

This factsheet will help you to:

- **Determine what four weeks annual leave means for employees on both regular and irregular hours**
- **Calculate annual leave entitlements for employees working rosters**
- **Communicate annual leave entitlements to employees**

Working out what four weeks annual leave means

Employees receive four weeks annual leave per year. This is four of their working weeks - the exact number of days and hours will depend on the individual's working pattern.

It's easy to work out what four weeks annual leave means for an employee who works Monday-Friday 9am-5pm. However, a dairy farm is not a 9am-5pm job – irregular hours, rosters and seasonal fluctuations are all common. Working out what four weeks annual leave means for a dairy farm employee therefore requires some common sense and good communication.

Why is this important?

Annual leave is essential for keeping employees happy and productive - it's a time to rest, recharge batteries and spend time with friends and family. Four weeks annual leave is also a minimum employment right. If an employee doesn't receive this, they can contact a Labour Inspector for assistance.

Taking annual leave in day and hour amounts:

The Holidays Act talks about annual leave in week amounts, however it is common for annual leave to be taken in smaller chunks, for example, days, half-days or even hours.

- Salaried Employees - the amount of annual leave is often calculated in days. It may be calculated in hours if the employee's hours of work are constant each week.
 - Hourly Wage Employees – the annual leave is generally calculated in hours especially if their hours vary each week.
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Use the following examples to help you on farm:

Working out what four weeks means:

Regular hours each week

Multiply the number of days worked each week by four to give the number of annual leave days per year. Alternatively, multiply the number of hours worked each week by four to give the number of annual leave hours per year.

Example 1:

Sarah is an office manager in a large dairy farm business. She's on a salary. She works 25 hours per week (five hours per day, Monday-Friday). She is entitled to four weeks annual leave based on her working week i.e. 20 days or 100 hours per year.

Irregular hours each week

It's generally easiest to use a common payroll system method to calculate what four weeks leave means for employees on changing or irregular work patterns. This method accrues 4/52 of an hour holiday entitlement for every hour worked or on leave (annual leave, sick leave, bereavement leave, public holidays etc). In other words, multiply the total number of hours worked plus those on leave in the year by 4. Divide this figure by 52 to give the number of annual leave hours per year.

Example 2:

Terry is a farm assistant. He's on an hourly rate and normally works between 30 and 55 hours per week, depending on what's needed. Because his days and hours vary week to week, his employer decides to use the payroll system method. For every hour worked or on leave, Terry accrues holiday entitlement of 4/52 of an hour. At the end of the year, his employer calculates Terry has worked or been on leave for 2195 hours. He multiplies this figure by 4 and divides it by 52 to give 169 hours of annual leave.

Set roster throughout the year

These employees are generally on a salary. If the roster fits within a 7-day week (e.g. 5 days on, 2 days off or 6 days on, 1 day off) then establishing entitlement is straightforward. Multiply the number of days worked each week by 4 to give the number of annual leave days per year.

If the roster doesn't fit within a 7-day week, you need to calculate the average number of days worked each week.

- Divide the employee's total rostered time off for the year by 52 weeks to give the average number of days off per week.
- Subtract this figure from 7 days in a week to give the average number of days worked each week.
- Multiply the average number of days per week by 4 weeks to give the number of annual leave days per year.

Example 3:

Phil is a herd manager. He's on a salary and works a set roster throughout the year, 6 days on and 2 days off. In order to calculate what four weeks leave means for Phil, his employer needs to work out the average number of days Phil works each week. She calculates that Phil has 90 days rostered off per year. She divides this number by 52 weeks to give the figure 1.73 (the average number of rostered days off per week). This means his working week is 5.27 days per week. Therefore Phil should receive 21 days of annual leave each year (5.27 days x 4 weeks).

Seasonal rosters

Salaried employees are sometimes asked to work different rosters throughout the year depending on the time of year and the requirements of the business. This can make it challenging to work out what four weeks annual leave means. In these cases, it's probably easiest to use a variation of the set roster method outlined above.

Example 4:

Mary is a salaried employee who works a 6 days on, 1 day off roster during the busy calving period July to September. For the rest of the year she works 6 days on, 2 days off. Her employer Penny calculates that:

- For 14 weeks July-September Mary has one day off a week (14 days in total).
- For the rest of the year (38 weeks) Mary has 66 days off.
- This equals a total of 80 days off during the year.
- Penny divides 80 days off by 52 weeks in a year to give the average number of days off per week (1.54 days).
- She subtracts this figure from 7 days a week to give 5.46. This is the average number of days Mary works per week over the year.
- She multiplies 5.46 by 4 weeks to give 21.84 annual leave days for the year. She rounds this up to 22 days.
- Mary's annual leave entitlement is therefore 22 days per year.

The importance of communication:

Annual leave can be confusing, especially when entitlements are not clear cut. If an employee doesn't understand how their annual leave has been calculated, they may feel they've been short-changed. Regular and open communication is absolutely essential. Take the time to sit down with your employee and explain how you've calculated their entitlements. Step your employee through the process and answer any questions they may have. At the end of the discussion, it's a good idea to document that you both agree on what four weeks annual leave means for the employee given their working pattern e.g. the number of days or hours of annual leave per year.