[***Date***]

[*Insert employer address*]

Dear [*insert* *name*]

**Employment Terms Variation**

Thank you for your [letter/email/discussion] proposing [*insert details of proposed variation – e.g. that my pay be reduced by 20%*]. If this is not an accurate description of the proposal, please clarify this with me in writing.

I understand [business] is facing difficulty at the moment and needs to make some changes to keep afloat. However, the proposal is currently quite open-ended. I want to continue working for [business], but I need to make sure I have some certainty about the future. I am, however, open to some short-term changes to my employment to help [business] during this time.

I can agree to a reduction in pay by [insert % or sum] if it is also agreed that this change is temporary and will be reviewed at an agreed time, and my usual pay reinstated at an agreed time in the future as [business] recovers. The process for review of the temporary changes can be set out and agreed between us.

I understand that you are currently receiving the Government’s wage subsidy and that you included me in your application. As the wage subsidy applies for 12 weeks, I suggest the following:

1. that the pay reduction applies only for the 12 weeks of the wage subsidy;
2. at the end of the 12-week period, you reinstate my pay to the amount I was earning at the start of the lockdown;
3. if [business] can’t afford to reinstate my pay, then one week before the end of the wage subsidy period you meet with me and review the matter to:

### explain the financial details for why you can’t reinstate my pay, and

### offer some other options, giving me time after the meeting to consider the options.

1. [*Further proposal* – Since I am agreeing to a reduction in pay for the 12-week period, I propose reducing my hours accordingly for that time. That is, since my pay is being reduced by [x%], my hours would be reduced by [x%].]
2. [*Further alternative proposal –* If you do not want to reduce my hours as above, then another option would be for me to accrue time off in lieu equal to the percentage my pay is reduced during this period. That is, if my pay is reduced by 20% then 20% of my normal hours could be accrued as leave that I could take when the business is back up and running]

*[This paragraph needs to be included if you have redundancy compensation in your employment agreement -* I am also concerned that if [business] cannot get back up and running at the end of the subsidy period, you may look at redundancies. Please confirm that if I was made redundant, my redundancy payment under my employment agreement will be based on my pay before the reduction.]

While cashflow may not be back to normal at the end of the 12-week period, I hope you will recognise my loyalty and efforts during this time and agree to return my pay back to what it was. Hopefully this temporary reduction in my pay will give [business] a chance to find other ways to get through this crisis.

I hope we can come to a fair agreement on this, because I really do enjoy working for [business].

Regards,

[Name]