



Directive

Directive Title	Voluntary Redundancy Program Guidelines
Status	Active
Document Number	D2011_023
File Number	DPC11/01402-001
Compliance Detail	Mandatory for: <input checked="" type="checkbox"/> NSW Public Service Departments <input checked="" type="checkbox"/> NSW Public Service Other Agencies <input checked="" type="checkbox"/> NSW Non-Public Service Divisions and Special Employment Divisions <input checked="" type="checkbox"/> NSW Public Sector Agencies (including NSW Health Service, NSW Teaching Service, NSW Police Force)
Category	Redeployment, Redundancy, Termination
Sub Category	Managing Excess Employees
Summary	Voluntary Redundancy Program Guidelines (distributed via PSCC2011-01 and updated on 23 January 2012) explains how Directors General may approve the implementation of Voluntary Redundancy Programs for agencies in their clusters.
Publication Date	23/January/2012
Review Date	30/November/2014
Author	Public Service Commission
Unit	Performance and Development
Policy Custodian	Director, HR Practice
Distribution method	Circular
Circular/Memorandum	PSCC2011-01
Previous Reference	Nil
Archive Note	Nil
Contact for enquiries	enquiries-psc@psc.nsw.gov.au or (02) 9272 6000

This Directive may be varied, withdrawn or replaced at any time without notice



Public Service
Commission

VOLUNTARY REDUNDANCY PROGRAM GUIDELINES

November 2011



Public Service Commission
enquiries-psc@psc.nsw.gov.au
(02) 9272 6000

Contents

1.	Revision History	4
2.	Introduction	5
3.	Scope.....	5
4.	Operation of a VRP	5
4.1	Invitation for expressions of interest.....	5
4.2	Considering expressions of interest.....	6
4.3	Making VR offers.....	6
4.4	VR payment.....	7
4.5	VR offer conditions	7
4.6	Job swaps	7
5.	Funding for VR offers.....	8
6.	Tax and superannuation implications	8
7.	Reporting requirements	9
8.	Templates	9
	Appendix 1 - Voluntary Redundancy – Invitation for Expressions of Interest (Template)	10
	Appendix 2 – Expression Of Interest In Voluntary Redundancy	12
	Appendix 3 - Offer of Voluntary Redundancy (Template).....	13
	Appendix 4 - Voluntary Redundancy Acceptance Form.....	15

1. Revision History

Version	Approval Date	Next Review Date	Amendment notes
1.0	10/11/2011	30/11/2014	First release.
2.0	23/01/2012	30/11/2014	Consequences of refusing the VR amended, pages 14 and 16.

2. Introduction

A voluntary redundancy program (VRP) is an effective way of reducing the number of positions in an agency. Such action may be necessary for a range of business reasons, including to reduce expenses, achieve efficiency dividend targets, or to reduce the number of employees affected, or likely to be affected, by an organisational change which will result in fewer positions. It is not necessary for an employee to be declared excess prior to their being offered voluntary redundancy (VR) under a VRP. A VRP may be implemented at any time, subject to the approval of the cluster Director General.

These guidelines should be read in conjunction with [Treasury Circular NSWTC 11/10 Funding for Redundancy Payments](#).

In circumstances of organisational change, the Department of Premier and Cabinet's [Agency Change Management Guidelines \(D2011 014\)](#) should also be consulted.

These guidelines do not alter any obligation which an agency may have under legislation and/or an industrial instrument.

3. Scope

These guidelines apply to all public sector agencies other than State Owned Corporations. This includes all agencies and employees in the Government Service (Public Service Departments, Non-Public Service Divisions and Special Employment Divisions), the Teaching Service, NSW Police and the NSW Health Service.

4. Operation of a VRP

4.1 Invitation for expressions of interest

Note: Temporary and casual employees, Senior Executive Service officers and excess employees are not eligible for a VR offer as part of a VRP.

A VRP begins with a formal written invitation for expressions of interest. This invitation can be confined to some or all employees in a single business unit, a number of business units, or extend to the staff of an entire agency. There needs to be a deadline for expressions of interest.

It is essential that an invitation for expressions of interest:

- includes the formula used for calculating VR payments ([see section 4.4](#))
- makes it clear that an expression of interest by an employee does not guarantee that an offer of VR will be made to that employee as this depends primarily on which positions the agency determines to be redundant
- specifies the deadline for responses from employees
- includes the criteria to be used to determine the positions that will be the subject of a VR offer ([see section 4.2](#)).

A template Voluntary Redundancy - Invitation for Expressions of Interest is at [Appendix 1](#).

