

2.4 Gratuity Policy

Objective

When an employee leaves their employment or is made redundant, they may be given a good or service as a token of appreciation for their commitment and service to the Shire of East Pilbara.

This Gratuity Policy outlines the circumstances in which gratuity payments may be made to an employee. This policy should be read in conjunction with section 5.50 of the *Local Government Act 1995* and *Local Government Administration Regulations 1996*, specifically regulation 19a. 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 Local Government.

Commitment

The Shire of East Pilbara is committed to recognising long serving employees within the parameters set by the *Local Government Act 1995* and the associated regulations.

Eligibility for Gratuity Payments

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 Local Government for any of the reasons identified below:

- Resignation (not as a result of any performance management or investigation being conducted by the Local Government);
- Retirement; or
- Redundancy.

An employee who has been dismissed by the Shire of East Pilbara for any reason other than redundancy, will not be eligible to receive any Gratuity Payment under this policy

The Chief Executive Officer is authorised to approve payments in accordance with the limits prescribed by this policy. Funds will be allocated as part of the Local Government's budget preparation process and unexpended amounts will be returned to general revenue.

Prescribed Amounts for Gratuity Payments

Number of Years' Service	Amount of Gratuity
Continuous service less than 6 months.	Morning tea provided by Council and card to be signed by work colleagues.
Continuous service between 6 months to 2 years.	Morning tea provided by Council, card signed by work colleagues and a request for contribution to gift (from staff). If less than \$100 collected, Council will make up the difference.

Continuous service between 2 years to 5 years.	Morning tea provided by Council, card to be signed by work colleagues and a request for contribution to gift (from staff). Council will contribute \$150 towards the gift.
Continuous service between 5 years to 10 years.	Morning tea provided by Council, card to be signed by work colleagues and a request for contribution to gift (from staff). Council will contribute \$200 towards the gift.
Continuous service greater than 10 years.	Morning tea provided by Council, card to be signed by work colleagues and a request for contribution to gift (from staff). Council will contribute up to \$250 towards the gift.

After 10 years continuous service, additional funds will be at the discretion of the Chief Executive Officer.

Gift preference to be an item representing the Shire of East Pilbara i.e. art, photos etc.

Acknowledgement

The Shire of East Pilbara acknowledges that at the time this policy was introduced, employees may be entitled to payments in addition to this policy as a result of accrued unused long service leave benefits, redundancy payments or notice periods as prescribed by legislation or a relevant industrial instrument. The Shire of East Pilbara has considered these provisions when setting the prescribed amount of any gratuity payment in this policy.

Determining Service

For the purpose of this policy, continuous service shall be deemed to include:

- Any period of absence from duty on annual leave, long service leave, paid compassionate leave, accrued paid personal leave and public holidays;
- Any period of authorised paid absence from duty necessitated by sickness of or injury to the employee up to a maximum of three months in each calendar year, but not including leave without pay or parental leave; or
- Any period of absence that has been supported by an approved workers compensation claim up to a maximum absence of 12 months.
- For the purpose of this policy, continuous service shall not include:
- Any period of unauthorised absence from duty unless Shire of East Pilbara determines otherwise;
- Any period of unpaid leave unless the Shire of East Pilbara determines otherwise; or
- Any period of absence from duty on parental leave unless the Shire of East Pilbara determines otherwise.

Financial Liability for Taxation

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

Payments in addition to this Policy

The Shire of East Pilbara agrees not to make any gratuity payment in addition to that contained within this policy until the Policy has been amended to reflect the varied amount and the Shire of East Pilbara has caused local public notification to be given in relation to the variation.

Financial Implications

The Shire of East Pilbara acknowledges that at the time the policy was introduced, the financial implications to the Shire of East Pilbara were understood and that these financial implications had been investigated based on the workforce position current at that time.

The Shire of East Pilbara will take reasonable steps to notify employees prior to the variation of this policy or the introduction of any new gratuity policy.

Consequences for Breaching this Policy

The policy constitutes a lawful instruction to anyone involved in administering a gratuity payment. Any breaches of the policy may lead to disciplinary action.

Variations to this Policy

This policy may be cancelled or varied from time to time. All the organisation's employees will be notified of any variation to this policy by the normal correspondence method.

Authorisation Details

Authorised by:	Council		
Date:	27 June 2003	Item No.	9.1.3
Review/Amendment Date	21 April 2017	Item No	9.2.6
Review/Amendment Date	11 December 2020	Item No	9.1.8
Review/Amendment Date	25 June 2021	Item No	9.2.4
Next Review			
Responsible Directorate	Chief Executive Officer		
Responsible Officer	Manager People & Culture		
File No.			