and superannuation.

If you have been paid annual leave in advance, any amount of annual leave still owing will be deducted from your final pay.

You may seek information about minimum terms and conditions of employment from the Fair Work Ombudsman. If you wish to contact them you can call 13 13 94 or visit their website at [www.fairwork.gov.au](http://www.fairwork.gov.au).

Redundancy and leave payments will usually give rise to waiting periods for Centrelink payments. You should contact Centrelink to find out how long you have to wait to receive any applicable benefits. The best way to do this is to lodge a claim for payment.

We thank you for your valuable contribution during your employment with us. Please contact me if you wish to obtain a reference in the future.

Yours sincerely,

<Insert name>

<Insert position>

PLEASE KEEP A COPY OF THIS LETTER FOR YOUR RECORDS