

HR 012: GRATUITY PAYMENTS AND FAREWELL GIFTS TO EMPLOYEES

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Objective

The Shire is committed to recognising long serving employees within the parameters of the Act and Regulations. This Policy sets out the circumstances in which the Shire of Esperance will provide a farewell gift to a certain value in addition to any amount to which the employee is entitled under a contract of employment or award relating to the employee.

Policy

Purpose

The policy sets out the guidelines with regard to gratuity payments or farewell gifts that the Shire can confer on an employee who retires or resigns from full time or permanent part-time (pro-rata payment) employment.

This policy shall be published in accordance with Section 5.50(1) of the *Local Government Act 1995* and notes the limitations set by Regulation 19A of the *Local Government (Administration) Regulations 1996*.

Definitions

A 'gratuity payment' means any payment of monies in excess of any contract or award entitlement including the disposition of Shire property to any employee.

Eligibility for Gratuity Payment

A gratuity payment entitlement is subject to completed years of continuous service as per prescribed amounts detailed below and is only payable at the time an employee finishes their employment with the Shire for one of the following reasons –

- Resignation (not as a result of any performance management or investigation or disciplinary process being undertaken by the Shire)
- Retirement, or
- Redundancy

The CEO is authorised to approve expenditure for the purpose of gratuity payments in accordance with this Policy.

Prescribed Amounts for Gratuity Payments

The Shire may confer a farewell gift or a gratuity payment to an employee who after continuous employment with the Shire ceases employment, retires or resigns. The maximum value allowed

for the gift or gratuity will accord with the length of continuous employment by the employee with the Shire as follows:

1. Between 0 and 2 years continuous service

No gratuity payment or gift would be made unless exceptional circumstances apply and are reported to the Council by the Chief Executive Officer for consideration.

2. Between 2 and 10 years continuous service

The Chief Executive Officer may elect to confer a farewell gift up to the value of \$300 to an employee with more than 2 years and less than 10 years continuous service who has displayed exceptional performance, initiative or commitment to the Shire.

The value of the gift will not be greater than the threshold of the minor fringe benefits tax limit as set by the Australian Taxation Office and reviewed from time to time.

3. Greater than 10 years continuous service

The Chief Executive Officer may elect to confer a farewell gift or gratuity payment up to the value of \$1,000 to an employee with greater than 10 years continuous service who has displayed exceptional performance, initiative or commitment to the Shire.

Should exceptional circumstances apply, for example by the number of years of continuous service, then the Council, upon consideration of a report from the Chief Executive Officer, may authorise an amount greater than outlined in clause (c).

NOTE: For the avoidance of doubt, any FBT payable in applying clause (c) will be at the Shire's expense.

Determining Continuous Service

Continuous service includes –

- Any period of absence from duty on approved annual leave, long service leave, paid compassionate leave, paid personal/carer's leave and public holidays and
- Any period of absence that has been supported by an approved worker's compensation claim up to a maximum absence of 12 months.

For the purpose of this policy, unless otherwise determined by Council resolution, continuous services does not include –

- Any period of unauthorised absence from duty
- Any period of unpaid leave or
- Any period of absence from duty on unpaid parental leave.

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