

Policy Number:	PSN 6
Policy Type:	Personnel
Policy Name:	Payment to Employees in Addition to Contract or Award
Policy Owner:	Chief Executive Officer
Date of Approval	26 February 2026
Council Resolution #	260226.7

POLICY STATEMENT

The Shire of Nannup may, at its discretion, provide a payment to employees whose employment is ending, in recognition of long and meritorious service.

OBJECTIVE AND PURPOSE

This policy sets out the circumstances in which the Shire of Nannup may make a payment to an employee, in addition to any entitlement under a contract of employment or award; and the manner of assessment of any such additional payment.

This Policy is adopted to comply with s.5.50(1) of the *Local Government Act 1995* and the limits prescribed by Regulation 19A of the *Local Government (Administration) Regulations 1996*.

Section 5.50(5) of the Act requires that the adopted Policy be published on the Shire’s official website.

SCOPE

This policy applies to all employees of the Shire, excluding -

- The Chief Executive Officer (CEO); and
- Senior employees (as defined under Section 5.37 of the Act) whose contracts are governed separately under Section 5.39 of the Act.

(These employees are excluded by operation of r.19A for voluntary severance and are otherwise managed by contract and legislation.)

DEFINITIONS

Additional Payment	means a payment (or financial benefit) in addition to any contractual/award entitlement or court/tribunal-ordered amount. (Ref. s.5.50(4))
Final Annual Remuneration	means the annual remuneration payable immediately before employment ends (per r.19A).
Voluntary Severance	means employee’s resignation as part of an employer-initiated separation arrangement.

IMPLICATIONS

It is a mandatory policy requirement of section 5.50 of the Act and requires local governments to prepare and adopt a

policy that outlines the circumstances under which additional payments may be made to employees upon cessation of employment and the manner of assessment for such payments.

IMPLEMENTATION

1. Circumstances when an additional payment may be considered

Subject to section 'Exclusions' and 'the Caps':

- a) Voluntary Severance (by resignation) – to facilitate organisational change where voluntary separation is in the Shire's interests.
- b) Settlement of a Claim/Dispute - to resolve genuine industrial or employment disputes (e.g., proposed or current proceedings), where settlement is assessed as cost-effective and in the public interest.
- c) Illness or Impairment - where, by mutual agreement, employment ends due to medical incapacity and a settlement facilitates transition.
- d) Poor Fit / Performance - where the Shire considers it beneficial to end employment by mutual agreement rather than continue performance management, with appropriate safeguards.
- e) Gratuity on Cessation (Service Recognition) - modest gratuity/gift on resignation, retirement, or redundancy, in line with service tiers. Note: Payments cannot exceed r.19A limits in any circumstances.

2. Manner of Assessment

The CEO will document a written assessment that considers, as relevant:

- a) statutory caps under r.19A
- b) the circumstances detailed in 1. above.
- c) length and quality of service, role criticality, and benefits to the Shire, risk, cost, and fairness considerations (including legal advice in claim settlements);
- d) the Annual Budget allocation and financial sustainability.

3. Exclusions

No Additional Payment will be made to an employee who:

- a) is the CEO or a Senior Employee under s.5.37 (covered by contract/legislation);
- b) is dismissed for misconduct or resigns after commencement of a disciplinary or performance management process;
- c) is redeployed within the Shire or to a successful contractor (where applicable);
- d) is on probation or has less than 6 months service.

4. Caps and Limits

- a) All circumstances detailed in 1. above (except Service Recognition) up to a maximum of 26 weeks salary.
- b) Service recognition/gratuity tiers: (Executive to determine whether a gratuity is paid or a gift is provided to the same amount)

5–10 years	up to \$50 per completed year of service (cap \$500).
10–15 years	up to \$75 per completed year of service (cap \$1,125).
15–20 years	up to \$100 per completed year of service (cap \$2000).

20+ years	up to \$125 per year (cap \$2,500)
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- (c) The Shire will meet the cost of an appropriate farewell celebration as determined by the CEO for (b) above.

Public Notice

Council may make a payment to an employee that exceeds this policy amount (within the legislative caps detailed under 'Legislative Context') however, before such payment is made, local public notice is to be given in relation to the payment to be made in accordance with Section 5.50 (2) of the *Local Government Act 1995*.

AUTHORITIES AND ACCOUNTABILITIES

Council authorises the Chief Executive Officer to assess and approve payments to employees whose employment with the local government is ending, in accordance with the adopted Council policy.

If a payment exceeds the amount set out in the adopted policy, the CEO must ensure that local public notice is given prior to the payment being made, as required under Section 5.50(2) of the Act. Payments that are likely to exceed policy limits are subject to a Council resolution (s.5.50(2)).

ROLES AND RESPONSIBILITIES

- 1) The People and Culture, Rates and Integrated Planning Officer is to maintain records of all payments made and ensure that all public notice requirements are met.
- 2) The Executive Manager Corporate Services is responsible for implementation and compliance with this Policy and for providing interpretation in the event of the need for clarification.

DISPUTE RESOLUTION (if applicable)

All disputes regarding this policy will be referred to the Executive Manager Corporate Services in the first instance. If an agreement cannot be reached, the matter will be submitted to the CEO for a ruling.

EVALUATION AND REVIEW

This Policy will be reviewed at least every two years or earlier if legislative changes occur or sector practice materially shifts.

RELATED DOCUMENTS

This Policy operates in addition to:

- applicable awards/industrial agreements;
- employee contracts;
- the Shire's Code of Conduct; and
- any Redundancy and Redeployment procedures.

REFERENCES

Legislative Context

- *Local Government Act 1995* — s.5.50:
Requires a policy outlining circumstances and assessment method; prohibits such payments without an adopted policy; mandates local public notice if payment exceeds policy limits; and requires the policy to be published on the Shire's website.

- *Local Government (Administration) Regulations 1996 — r.19A:*
Caps payments – Voluntary severance by resignation (non-CEO/senior employee), up to the person’s final annual remuneration otherwise; all other cases: \$5,000 total cap.

RESPONSIBILITY FOR IMPLEMENTATION

Executive Manager Corporate Services

Version OCM Ref. #	Date:	Next Review	ECM Reference #
1.	26 February 2026	February 2028	INT26/4623A6F6
2.			
3.			