



## REDUNDANCY TEST CASE FACT SHEET

**In August 2002, applications were lodged in the Australian Industrial Relations Commission for an ACTU Test Case with four Unions using six Awards:**

- **AMWU** - Graphic Arts - General - Award 2000; Metal, Engineering and Associated Industries Award 1998.
- **ASU** - Clerical and Administrative Employees (Victoria) Award 1999.
- **NUW** - Rubber, Plastic and Cable Making Industry – General - Award 1998; Storage Services – General – Award 1999.
- **SDA** - Retail and Wholesale Industry - Shop Employees - ACT Award 2000.
  
- **Flow-on of the claim through Federal and State Awards would improve the redundancy rights for millions of award-dependent and casual employees.**

### **Key elements of the Test Case claim:**

- Extend redundancy to casual employees with more than 12 months service
- Require employers to consult employees before redundancy
- Provide allowance for job search and financial counselling after redundancy
- Provide extra severance pay for employees aged over 45-years-old
- Increase severance pay in line with the NSW standard as follows:
  - 1-2 years service = 4 weeks pay (no change) or 5 wks if aged over 45
  - 2-3 years service = 7 wks pay (instead of 6 wks) or 8.75 wks if aged over 45
  - 3-4 years service = 10 wks pay (instead of 7 wks) or 12.5 wks if aged over 45
  - 4-5 years service = 12 wks pay (instead of 8 wks) or 15 wks if aged over 45
  - 5-6 years service = 14 wks pay (instead of 8 wks) or 17.5 wks if aged over 45
  - 6 years or more = 16 wks pay (instead of 8 wks) or 20 wks if aged over 45.

### **The need for change:**

- The 1984 Termination Change and Redundancy (TCR) standard for Federal Awards is outdated and inconsistent with State Awards & enterprise agreements.
- Severance pay is inadequate, especially the 8-week cap for long-serving workers when the average period of unemployment after redundancy is 22 weeks.
- 25% of retrenched employees – 150,000 people in the last three years - received less than one day's notice of their redundancy. The Howard Government has stripped consultation requirements from Awards.
- Since 1982 casual employment has doubled as a proportion of the workforce to over 25%, or about 2 million employees without any redundancy entitlement.
- 60% of casuals have worked in the same job for more than 12 months, including 20% with more than five years service and 10% with more than 10 years service.
- Workers aged over 45 face an average period of unemployment of 96 weeks compared with 38 weeks for under 45s.

*(Sources: ABS Retrenchment and Redundancy Cat 6266.0 May 2001; ABS Career Experience Cat 6254.0 Nov 1998; Peetz, Job Tenure, Employment Status and Labour Market Disadvantage, May 2002)*

### **People retrenched 1998-2001:**

- 596,400 Australian employees, or 6% of the workforce, were retrenched in the three years to July 2001.
- 65% (389,800) were men and 35% (206,600) were women.
- 52% were aged 25-44, 32% were aged over 45 and 16% were aged 18-24.
- 30% were retrenched after less than 1 year in the job;  
23% after 1-3 years;  
12% after 3-5 years;                      14% after 10-20 years;  
13% after 5-10 years;                      8% after 20 years or more.
- The average period of unemployment after redundancy was 22 weeks.

### **Notice of redundancy:**

- 25% of retrenched people received less than one day's notice of redundancy
- 14% received notice of 1-6 days
- 38% received notice of 1 to 5 weeks
- 23% received notice of more than 5 weeks

### **Main types of jobs lost 1998-2001:**

- 81% (484,200) lost full-time jobs                      19% (112,200) lost part-time jobs.
- 122,100 (20%) lost jobs from manufacturing;
- 70,400 (12%) lost jobs from property & business services;
- 68,500 (11%) lost jobs from construction;
- 8,800 (10%) lost jobs from retail trades.

### **Main reasons for retrenchment:**

- Not enough work/ job cuts - 42%
- Business closures - 18%
- Change of management - 10%
- Job change/new technology - 5%
- Other business problems - 4%
- Ill health/physical disability - 3%

### **Over 45s are unemployed longer:**

- The average duration of unemployment for people aged 45 years and over is 96 weeks compared with 38 weeks for those aged 15 to 44 years, and 50 weeks for all unemployed persons.
- 38% of unemployed job seekers aged over 45 have been unemployed for 12 months or more, compared with only 18.8% of job seekers aged 15-44 years.

(Sources: ABS *Retrenchment and Redundancy Cat 6266.0* May 2001; Peetz, *Job Tenure, Employment Status and Labour Market Disadvantage*, May 2002)