

# EMPLOYEES AND COVID-19

## 4 KEY STEPS TO CONSIDER

The coronavirus (COVID-19) pandemic is impacting the economy and forcing businesses to cut costs. With salaries being the highest expense for most businesses, reducing employee hours has become the first port of call.

Yet knowing that these tough times will pass, many business owners are reluctant to permanently cut their staff numbers, especially having invested in finding and training good people. To help you understand your options, this factsheet outlines four steps you can consider to reduce employee costs.

### STEP 1: FLEXIBLE WORKING



Consider all flexible working arrangement options, such as working remotely and flexible work hours. Remember to:

- be mindful of your workplace health and safety consulting obligations; and
- ensure you communicate any roster changes to your employees.

### STEP 2: PAID OR UNPAID LEAVE



Where working from home is not practical, employees can take accrued paid leave (such as annual leave or long service leave), or any other paid or unpaid leave agreed between you and your employee.

Generally, you can direct employees to take annual leave if:

- their modern award or enterprise agreement allows it; or
- the employee is award-free and the requirement is reasonable (e.g. Christmas/New Year shutdowns).

Maintain open communication with your employees about the impact of coronavirus on the business and their employment options. They may well agree to take accrued leave to help safeguard the business and their job.

### STEP 3: STAND DOWN



You can stand down employees in accordance with the Fair Work Act, an enterprise agreement or a modern award. Generally, you can stand down employees without pay if:

- the employees cannot usefully be employed;
- work is stopping for reasons outside your (the employer's) control.

However, meeting these thresholds is not simple, so stand downs should only be utilised as a last resort. Always seek legal advice before relying on these provisions.

### STEP 4: REDUNDANCY



If your employees' roles are no longer required due to the downturn in the economy, you can commence the redundancy process.

To avoid unfair dismissal claims, make sure you strictly comply with your consultation obligations under any applicable modern award or enterprise agreement. Also, ensure you explore any alternative options to the redundancy such as:

- reduced hours; and
- taking a temporary period of unpaid leave

as part of this consultation process. It is important to seek legal advice prior to commencing any redundancy process.