

2. Human Resources

2.7 C-2SGP07 – Severance/Gratuity Payment

Previous Policy Number – 9.3

PART A - Policy

Objective

The objective of this Policy is to outline the circumstances and manner of assessment upon which the Shire of Dandaragan (Shire) will pay an employee an amount (**severance/gratuity payment**) in addition to any amount to which they are entitled under a contract of employment, award, enterprise bargaining agreement or order by a Court or Tribunal. This policy shall not be considered as a contractual entitlement under the employment relationship.

Policy Statement

The Council and Shire are committed to ensuring legislative obligations are met whilst departing employees are provided with fair and equitable treatment.

Determinations

This policy applies to all employees of the Shire.

Decisions under this policy are to be made –

- (a) by the Council – where the decision involves a severance/gratuity payment to the Chief Executive Officer (CEO); or
- (b) by the CEO – where the decision involves a severance/gratuity payment to any other employee of the Shire

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PART B - Management Procedures

Definitions

Nil.

Detail

The purpose of this procedure is to set down the severance payable to terminating employees for the purpose of Section 5.50(1) of the Local Government Act.

Employees leaving the organization of their own volition for the purposes of retirement or career change will not be paid a severance/gratuity payment except as provided for in this procedure.

1. Circumstances for Payment

The Shire may make a payment in the following circumstances-

- (a) Redundancy- "Redundant" will be taken to mean that the duties of a position will no longer be performed by an employee of the Shire;
- (b) local government boundary changes and amalgamations; and
- (c) to settle such other termination matters (that do not relate to an employee being made redundant) in accordance with clause 5.

2. Exclusions

2.1 A payment will not be made to an employee who-

- (a) is redeployed within the Shire;
- (b) accepts employment with a successful tenderer;
- (c) is dismissed for serious misconduct;
- (d) is employed on either a temporary or casual basis;
- (e) has less than one year's service with the Shire, or
- (f) is classified as a trainee or apprentice or is under probation.

2.2 In addition to the exclusions in clause 4.1, where an employee's position is made redundant as a result of all or part of the functions of that position being undertaken by a contractor, a payment will not be made to the employee but, in this case, the Shire will encourage the contractor to engage the employee.

3. Determination of Payment

3.1 Definition

In the context of a 'payment' to an employee, the term 'weeks pay'-

- (a) means the normal weekly salary or wage payable to the employee including any penalty rates normally paid for ordinary hours but excluding overtime or intermittent payments;
- (b) includes salary or wages specifically sacrificed for additional non-award benefits; and

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- (c) does not include the value of any non-award benefit normally provided for the employee's position (such as a vehicle and where normal use of that vehicle is a non cash component of a salary package, and any over award superannuation provided to employees).

3.2 General Maximum Payment

The maximum payment to an employee under regulation 19A of the *Local Government (Administration) Regulations 1996*, where the employment with the Shire finishes after 1 January 2010, is not to exceed in total –

- (a) the value of the persons final annual remuneration, if the person –
- a. accepts, voluntary severance by resigning as an employee; and
 - b. Is not a CEO or a senior employee whose employment is governed by a written contract in accordance with section 5.39;

or

- (b) In all other cases, \$5,000.

3.3 Gratuity Payment

An employee may be entitled to a gratuity payment as outlined within this policy based on the completed years of service when an employee's services are ceasing with the Shire for any of the reasons identified below:

- resignation (not as a result of any performance management or investigation being conducted by the Shire);
- retirement; or
- redundancy.

An employee, who has been dismissed by the Shire for any reason other than redundancy, will not be eligible to receive any gratuity payment under this policy.

The annual budget will include an allocation sufficient to facilitate payments and the CEO is authorised to make such payments, in accordance with this policy.

Number of years' service	Amount of Gratuity
Continuous service greater than 2 years and up to 5 years	A Statement of Service and a gift, or contribution towards a gift, to the value of \$100.
Continuous service greater than 5 years and up to 10 years	Certificate of Appreciation and a gift to the value of \$200. Items to be presented to the employee by the CEO, or nominated representative at a function to be determined by the CEO.
10 to a maximum of 15 years continuous service	A gift to the value of \$30 per year of continuous service up to a maximum of \$500.

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Number of years' service	Amount of Gratuity
	Items are to be presented to the employee by the President or nominated representative, at a function to be determined by the CEO.
15 to a maximum of 20 years continuous service	A gift to the value of \$50 per year of continuous service up to a maximum of \$1,000. Items are to be presented to the employee by the President or nominated representative, at a function to be determined by the CEO.
Above 20 years' service	A gift to the value of \$70 per year of continuous service up to a maximum of \$5,000. Items are to be presented to the employee by the President or nominated representative, at a function to be determined by the CEO.

3.4 Settlement and other terminations

For the purpose of determining the amount of a payment in respect of a settling a matter under clause 4 (c), the CEO may take into account –

- (a) the advice of an industrial advocate or legal practitioner on the strength of the cases of the respective parties in any litigation or claim in an industrial tribunal;
- (b) the costs of any industrial advocate or legal advice and support;
- (c) the general costs associated with the hearing including witness fees, travel costs and accommodation charges; and
- (d) the disruption to operations.

3.5 Recognition of Service

The Shire will recognise long serving employees with more than 10 years of service during their employment.

In order to recognise long serving employees, the Human Resources Coordinator will advise as to which employees have attained, or will attain, 10, 15, 20, 25, 30, 35 or 40 plus years' service with the Shire at the commencement of each calendar year.

Each employee listed shall receive a letter from the CEO acknowledging their length of service along with the following:

Number of years' service	Recognition of length of service
10 years continuous service	Gift to the value of \$250, certificate and award presented at a function attended by Council, staff and employee's guests
15 years continuous service	Certificate and small gift to the value of \$50 presented at a morning or afternoon tea

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Number of years' service	Recognition of length of service
20 years continuous service	Gift to the value of \$500, certificate and award presented at a function attended by Council, staff and employee's guests
25 years continuous service	Certificate and small gift to the value of \$100 presented at a morning or afternoon tea
30 years continuous service	Gift to the value of \$1,000, certificate and award presented at a function attended by Council, staff and employee's guests
35 years continuous service	Certificate and small gift to the value of \$150 presented at a morning or afternoon tea
40 years continuous service	Gift to the value of \$2,000, certificate and award presented at a function attended by Council, staff and employee's guests

4. Public Notice

Nothing in these procedures prevents Council from determining that in unforeseen circumstances, terminating employees may be paid additional monies or be provided with additional benefits where justified and where it is demonstrably in the best interests of the Shire. If Council so determines, details of the severance pay and benefits shall be published in accordance with Section 5.50(2) of the *Local Government Act 1995*.

5. Financial Liability for Taxation

The employee accepts full responsibility for any taxation payable on the severance payment and agrees to fully indemnify the Shire in relation to any claims or liabilities for taxation in relation to the payment.