



1.2.4 Gratuity Payment

Type:	Office of the CEO – Human Resources
Legislation:	Local Government Act 1995 Local Government (Administration) Regulations 1996
Delegation:	DA74 Authority to make Gratuity Payments to Departing Staff
Other Related Document:	Nil

Policy Statement

The Policy, which is **discretionary**, allows the CEO and Council to make a payment to recognise the loyal and dedicated service of employees to the Town of East Fremantle.

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 Town of East Fremantle.

Policy Scope

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.

Policy

Commitment

The Town of East Fremantle 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 Town of East Fremantle for any reason other than redundancy, will not be eligible to receive any Gratuity Payment under this policy.

Council delegates, in the case of any payment up to the value of **\$1,000**, to the Chief Executive Officer, following consultation with the Mayor. Any payment over the value of **\$1,000**, will require the express approval of Council.

Prescribed Amounts for Gratuity Payments

Number of Years' Service	Amount of Gratuity
Continuous service 0 years and up to 10 years	A Statement of Service and a gift, or contribution towards a gift, up to the value of \$0
CEO discretion	
5 to a maximum of 10 Years Continuous Service	\$100 per year for every completed year over 5 years of continuous service up to a maximum of \$500
10 to a maximum of 20 Years Continuous Service	\$100 per year for every year over 10 years of continuous service up to a maximum of \$1,000 Items are to be presented to the employee by the Mayor or nominated representative, at a function to be determined by the Chief Executive Officer.
Council discretion	
<i>20 Years Continuous Service and above</i>	<i>\$150 per year of continuous service up to a maximum of \$5,000</i> <i>A report is to be presented to Council for approval prior to payment.</i> <i>Items are to be presented to the employee by the Mayor or nominated representative, at a function to be determined by the Chief Executive Officer.</i>

In deciding if a gratuity will be granted, the CEO or Council will take into consideration the service record of the employee. Particular attention will be paid to the employee's attitude (loyalty & dedication) towards Council's objectives and the willingness to contribute over their term of employment.

The Town of East Fremantle 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 Town of East Fremantle 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 Town of East Fremantle determines otherwise;
- any period of unpaid leave unless the Town of East Fremantle determines otherwise; or
- any period of absence from duty on parental leave unless the Town of East Fremantle 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 Town of East Fremantle in relation to any claims or liabilities for taxation in relation to the gratuity payment.

Payments in addition to this Policy

The Town of East Fremantle 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 Town of East Fremantle has caused local public notification to be given in relation to the variation.

Financial Implications

- The Town acknowledges that at the time the policy was introduced, the financial implications to the Town were understood and that these financial implications had been investigated based on the workforce position current at that time.
- The Town will take reasonable steps to notify employees prior to the variation of this policy or the introduction of any new gratuity policy.

Consequences of 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.

Variation 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.

Responsible Directorate:	Office of the CEO
Reviewing Officer:	CEO
Decision making Authority:	Council
Policy Adopted:	19/06/18
Policy Amended/Reviewed:	17/9/19
Former Policy No:	4.2.8