



Labour Relations

CALCULATING LONG SERVICE LEAVE

In July 2006 the *Long Service Leave Act 1958* was amended to reduce the qualifying period for long service leave. This amendment changed the qualifying period for long service leave from 15 years to 10 years. The following table details the amendments made:

	First Leave			Subsequent Leave		Pro-Rata Leave	
	Qualifying period	Leave period	Accrual rates (per annum)	Qualifying period	Leave period	Pro-rata LSL payable after:	Pro-rata LSL paid for:
Old LSL entitlement	15 years	13 Weeks	0.8667 wks	10 years	8 $\frac{2}{3}$ wks	10 years	All qualifying service
New LSL entitlement	10 years	8 $\frac{2}{3}$ wks	0.8667 wks	5 years	4 $\frac{1}{3}$ wks	7 years	All qualifying service

Please note: The following calculation formulas provided are based on the entitlement under the *Long Service Leave Act 1958*. These calculations may not apply to canteen workers or workers in the construction industry. (See below)

TAKING LONG SERVICE LEAVE

The entitlement to long service leave is 8.667 weeks of paid leave after a minimum of 10 years' continuous service. After the initial 10 years, the next qualifying period is 5 years. The calculation to determine how much long service leave is owing is:

<p>0.8667 X (multiplied by) Completed years of service = (equals) Number of weeks of long service leave owed.</p>

LONG SERVICE LEAVE ON TERMINATION

There are two different calculations for long service leave upon termination, which depend upon an employee's length of service. When an employee has completed 7 years of service but less than 10 years, the long service leave is calculated on a pro-rata basis for their entire period of employment, including years, months, weeks and days.

Where an employee has completed 10 or more years of continuous employment, the amount of long service leave to be paid is calculated on the number of **completed** years of service.

CALCULATION AFTER 10 YEARS

When terminating after 10 years of continuous service, an employee's long service leave entitlement is calculated based on their completed years of service only.

Step 1

Calculate the number of weeks owed for whole years of service.

$$\begin{array}{r} 0.8667 \\ \times \text{(multiplied by)} \\ \text{Completed years of service} \\ = \text{(equals)} \\ \text{Weeks of long service leave owed} \end{array}$$

CALCULATION AFTER 7 YEARS BUT LESS THAN 10 YEARS

When terminating, an employee has worked more than 7 years continuous service but less than 10 years is entitled to pro rata long service leave. An employee is paid out their long service leave according to the exact number of days they have been with their employer. A 3-step calculation will need to be done:

Step 1

Calculate the number of weeks owed for whole years of service.

$$\begin{array}{r} 0.8667 \\ \times \text{(multiplied by)} \\ \text{Completed years of service} \\ = \text{(equals)} \\ \text{Weeks of long service leave owed} \end{array}$$

Step 2

Calculate the additional weeks owed for service completed using the additional days (calendar) of service.

$$\begin{array}{r} \text{Days of service/ (divided by) 365} \\ \times \text{(multiplied by) 0.8667} \\ = \text{(equals)} \\ \text{Additional weeks of long service leave owed} \end{array}$$

Step 3

Add the total from Step 1 and Step 2 together to calculate the total amount of long service leave payable on termination.

$$\begin{array}{r} \text{Step 1 Total} \\ + \text{(plus)} \\ \text{Step 2 Total} \\ = \text{(equals)} \\ \text{The total number of weeks of} \\ \text{long service leave owed} \end{array}$$

PAYMENT

As a general rule, the long service leave entitlement is paid at the ordinary rate of pay, and the normal weekly number of hours of work applicable at the time taking the leave. Ordinary pay does not include shift premiums, overtime, penalty rates and allowances.

For example, if an employee normally works 45 hours per week and is paid 40 hours at the ordinary time rate of pay and 5 hours at the overtime rate of pay, the employee, while on long service leave, will be paid for 45 hours per week but all of those hours will be paid at the ordinary rate of pay.

PART TIME & CASUAL EMPLOYMENT

For part-time and casual employees, the hours payable are calculated by averaging the number of hours worked during the entire duration of the employee's employment. This calculation is done when the employee's hours have varied during the course of their employment.

Any queries regard entitlement to long service leave call Wageline on 1300 655 266.