4.2 Considering expressions of interest

Each VR offer must be designed such that its acceptance will:

- deliver a permanent, ongoing reduction in expenses, and
- result in the recipient leaving from a position that was made redundant while the recipient held the position, and
- contribute to a savings target or workforce planning objective, or
- reduce the number of employees affected, or likely to be affected, by an organisational change which will result in fewer positions.

Notwithstanding an employee's expression of interest meeting these criteria, VR is offered entirely at the discretion of the agency.

Further, a VR offer must not be made in circumstances where its acceptance would:

- simply bring forward a reduction in expenses that was already certain, or could reasonably be predicted
- adversely affect the delivery of services.

4.3 Making VR offers

Note: Offers of VR are not restricted to employees who have returned an expression of interest. An agency may make an offer to any employee who has received an invitation seeking expressions of interest.

The employee has 14 calendar days from the date of the offer to accept or reject it. If the offer is sent to the employee's postal address, then the 14 calendar day period is counted from the fourth working day after the offer was posted.

The VR offer must include:

- an estimate of the employee's VR payment, calculated according to the formula at [section 4.4](#), and any accrued entitlements
- the conditions of the offer.

A template Offer of Voluntary Redundancy is at [Appendix 2](#).

In the absence of a response within 14 calendar days, the employee is assumed to have rejected the offer.

If the VR offer is accepted the employee must exit the service within 14 calendar days from the date of accepting the offer, from a position that was made redundant while the recipient held the position.

The acceptance of a VR offer cannot be conditional, nor can it be rescinded.

4.4 VR payment

The VR payment is calculated according to the following formula:

- four weeks notice or payment in lieu, plus
- for employees aged 45 years and over with five or more years of completed service, an additional one weeks notice or payment in lieu, plus
- a severance payment at the rate of three weeks per year of continuous service with a maximum of 39 weeks, with pro-rata payments for incomplete years of service to be on a quarterly basis, plus
- the benefit allowable as a contributor to a retirement fund (see [Superannuation Retrenchment Benefits Circular \(D2000 004\)](#)), plus
- pro rata annual leave loading for leave accumulated at the date of termination, plus
- the following incentive payments based on years of service

Length of service	Additional payment
Less than one year	Two weeks pay
One year and less than two years	Four weeks pay
Two years and less than three years	Six weeks pay
Three or more years	Eight weeks pay

All continuous service in NSW public sector agencies in accordance with [Schedule 3A of the Public Sector Employment and Management Act 2002](#) is recognised for voluntary redundancy purposes provided no previous redundancy payment has been made for this service.

4.5 VR offer conditions

An employee who accepts a voluntary redundancy cannot be re-employed or re-engaged in any capacity in any NSW public sector agency within the period covered by their severance payment, without first repaying the relevant proportion of their VR payment. The repayment covers the relevant proportion of the severance payment (up to 39 weeks) and the additional payment of up to eight weeks but excludes the four / five weeks pay in lieu of notice. This requirement applies to employment or engagement in any capacity as staff members, contractors, consultants or employees or principals of companies engaged in contracting to a public sector agency.

4.6 Job swaps

In conjunction with a VRP, agencies may also invite employees to express interest in job swaps. It may happen that an employee does not want a VR but is in a position that the agency would like to make redundant. If a second employee at the same substantive level, with the requisite capabilities for the first position, would like a VR offer, and the agency approves, then the two employees can swap positions so that the second employee receives the VR offer.

5. Funding for VR offers

Funding is available for VRs where the redundancies will result in a permanent reduction in expenses. There must be evidence that the redundancies will result in a genuine reduction in positions and that this will lead to long term savings.

Funding is available to general government sector agencies. Where there is justification, assistance may also be available to agencies which receive significant operating subsidies or budget-funded grants to deliver programs.

Costs eligible for funding include:

- payments in lieu of notice
- severance payments
- standard incentive payments.

Costs not eligible for funding which are to be borne by the agency include:

- annual leave payments
- retirement fund (superannuation) benefits.

Arrangements for long service leave payments, which are paid out as part of a redundancy, are as per the usual funding arrangements. Long service leave is not a redundancy cost.

More information can be found in Treasury Circulars:

[NSW TC 2011-10 Funding for Redundancy Payments](#)

[NSW TC 2010-04 Funding Arrangements for Long Service Leave and Transferred Officers Leave Entitlements](#)

6. Tax and superannuation implications

Voluntary redundancies which comply with these guidelines are treated as genuine redundancies for the purposes of income tax.

A voluntary redundancy is genuine when the most influential reason underlying it was the employer's decision to make the position redundant. The redundant job may be work of a particular kind, either generally or in a particular location. The employer does not need approval from the Commissioner of Taxation to make this type of payment. The employee will receive preferential tax treatment for payments made because of a genuine redundancy.

