

Council Policy – Payments to Employees in Addition to Contract or Award

Responsible Directorate	Office of the Chief Executive Officer Corporate Services
Responsible Business Unit/s	Organisational Development Finance Services
Responsible Officer	Manager Organisational Development Manager Finance
Affected Business Unit/s	All

Objective

The Shire of Ashburton (the Shire) is committed to recognising employees finishing employment with the Shire within the parameters set by section 5.50 of the *Local Government Act 1995* (the Act) and regulation 19A of the *Local Government (Administration) Regulations 1996*.

This policy sets out the:

- circumstances upon which the Shire will pay an employee a gratuity amount in addition to any amount which the employee is entitled under a contract of employment, award, industrial agreement or order by a Court or Tribunal relating to the employee; and
- manner of assessment of the additional amount.

Scope

This policy applies to all employees of the Shire.

Policy Statement

Gratuity payments

When an employee resigns from their employment with the Shire or is made redundant, they may be given gratuity payment as a token of appreciation for their commitment and service to the Shire.

A gratuity payment is paid in addition to any amount which an employee is entitled to under a contract of employment or industrial instrument.

This policy does not form a contractual entitlement for any employee of the Shire.

Eligibility for gratuity payments

An employee may be entitled to a gratuity payment as outlined within this policy, when an employee's services are ceasing with the local government for any of the reasons identified below:

- Resignation (not as a result of any performance management or workplace fact-finding process being conducted by the Shire);
- Retirement; or
- Redundancy.

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

Prescribed amount for gratuity payments

Years of service	Gratuity provided
Continuous service less than 5 years	Statement of Service and a gift or contribution towards a gift of \$50 for each year of service.
Continuous service greater than 5 years but less than 10 years	Statement of Service and a gift or contribution towards a gift of \$60 for each year of service.
Continuous service greater than 10 years but less than 15 years	Statement of Service and a gift or contribution towards a gift of \$70 for each year of service.
Continuous service greater than 15 years but less than 20 years	Statement of Service and a gift or contribution towards a gift of \$80 for each year of service.
Continuous service over 20 years	Statement of Service and a gift or contribution towards a gift of \$100 for each year of service.

Regulation 19A of the *Local Government (Administration) Regulations 1996*, limits the monetary value of gratuities paid to employees who are finishing employment with a local government to \$5,000.

Determining service

For the purpose of this policy, continuous service includes any period of:

- Paid leave as set out in the *Shire of Ashburton Enterprise Agreement 2022* (or subsequent agreement);
- Public holidays;
- Paid personal leave to the extent of three months in each calendar; and
- Absence that has been supported by an approved workers compensation claim to the extent of one year.

For the purpose of this policy, continuous service does not include any period of:

- Unauthorised absence;
- Unpaid leave; and
- Parental leave.

Final determination

The Chief Executive Officer or their delegate shall make the final determination with respect to whether an employee will receive and the form of the gratuity to be made, taking into consideration the employee's performance, including values-alignment over the period of service.

Financial implications

Funds for gratuity payments under this policy are allocated as part of the Shire's Annual Budget.

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

Payments in addition to this policy

The Shire will not make any payments in addition to those contained within this policy to employees finishing with the Shire, until this policy is amended to reflect the varied amount/s and the local public notice requirements under section 5.50(2) of the Act, for any variation proposed are complied with.

Definitions

Nil

Relevant policies/documents

Nil

Relevant legislation/local laws

Section 5.50 of the *Local Government Act 1995*

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

Office use only				
Relevant delegations	Nil			
Council adoption	Date	13 December 2022	Resolution #	171/2022
Reviewed/modified	Date	16 July 2024	Resolution #	138/2024
	Date		Resolution #	
	Date		Resolution #	
	Date		Resolution #	
Next review due	Date	2026		