Extra leave can be a pretty exciting prospect, even if you love heading to work each day.

And if you’ve worked for a company for a several years, you may be entitled to long service leave.

Here’s how long service leave works in New Zealand.

**What is long service leave?**

Long service leave is an extra period of paid leave after you’ve worked at your company for a minimum number of years.

Employers aren’t legally required to offer long service leave to employees – but many employers do.

Long service leave is discretionary; it’s up to your employer to decide how much leave you get, and how long you need to work there before you’re entitled to it.

Your long service leave entitlements will come under your company’s workplace policies or your employment contract.

“There is no statutory entitlement to long service leave – it is a creature of contract in New Zealand,” says Chris Scarrott, lawyer at Cullen The Employment Law Firm in Wellington.

“When included in an employment agreement, long service leave generally means time off or payment in lieu of time off granted to an employee by an employer to recognise their extended service.”
If you’re entitled to long service leave, you’ll get an extra period of paid leave on top of annual leave, as long as you’ve worked there for a minimum amount of time.

“For example, an employee may become entitled to two weeks’ long service leave once they have completed 10 years of service for an employer,” says Matthew Austin, solicitor at Simpson Grierson in Auckland.

“Long service leave is one-off, is usually required to be taken within a certain timeframe, and may be paid out if it is not taken.”

**Who is entitled to long service leave?**

Whether or not you get long service leave depends on your workplace and contract, Austin says.

“Any entitlement to long service leave will depend on what is included in an employee’s employment agreement, or in an employer’s policy,” he says.

However, some organisations are more likely to offer it if they have a history of doing so.

“Long service leave is in my experience most often found in public sector employment agreements, especially where there are ‘grandparenting’ provisions carrying forward entitlements from historic employment agreements,” Scarrott says.

“Some private sector employers also offer long service leave, and of course employees can attempt to negotiate long service leave into their employment agreement if they feel strongly about having it.”

**How entitlements vary around the country**

It doesn’t matter where you are in the country – your long service leave entitlements depend on your contract with your employer.

“They can differ widely depending on what the parties have agreed, regardless of what part of the country they are in,” Scarrott says.

**How long service leave is calculated and paid out**
Calculating long service leave is up to the employer, Austin says.

“In New Zealand, there is no prescriptive process to calculate an entitlement to long service leave, and any calculation will be at the respective employer’s discretion.”

When you choose to use your long service leave, you’ll be paid your ordinary rate of pay for that period – unless you have an employment agreement that states differently.

**What happens if you’re fired or made redundant**

Again, this depends on the terms of the employment agreement or policy, Austin says.

“If an employee is made redundant, it is fairly common for any unused long service leave to be paid out at the end of the employment relationship, in the same way that any accrued and unused annual leave would be paid out.”

**How long service leave is taxed**

When you’re paid long service leave, it will be taxed in the same way as all other income such as holiday pay and annual leave.

“The amount of tax paid on long service leave will depend on the employee’s tax code and the income bracket they fall within,” Austin says.

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