

GRATUITIES AND REDUNDANCY PAYMENTS

Previous policy number: 4.1.9

Policy Statement

This policy is to address the requirement of Section 5.50(1) of the *Local Government Act 1995* for the local government to prepare a policy in relation to employees whose employment with the local government is finishing. It is intended to provide clear guidance for those circumstances where a gratuity or gift may be approved and also distinguish between the payment of a gratuity and other payments to employees whose employment is ending.

Policy Details

Objective

To provide guidelines for the CEO to authorise the payment of gratuities and redundancy payments and the presentation of gifts to employees finishing their employment with the Council and to distinguish such payments from other payments which may be made to an employee whose employment is ending.

Policy Principles

The policy is required to support good governance and to ensure the appropriate distinction between the functions of the CEO and the discretionary decisions of Council.

Policy Guidance

(a) Gratuities

A gratuity may be paid to an employee at the sole discretion of the Council, unless otherwise specified by 5(d) of this policy, upon the employee's retirement due to ill health, their resignation or to the employee's beneficiaries following the employee's death. The gratuity may be paid only under the following conditions:

- (i) After a minimum of 10 years' service.
- (ii) A maximum amount equivalent to 1 month's salary at the rate of the last pay period of the employee for each year of that service, up to a maximum of 3 months.

(b) Redundancies

Redundancies resulting from internal restructuring:

Redundancy payments shall be in accordance with provisions of the relevant Legislation, Award, Agreement or Contract.

Redundancies resulting from external restructuring i.e. amalgamations, boundary changes etc

Redundancy payments shall be in accordance with relevant Legislation, Contract, Recommendation, Agreement, Award, Court Order and provisions of Section 11 of the Local Government Act 1995.

(c) Gifts

- (i) The Council may present a gift to an employee whose service with the Council is finishing.
- (ii) The value of the gift shall not exceed \$1,000.
- (iii) “A gift can include a gift of money, a gift which is non-monetary but of value, a gift in kind, the payment of an inadequate financial consideration or the receipt of a discount (where the difference or discount is more than \$200 worth), financial or other contribution to travel, the provision of a service for no consideration or for inadequate consideration, and a firm promise or agreement to give a gift at some future time.”

(d) Responsibility of the CEO

- (i) Nothing in this policy is to be taken to refer to or to limit the function of the CEO in accordance with Section 5.4.1(g) of the *Local Government Act 1995*:

(to)“be responsible for the employment, management, supervision direction of other employees (subject to section 5.37(2) in relation to senior employees).”

- (ii) In carrying out this function the CEO may find it appropriate to authorise a payment which is greater than the accumulated entitlements or mandated by legislation in the settlement of matters pertaining to the cessation of the relevant employees’ employment.

Definitions

“**Gratuity**” is defined as *something given voluntarily or beyond obligation usually for some service*; (Merriam – Webster.com/dictionary).

Governance References

Statutory Compliance	<p><i>Local Government Act 1995, Section 5.50</i> Local Government (Administration) Regulations 1996 Local Government (Rules of Conduct) Regulations 2007 <i>Occupational Safety and Health Act 1984</i> Occupational Safety and Health Regulations 1996 <i>Fair Work Act 2009</i> National Employment Standards Local Government Industry Award 2010 or other relevant industrial instrument</p>
Organisational Compliance	<p>Town of Mosman Park Enterprise Agreement 2015-2018 Town of Mosman Park Policies and Procedures</p>

Policy Administration

Directorate:		Officer title:
Executive Services		Chief Executive Officer
Next Review		Review Cycle
April 2023		
Version	Date	Ref
1	25 May 2010	OCM-173-2010
2	9 April 2019	SCM-003-2019
3		