

PROCEDURAL COSTS & OPPORTUNITY COSTS

OF TRACTORS AND EQUIPMENTS

Procedural costs = machinery costs + labor costs

They generally relate to either acreage, that is 1 ha, or time, that would mean 1 hour of operation.:

The procedural costs include:

- **the proportional fixed costs** of tractors and equipment
- **variable costs** of tractors and equipment
- **labor costs** (opportunity costs for the use of permanent family workers, wages or opportunity costs for permanent employees, wages for temporary workers).

Opportunity costs

Opportunity costs are incurred when a production factor or -mean is used, that may also bring in compensation in another function. By deploying a factor into the current procedure, the compensation in an alternative field of application is waived. This waiver is accounted for in the current procedure as costs. They are called occupancy costs or opportunity costs.