



## **EMP35 GRATUITY**

Aim	To provide guidance on Council contributions or gifts upon retirement or resignation of employees.
Application	All Shire of Ashburton Employees
Statutory Infringement	<i>Local Government Act 1995</i> <i>Local Government Administration Regulations 1996</i>
Principles	Strategic Community Plan 2017 – 2027 (2019 Desktop Review)  Goal 05 Inspiring Governance Objective 4 Exemplary team and work environment
Approval Date	OMC 17 December 2019 (MINUTE: 722/2019)

### **Policy Statement**

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 Ashburton.

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 Shire of Ashburton.

### **Commitment**

The Shire of Ashburton is committed to recognising 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 at the discretion of the CEO, 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 Ashburton 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 petty cash claims in accordance with the limits prescribed by this policy. Funds will be allocated as part of the Local Government's budget preparation process.

### **Prescribed Amounts For Gratuity Payments**

The Shire of Ashburton 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 Ashburton has considered these provisions when setting the prescribed amount of any gratuity payment in this policy.

Any gratuity payment will not exceed the amounts included in regulation 19A of the Local Government Administration Regulations 1996 which were, at the time the policy was introduced, is as below:

'19A. Payments 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.
- (3) 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.'

### **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 Ashburton in relation to any claims or liabilities for taxation in relation to the gratuity payment.

### **Payments In Addition To This Policy**

The Shire of Ashburton 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 Ashburton has caused local public notification to be given in relation to the variation.

### **Financial Implications**

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

The Shire of Ashburton 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.

### **Associated Documents**

External - Nil

Internal - Nil