

Redundancy

The process to follow when an employer makes an employee redundant.

To end an employment relationship notice must be given by one party (the employee or employer) to the other party.

The process of redundancy, and payment of redundancy compensation (where this applies), are a last option. It should only happen after all redeployment options have been exhausted.

When an employer advises an employee that they have not been successful in the redeployment process they should make sure that the employee is offered at least all of the support that is mentioned in the employment agreement or policies and/or has been mentioned in the change proposal.

Things you should consider include:

- checking that all redeployment and alternative options have been worked through with the employee. Recheck this with the employee also
- checking what date the job is to be disestablished. Will it be needed for longer? Are there any other options for the employee to stay on longer while further redeployment options are considered? Is the employee agreeable to continue working for a while and take redundancy later?
- counselling support where outplacement is not made available or outplacement does not include counselling
- outplacement support which may include:
 - counselling
 - Curriculum Vitae (CV) or Resume support
 - interview skills training
 - other training that may improve the employee's chances of future employment
 - career advice

Meet with the employee and discuss with them the next steps. You can use our [Process leading to redundancy flowchart \[PDF, 168 KB\]](#) [[/assets/Uploads/tools-and-resources/flowcharts/process-leading-to-redundancy-flowchart.pdf](#)] to talk through the steps with your employee. You need to confirm the employee's notice of redundancy in writing.

The notice period must be at least the length of notice referred to in the employment agreement or workplace policies. If the employee agrees you may give an extended notice period while they continue in their role, or in a special project of some sort, while the change implementation is completed (or as agreed). This can allow for other redeployment opportunities to be explored. The employee does not have to agree to a later date.

Notice of redundancy

If there is no specific clause in an employment agreement giving a period of notice in a redundancy situation, 'reasonable notice' must be given. The length of 'reasonable notice' depends on a variety of factors, such as:

- the reason for the redundancy
- the employee's length of service
- the employee's seniority and/or remuneration package
- custom, practice and industry norms
- the employee's ability to find alternative employment
- the amount of compensation being paid (if any).

Final payments

Remember that unused annual leave and salary, along with any other entitlements, up to the end date is payable. Notice of termination of employment must be given in accordance with the employee's agreement. Consider whether you want the employee to work the notice or be paid their notice.

Redundancy compensation

Whether employees receive redundancy payments is dependent on the applicable employment agreements and is a matter for negotiation between the parties. However, all employees whose employment is ending due to redundancy must be given notice in terms of the employment agreement. An employer can require an employee to work out their notice.

[Tools and Resources](#)

[\[/tools-and-resources/\]](#)

[Process leading to redundancy](#)

[\[/assets/Uploads/tools-and-resources/flowcharts/process-leading-to-redundancy-flowchart.pdf\]](#)

This flowchart outlines the redundancy process.

Please note that this content will change over time and may be out of date.

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