

1/027 Severance Payment**1. Policy Objective**

This Severance Policy outlines the circumstances and manner of assessment upon which the Town of Port Hedland (Town) at the discretion of the Chief Executive Officer (CEO) may pay an employee an amount (**severance payment**) in addition to any amount to which they are entitled under a contract of employment or award relating to the employee. This policy shall not be considered as a contractual entitlement under the employment relationship.

2. Policy Content

This policy relates to all Town employees and should be read in conjunction with section 5.50 of the *Local Government Act 1995* and regulation 19A of the *Local Government (Administration) Regulations 1996* as to the maximum value of payment that can be approved for an employee whose employment is finishing with the Town.

3. Circumstances for Severance Payment

Subject to the CEO's approval, the Town may pay a severance payment in circumstances whereby an employee is made redundant or accepts voluntary severance by resigning from the organisation.

The Town may pay severance payment under one the following criteria:

- **Settlement of a claim**
In settlement of a claim or dispute where the employee has or proposes to take action under industrial relations legislation, up to a maximum of 52 week's pay.
- **Illness or impairment**
To facilitate a situation where an employee is unable to perform their role due to illness or impairment and there has been mutual agreement that the employment must end, up to a maximum of 26 week's pay.
- **Outstanding Service**
An employee who has provided outstanding service or contribution to the Town, up to maximum of 12 week's pay.
- **Reimbursement of relocation expenses**
An employee on contract may receive a reimbursement of relocation expenses and this amount is at the discretion of the CEO.



Under section 5.50 (2) of the *Local Government Act 1995*, the Town may pay an additional amount to what is set out under section 3 of this policy, however a public notice must be given in relation to the payment made.

Severance payments to the CEO must be approved by the Council.

The legislation for determining the above criteria is set out under the Local Government (Administration) Regulations 1996 19A as follows:

- (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) *the value of the person's final annual remuneration, if the person —*
 - (i) *accepts voluntary severance by resigning as an employee; and*
 - (ii) *is not a CEO or a senior employee whose employment is governed by a written contract in accordance with section 5.39;*
- or*
- (b) *in all other cases, \$5 000.*

Exclusions:

A severance payment will not be made to an employee who-

- (a) is redeployed within the Town;
- (b) is dismissed for serious misconduct;
- (c) is employed on either a temporary or casual basis;
- (d) has less than one year's service with the Town; or
- (e) is classified as a trainee or apprentice or is under probation.

4. Manner of Assessment of the Severance Payment

Where the severance payment is based on the weekly pay, this is the normal ordinary pay (excluding overtime, vehicle allowance or superannuation). In assessing the severance payment, the following will be considered:-

- The amount recommended by a Court or Tribunal to settle a matter;
- The exposure to litigation and the strength of the respective cases;
- The cost of legal services;
- Disruption to operations;
- Length of service and personal circumstances of the employee;
- Position held by the employee.

5. Definitions

“Senior Employee” means employees holding the position of Chief Executive Officer or Director in accordance with Section 5.37 of the *Local Government Act 1995*.

Relevant legislation	<i>Local Government Act 1995</i> <i>Local Government (Administration) Regulations 1996</i> 3/007 Senior Employees and Appointing Chief Executive Officer
Delegated authority	Nil
Business unit	Governance
Directorate	Corporate and Performance

<i>Governance to complete this section</i>			
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