Information about the superannuation implications of voluntary redundancy can be found in the Public Service Commission policy directive: Voluntary Redundancy: Superannuation Implications D2011_013. Employees should also seek advice from their superannuation scheme and consider seeking independent financial advice.

7. Reporting requirements

Principal Departments will be required to report on their cluster VRP activity on a regular basis.

The Public Service Commission is finalising a new process for recording VR activity and will advise on the reporting requirements once the new arrangements are established.

8. Templates

MS Word versions of the templates attached to these guidelines can be obtained by emailing workforce.design@psc.nsw.gov.au.

Appendix 1 - Voluntary Redundancy – Invitation for Expressions of Interest (Template)

In accordance with the Public Service Commission's (PSC) Circular PSCC 2011-01 Voluntary Redundancy Programs, [Department/Agency/Branch] is inviting an expression of interest from eligible staff members who are interested in accepting a voluntary redundancy (VR).

An expression of interest form for this VR program is attached. If you are interested, please complete and forward to the [HR unit] by fax: (02) [fax number] or email [email address] by [DD Month YYYY]. Note that emailed expressions must include a signed and scanned copy of the expression of interest form.

Eligibility

All permanent staff members who hold a substantive position with [Department/Agency/Branch] are eligible to apply. Temporary and casual employees, Senior Executive Service officers, and excess employees are not eligible for this VR program.

All expressions of interest will be considered by the [Agency review committee/HR unit/Department/Agency Head or Delegate] according to the following criteria [insert criteria].

It should be noted that the submission of an expression of interest does not automatically qualify a staff member to receive an offer of VR.

Voluntary redundancy payment

Staff members who are offered and accept a voluntary redundancy package are entitled to the following payments:

- four weeks notice or payment in lieu, plus
- for employees aged 45 years or over with five or more years of completed service, an additional one week's notice or payment in lieu, plus
- a severance payment at the rate of three weeks per year of continuous service up to a maximum of 39 weeks, with pro-rata payments for incomplete years of service to be calculated on a quarterly basis, plus
- any benefit allowable as a contributor to a retirement fund (see DPC Circular 2000-42 Superannuation Retrenchment Benefits), plus
- pro-rata annual leave loading for leave accrued at the date of termination, plus
- the following additional payments based on years of service:

Length of Service	Additional Payment
Less than one year	Two weeks pay
One year and less than two years	Four weeks pay
Two years and less than three years	Six weeks pay
Three or more years	Eight weeks pay

Voluntary redundancy conditions

An employee who is made a VR offer under this program is subject to the following conditions:

- the offer must be accepted within 14 calendar days of it being made. In the absence of a response within 14 calendar days, the employee is assumed to have rejected the offer
- an employee who accepts the VR offer must leave the service within 14 calendar days of the acceptance date
- the acceptance of the VR offer cannot be conditional and cannot be rescinded
- an employee who accepts a VR cannot be re-employed or re-engaged in any capacity in any NSW public sector agency within the period covered by their severance payment, without first repaying the relevant proportion of their payment. The repayment covers the relevant proportion of the severance payment (up to 39 weeks) and the additional payment of up to eight weeks but excludes the four / five weeks pay in lieu of notice. This requirement applies to employment or engagement in any capacity as staff members, contractors, consultants or employees or principals of companies engaged in contracting to a public sector agency.

Enquiries regarding this VR program can be directed to the [HR Manager/HR unit] on (02) [phone number] or email [email address]

[Department/Agency Head or Delegate]

[Title]

[Date]

[Optional or if required by Department/Agency]

Contact Officer: [Contact Name]

Telephone: (02) [phone number]

Email: [email address]

References:

Appendix 2 – Expression Of Interest In Voluntary Redundancy

PURPOSE

This form is for employees who wish to express interest in voluntary redundancy.

PERSONAL DETAILS

First Name	
Surname	
Employee number	
Contact number	

POSITION DETAILS

Substantive position title	
Substantive grade/level	
Business unit	
Employee's signature	
Date	

CLOSING DATE: [DD Month YYYY]

Please return to:

[HR Unit/Team]

[Postal Address]

Fax No. (02) [fax number]

or

email (signed and scanned) to: [email address]

Appendix 3 - Offer of Voluntary Redundancy (Template)

[Employee's address]

Dear [Employee's name]

Thank you for your interest in the [Department name]'s voluntary redundancy program.

I am writing to inform you that upon consideration of your expression of interest [Department name] can now formally offer you voluntary redundancy. To accept this offer you must respond within 14 calendar days from the date of this letter by completing the attached Voluntary Redundancy Acceptance form.

