

## **COUNCIL POLICY NO 3.7 RETENTION INCENTIVE PAYMENT**

### **STATEMENT**

To give effect to Section 5.50 of the *Local Government Act 1995* in relation to the payment of employees, except Senior Employees or the CEO, of amounts in addition to a contract or award upon leaving the organisation.

### **SCOPE**

This Policy applies to employees whose employment is governed by the Local Government Industry Award 2020 (Award), or the Southern Metropolitan Regional Council Resource Recovery Centre Enterprise Agreement 2021 (Agreement), or any other industrial instrument.

### **OBJECTIVE**

- To determine the circumstances for which the Council may make a payment to employees in excess of the applicable contract or industrial instrument; and
- To effect such payments to employees in the manner prescribed by Council, in accordance with legislation and the requirements of this Policy.

### **DEFINITIONS**

**Cash Salary** means the cash base hourly rate (excluding all allowances and loadings) paid, or payable, multiplied by the employed person's normal weekly hours immediately before the person's employment with the Council finished. Where a person works irregular hours, then the normal weekly hours will be calculated on an average of the last six months.

**Redundancy** means a situation where the employer no longer requires a specific position to be performed by a person(s) because of changes in the operational requirements of the organisation.

**Senior Employee** means an employee holding the position of Chief Executive Officer or an employee appointed under Section 5.37 of the *Local Government Act 1995* or designated as such by the Council.

**Voluntary Severance** means a financial payment made to a person who voluntarily chooses to end their employment in a situation where surplus positions within the organisation are identified.

### **ROLES & RESPONSIBILITIES**

- The Chief Executive Officer (CEO) is responsible for ensuring payments are effected as directed by Council.

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## **CONTENT**

### **1. RETENTION INCENTIVE PAYMENT**

The Council may provide a payment to eligible employees to encourage them to continue employment until the employee's position is made redundant, due to a pending sale or winding up of the business and the employee has not received or accepted an offer for alternative re-deployment arranged by Council (Retention Incentive Payment).

The Retention Incentive Payment is to assist employees financially after leaving the Council due to Redundancy and will be considered a Voluntary Severance.

The Retention Incentive Payment will be:

- a) subject to b) below, a maximum payment of thirteen (13) weeks at the employee's Cash Salary,
- b) where the total number of weeks paid to the employee for payment in lieu of notice, redundancy payment under the Agreement or the Award and the Retention Incentive Payment (together, the Total Severance Pay), would, other than due to this clause, exceed twenty-six (26) weeks, the Retention Incentive Payment will be reduced so that the Total Severance Pay equals twenty-six (26) weeks.

### **2 ELIGIBILITY CRITERIA:**

An employee will only be eligible to receive the Retention Incentive Payment where the:

- a) Council no longer requires the employee's role to be performed by anyone and proposes to terminate the employee's employment for reasons of Redundancy;
- b) Employee has completed six (6) months employment (or less, only at the discretion of the CEO).
- c) Employees with less than six (6) months service will be eligible to receive a prorata payment calculated on fully completed months of service, based on the thirteen (13) weeks entitlement.
- d) Employee has not received any written warnings in relation to their conduct in the workplace within the six (6) months before the Council's proposal to terminate the employment of the employee;
- e) Employee has not been managed for performance pursuant to 'Standard No HR6.10 – Managing Poor Performance Standard' within the six (6) months before the Council's proposal to terminate the employment of the employee; and
- f) Council has not secured alternative employment for the Employee.

Where the Council has secured alternative employment no less favourable than the employee's current employment and the Employee does not accept the position offered, the employee will not receive the Retention Incentive Payment.

If the employee is offered a Retention Incentive Payment, the employee agrees that the Retention Incentive Payment is a Voluntary Severance.

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### **3. 2023-24 REVIEW BY MEMBER PARTICIPANTS**

In acknowledging the impact to our staff that the review being undertaken in 2023-24 may have, we wish to enhance and clarify the policy further:

- We reiterate that this policy is to encourage staff to remain with the organisation until their position is made redundant, due to a pending sale or winding up of the business. The payment is not designed to compensate staff who remain employed by the RRG, a new entity or redeployed into a suitable alternate role elsewhere.
- Wherever possible our preference is for staff to be offered an alternate position rather than redundancy.
- Policy 3.1, Leave Management, be waived from 30 June 2024 to allow staff members to accrue and retain more than 8 weeks annual leave and to postpone the taking of long service leave for longer than 6 months after it becomes accrued.
- Introduce a bonus payment of \$500 per person for every six months of service completed commencing 1 July 2024:
  - You must complete your normally rostered hours during the six-month period. Or if employed on a casual basis, an average of your normally rostered hours.
  - Approved leave may occur during the period but periods of leave without pay will make you ineligible for the payment.
  - The payment of \$500 will be made six weeks after the completion of the six-month period and is subject to you still being employed by RRG.
  - The payment is a fixed sum and applies equally to all staff and does not attract superannuation.
  - These payments will apply even if you transition to a new employer and are not made redundant.
- Pay you 30% of your personal leave balance, accrued and not used, commencing 1 July 2024 until redundancy occurs:
  - Applies to permanent and fixed term staff only, ie does not apply to casual staff.
  - Any personal leave used from 1 July 2024 will be balanced against the accrual for that period, 30% of the difference will be paid to you if made redundant due to sale or wind up of the organisation.
- During 2024 resilience training will be offered to all permanent staff members and we will work with our supervisors and managers to provide them with tools and skills to liaise with staff regarding this matter.
- We will enhance our Employee Assistance Program (EAP) extending its access to cover assistance for any reason, not just work-related matters.
- We recognise that not all staff work consistent hours, redundancy payments for the purposes of this policy will be calculated by taking the average of the last six months' ordinary salary (excluding allowances, overtime and superannuation).
- We recognise that it may be necessary for some business units to wind up at different times and we confirm that if you meet the eligibility criteria of points 1 and 2 the policy will still apply.

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### REFERENCES & REVIEW

<b>Statutory Compliance</b>	<ul style="list-style-type: none"> <li>Local Government Act 1995 Section 5.50</li> <li>Local Government (Administration) Regulations 19A</li> <li>Fair Work Act 2009</li> <li>Local Government Industry Award 2020</li> </ul>	
<b>Organisational Compliance</b>	<ul style="list-style-type: none"> <li>SMRC RRRC Enterprise Agreement 2021</li> <li>Local Government Industry Award 2020</li> <li>Individual Employment Contracts</li> <li>Policy 3.3 Additional Payments in Addition to Contracts and Awards</li> </ul>	
<b>Approved by</b>	Regional Council	
<b>Next Revision Date</b>	November 2027	
<b>Policy Administration</b>	<b>Responsible Officer</b>	<b>Review Cycle</b>
Corporate	Chief Executive Officer	Biennial
<b>Risk Rating</b>	Operational Risk Register – Risk Medium	
<b>Location of document</b>	Members Area – RRG website Staff Intranet 9 Aldous Place, Booragoon – Corporate Services 350 Bannister Road, Canning Vale – staff room	

### DOCUMENT CONTROL REGISTER

Date	Review	No.	Author	Resp Officer	Council
2018	Original	1	EMCS	CEO	22/11/2018
2019	Review	2	EMCS	CEO	27/06/2019
2022	Review	3	MGC	SMG – 4/10/22	24/11/2022
2024	Review	4	EMGC	CEO	23/05/2024
2025	Review	5	EMGC	CEO	22/05/2025
2025	Review	6	EMGC	CEO	27/11/2025

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