

LONG SERVICE LEAVE CALCULATION GUIDELINES

Long service leave is calculated on the basis of 1/5 of a month's leave for each year of service (Section 4 of the *Long Service Leave Act 1976 (the Act)*).

Please note that completed months are not taken into account in respect of calculating a long service leave entitlement under Section 3 of the Act as the entitlement is only calculated on completed years of service.

However, it should be noted that, when calculating a pro-rata entitlement under Section 11C of the Act, completed months are to be taken into account as the entitlement is generally paid in lieu of the leave.

Section 4 of the *ACT Long Service Leave Act 1976* states:

4 Amount of long service leave

An employee accrues long service leave at the rate of 1/5th of a month's leave for each year of service.

The equation may be considered as follows:

$$\frac{(1/5 \times \text{The amount of continuous service in years}) \times 52}{12} = \text{Amount of leave in weeks}$$

Full time Employees:

See **Section 7 (1)** *ACT Long Service Leave Act 1976*

7 Payment for leave

(1) *Payment for long service leave shall be made at the rate of an amount equivalent to the ordinary remuneration the employee would have received in respect of the period of leave if he or she had not taken the leave.*

The equation is as follows:

$$\text{Ordinary remuneration} \times \text{weeks entitlement} = \text{Amount of Long Service Leave}$$

Example: A full time employee has completed seven years of continuous service and is therefore entitled to long service leave for the period of service. The ordinary remuneration is \$560.00 per week; therefore the equation would read as follows:

$$\$560.00 \text{ (ordinary remuneration)} \times 6.0667 \text{ (weeks entitlement for seven years)} = \$3397.35$$

Please note:

ordinary remuneration, in relation to an employee, means the sum of—

- (a) the salary or wages payable to the employee; and
- (b) any allowances payable to the employee in respect of skill, qualifications, board and lodging; and
- (c) any amounts payable to the employee under a bonus, performance pay or incentive scheme, being amounts that are usually paid to the employee with his or her salary or wages; and
- (d) where the employee is provided with board and lodging by his or her employer, an amount equal to the value of that board and lodging.

salary or wages does not include—

- (a) payments in respect of overtime; or

- (b) payments at penalty rates of pay; or
- (c) allowances which, under an award or agreement, are not to be taken into account in determining a rate of remuneration in respect of overtime.

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Part-time and Casual Employees:

See **Section 7 (2)** ACT Long Service Leave Act 1976

7 Payment for Leave

(2) In the case of an employee who is a part-time employee or casual employee, the ordinary remuneration shall be calculated by multiplying the average number of hours worked each week by the employee during the period of 12 months immediately preceding the day on which the employee became entitled to the leave by the ordinary remuneration of the employee on that day.

Example: A casual employee becomes entitled to Long Service Leave after completing seven years of continuous service and therefore entitled to 6.0667 weeks. The employee has worked a total of 780 hours over the last 12 months and their rate of ordinary remuneration is \$17.00 an hour, then the equation would read as follows:

Step 1: Work Out the average number of hours worked each week over the last 12 months preceding the day of entitlement

$$\frac{780}{52} = 15 \text{ hours (average per week)}$$

Step 2: Calculate the average remuneration each week

$$15 \times 17 = \$255.00 \text{ (average remuneration per week)}$$

Step 3: Multiply the ordinary remuneration by the entitlement owing

$$255 \times 6.0667 = \$1547.00 \text{ (Remuneration Entitlement)}$$

Full time employee becomes a part time or casual employee during period of service:

See Section 7 (3) ACT Long Service Leave Act 1976

7 Payment for leave

(3) If, within the period of two years immediately before the date on which an employee becomes entitled to long service leave in respect of a period of service, the employee ceases to be employed full time and is employed part time or as a casual employee, the ordinary remuneration for long service leave shall be calculated by dividing by 5 the total amount of salary or wages paid to the employee in the period of five years ending on his or her becoming so entitled.

To work out the calculation you need to add the salary and wages paid to the employee of the last five years (prior to the date of entitlement) and divide by 5.

Example: An employee has completed seven years of service. The employee started full-time employment on the 1/1/1999. On 1/1/2004 the employee ceased to be employed full time and was employed part-time. The employee is entitled to long service leave on 1/1/2006.

In 1999 the employee received \$26,000.00 - \$500.00/week (Full time)

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In 2001 the employee received \$26,000.00 - \$500.00/week (Full time)

In 2002 the employee received \$31,200.00 - \$600.00/week (Full time)

In 2003 the employee received \$31,200.00 - \$600.00/week (Full time)

In 2004 the employee received \$14,040.00 - \$270.00/week (\$18/hr x 15hr/week) (Part time)

In 2005 the employee received \$20,800.00 - \$400.00/week (\$20/hr x 20hr/week) (Part time)

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Step 1: Divide by 5 the total salary or wages paid over the five years preceding the day of when the employee became entitled to long service leave.

$$\frac{\$26,000.00 + \$31,200.00 + \$31,200.00 + \$14,040.00 + \$20,800.00}{5} = \$24,648.00$$

Step 2: Work out the average weekly ordinary remuneration

$$\frac{\$24,648.00}{52} = \$474$$

Step 3: Multiply the ordinary remuneration by the entitlement owing

$$\$474 \times 6.0667 = \$2876.60$$

Long Service Leave Calculation Table on the basis of 13 weeks' leave for 15 years' service

Completed years of service	1	2	3	4	5	6	7	8
	=	=	=	=	=	=	=	=
Weeks	0.8667	1.7333	2.600	3.4667	4.3333	5.2000	6.0667	6.9333
Completed years of service	9	10	11	12	13	14	15	
	=	=	=	=	=	=	=	
Weeks	7.8000	8.6667	9.5333	10.4000	11.2667	12.1333	13.0000	

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