If you accept this voluntary redundancy offer your last day of service will be the date that is within 14 calendar days from the acceptance date. Please note that should you decline this offer of voluntary redundancy further offers may not be made.

Voluntary redundancy payment

The voluntary redundancy comprises of the following payments:

- four weeks notice or payment in lieu, plus
- for employees aged 45 years and over and with five or more years of completed service, an additional one weeks notice or payment in lieu, plus
- a severance payment at the rate of three weeks per year of continuous service with a maximum of 39 weeks, with pro-rata payments for incomplete years of service to be on a quarterly basis
- the benefit allowable as a contributor to a retirement fund (see DPC Circular 2000-42 Superannuation Retrenchment Benefits) , plus
- pro rata annual leave loading for leave accumulated at the date of termination, plus
- the following incentive payments based on years of service:

Length of service	Additional payment
Less than one year	Two weeks pay
One year and less than two years	Four weeks pay
Two years and less than three years	Six weeks pay
Three or more years	Eight weeks pay

A schedule estimating the value of your entitlement is attached.

Conditions of acceptance

The conditions of acceptance are as follows:

- This voluntary redundancy must be accepted by [DD Month YYYY (date that is 14 calendar days from the date of this letter)].
- If you accept this voluntary redundancy offer you agree to leave the NSW Public Sector by the date that is within 14 calendar days of the acceptance date.
- Your acceptance of the VR offer cannot be conditional and cannot be rescinded.
- If you accept a voluntary redundancy you cannot be re-employed or re-engaged in any capacity in any NSW public sector agency within the period covered by your severance payment, without first repaying the relevant proportion of your payment. The repayment covers the relevant proportion of the severance payment (up to 39 weeks) and the additional payment of up to eight weeks but excludes the four / five weeks pay in lieu of notice. This requirement applies to employment or engagement in any capacity as staff members, contractors, consultants or employees or principals of companies engaged in contracting to a public sector agency.

Next steps

Please complete the enclosed Voluntary Redundancy Acceptance form to either accept or decline the offer of voluntary redundancy.

Return the form to [HR Director/Manager] by [DD Month YYYY (date that is 14 calendar days from the date of this letter)].

Note: if you do not respond within 14 calendar days from the date of this letter, this will be taken as the choice to decline voluntary redundancy. By declining this offer you understand that your position may still become redundant, at which point you would be [for employees covered by M2011-11 insert the following: "declared an excess employee in accordance with the provisions of the Managing Excess Employees Policy under Premier's Memorandum 2011-11". For employees not covered by M2011-11, insert a reference to the process, policy or industrial instrument that relates to the management of employees who do not hold a position]. Please check with the contact below if you need clarification regarding this issue.

Further information

Please contact [HR contact name] on [phone number] if you have any questions about your voluntary redundancy offer.

Yours faithfully

[Name]

[Department Head or Delegate]

Enclosed:

1. Schedule of voluntary redundancy entitlements
2. Voluntary redundancy acceptance form
3. [any other relevant attachments]

Appendix 4 - Voluntary Redundancy Acceptance Form

Employee name:	
Employee number:	

I declare that (please tick one of the following):

- I wish to accept the voluntary redundancy offer and voluntarily terminate my services with [Department/Agency]. I understand that by accepting this voluntary redundancy offer:
- I agree to leave the NSW Public Sector within 14 calendar days of the date of acceptance.
 - I cannot place conditions on my acceptance or rescind it.
 - I cannot be re-employed or re-engaged in any capacity in any NSW Public Sector agency within the period covered by the severance payment without first repaying the relevant proportion of this payment. The repayment covers the relevant proportion of the severance payment (up to 39 weeks) and the additional payment of up to eight weeks but excludes the four / five weeks pay in lieu of notice. This requirement applies to employment or engagement in any capacity as staff members, contractors, consultants or employees or principals of companies engaged in contracting to a public sector agency.

OR

- I wish to decline the voluntary redundancy offer. I understand that by choosing this option my position may still become redundant at which point I would be [for employees covered by M2011-11 insert the following: "declared an excess employee in accordance with the provisions of the Managing Excess Employees Policy under Premier's Memorandum 2011-11". For employees not covered by M2011-11, insert a reference to the process, policy or industrial instrument that relates to the management of employees who do not hold a position].

Employee signature:	
Date:	
Name of current supervisor:	

Please return this form by [DD Month YYYY (must be 14 calendar days from date of letter)] to:

[HR Director/Manager]

[postal address/email address/fax number]

Note that emailed acceptances must include a signed and scanned copy of the voluntary redundancy acceptance for

THIS PAGE INTENTIONALLY BLANK