

## 2.7 Severance, Gratuity and Recognition of Service Payment

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### **PART A - Policy**

#### **1) Objective**

The objective of this Policy is to outline the circumstances and manner of assessment upon which the Shire of Dandaragan (Shire) may provide an employee a severance/gratuity payment in addition to any entitlements under an employment contract, award, enterprise bargaining agreement, or order of a Court or Tribunal. This Policy is not, and must not be interpreted as, a contractual entitlement.

In addition, this Policy establishes the Shire's framework for recognising significant lengths of continuous service by employees, including the principles and entitlements associated with service recognition.

#### **2) Policy Statement**

The Council and Shire are committed to ensuring that:

- a) All legislative and industrial relations obligations are fully met.
- b) Employees leaving the organisation are treated fairly and equitably.
- c) Long-serving employees are acknowledged and recognised for their contribution to the Shire.

#### **3) 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

## **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 and Regulation 19A of the *Local Government (Administration) Regulations 1996*.

Employees leaving the organisation 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 3.

#### **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 misconduct of any nature;
- (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 2.1, if an employee's position is made redundant because all or part of its functions are outsourced to a contractor, no redundancy payment will be made. In such circumstances, the Shire will encourage the contractor to consider employing the affected 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
- (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.

<b>Number of years' service</b>	<b>Amount of Gratuity</b>
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.
Continuous service greater than 10 years up to 15 years	A gift to the value of \$30 per year of continuous service up to a maximum of \$500. Items are to be presented to the employee by the President or nominated representative, at a function to be determined by the CEO.
Continuous service greater than 15 years up to 20 years	A gift to the value of \$50 per year of continuous service up to a maximum of \$1,000.

<b>Number of years' service</b>	<b>Amount of Gratuity</b>
	Items are to be presented to the employee by the President or nominated representative, at a function to be determined by the CEO.
Greater than 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 1, 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:

<b>Number of years' service</b>	<b>Recognition of length of service</b>
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
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

<b>Number of years' service</b>	<b>Recognition of length of service</b>
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
45 years of continuous service	Certificate and small gift to the value of \$200 presented at a morning or afternoon tea
50 years of continuous service	Gift to the value of \$3,000, certificate and award presented at a function attended by Council, staff and employee's guests

#### **4. Public Notice**

Nothing in this policy or procedure prevents the Shire, in unforeseen or exceptional circumstances, from authorising a severance, gratuity, or recognition of service payment or benefit that exceeds the amount provided for clause 3.3 and clause 3.5, where such a payment is justified and in the best interests of the organisation.

Decisions relating to such payments will be made in accordance with:

- (a) Part A Section 3 of this policy; and
- (b) Where a payment is made under these circumstances, local public notice will be given 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.

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