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## 7.2 Employee Gratuity/Farewell

<b>Policy Owner</b>	<b>Administration and Financial Services</b>
<b>Person Responsible</b>	<b>Chief Executive Officer</b>
<b>Date of Adoption</b>	<b>2009 – 12.01/07</b>
<b>Date of Last Review</b>	<b>26 October 2022 – Resolution 021022</b>
<b>Date Next Due for Review</b>	<b>3 years / or earlier if required</b>

### **OBJECTIVE**

To give recognition to valued employees ceasing Councils employ.

### **POLICY**

In accordance with Section 5.50(1) of the *Local Government Act 1995* the Shire of Wongan-Ballidu (the Shire) hereby adopts the following policy in relation to the recognition of service when an employee leaves its service.

CEO has discretionary power to select a suitable gift (and farewell party) for presentation on behalf of Shire of Wongan-Ballidu to employees whose service is finishing.

The Shire recognises that that the length of service of an employee does not necessarily equate to the value of their contribution to the Shire, but seeks a balanced approached to recognise the loyalty, contribution and length of service.

In using the discretionary power, the following will be used as a guide;

### **COUNCIL GRATUITY/GIFT DETERMINATION FORMULA**

That the Shire apply a gift/gratuity on termination of employment (resignation or death by an employee) excepting on the grounds that the resignation was a result of pending disciplinary or possible fraudulent or illegal behaviour of that employee on the following basis:

- a) = The employees' final cash annualised salary exclusive of overtime.
- b) = % to be applied depending upon length of service
- c) = number of years of continuous service
- d) = average weighting to be applied after assessment by the relevant staff/Elected Members
- e) = payment to be made as a gratuity or gift.

Measure of performance		Factor/weighting		
Inadequate or Marginal (below standard)		0.5		
Satisfactory or as expected (average)		1		
Exceeds requirements or excellent (above average)		2		
Outstanding and exceptional		3		
Length of service % to apply		Factor Weighting		
0-4.99 completed years of service		0.050%		
5-9.99 completed years of service		0.060%		
10 or over completed years of service Formulae for calculation = a x b x c x d = e		0.075%		
Examples of Calculations				
Cash component annualised salary	%	Length of service in years	Weighting for performance	Gratuity/Gift Value \$
A	B	C	D	E
25,000	0.050%	4	2	100.00
25,000	0.060%	8	1	120.00
25,000	0.075%	20	2	750.00
40,000	0.050%	4	2	160.00
40,000	0.060%	8	0.5	96.00
40,000	0.075%	20	2	1,200.00
60,000	0.050%	4	2	240.00
60,000	0.060%	8	0.5	144.00
60,000	0.075%	20	1	900.00
88,000	0.050%	4	2	352.00
88,000	0.060%	8	0.5	211.20
88,000	0.075%	20	1	1,320.00

Performance Weighting is undertaken of the employee by:

- Their Line Manager and the CEO;
- Where the employee leaving is a senior officer of Shire, the CEO;
- In the case of the CEO leaving, the Elected Members will perform the assessment.

In assessing performance, the assessors will take into account the employees' value to the employer and their demonstrated commitment and impact to their work when compared to what might be considered by the assessor as an 'average employee' (factor of 1).

Elected Member Assessment Example	Factor/Weighting
Cr 1	2
Cr 2	2
Cr 3	2
Cr 4	0.5
Cr 5	1
Cr 6	2
Cr 7	2

Average weighting rounded to nearest integer – 1

Officer Assessment Example	Factor/Weighting
Line Manager	2
Shire President	0.5
CEO	1
Average weighting rounded to nearest integer	

The Council reserves the right to pay an additional amount to that set out in this policy, where it considers circumstances warrant, in which event local public notice will be given.

## STATUTORY REQUIREMENTS

Section 5.50(1) of the *Local Government Act 1995* states that Local Government is to cause local public notice to be given in relation to the Policy.

Accordingly, this Policy on Gratuity Payments was last reviewed 2009.

### Local Government Administration Regulations Section 19A Payment to Employee in addition to contract or award – s.5.50(3)

(1) the value of a payment or payments made under section 5.50(1) and (2) to an employee whose employment with a local government finishes after 1 January 2010 is not to exceed in total –

- (a) if the person accepts voluntary severance by resigning as an employee, the value of the person's final annual remuneration; or
- (b) in all other cases, \$5,000.

(2) In this regulation –

**“final annual remuneration”** in respect of a person means the value of the annual remuneration paid or payable, to the person by the local government which employed that person immediately before the person’s employment with the local government finished

## **REVIEW**

Reviews of this policy are to be undertaken every three years or earlier if required.

## **RESPONSIBILITY FOR IMPLEMENTATION**

The Chief Executive Officer are responsible for the implementation of this policy.