

## Labour

For the determination of working time requirements and costs a distinction should be made between productive work on the field and general (administrative) activities. The working time required for production can be clearly allocated to specific crops and change in proportion to the scale of production, while the administrative costs (within certain limits) are considered to be to the fixed and overhead costs.

### Labour time requirements for production activities

The determination of the working time requirements for production purposes is differentiated according to working procedures and working time periods. In this way it can be easily determined at the operational level within the predicted pattern of production when there is the biggest demand for labour and when there is a demand of additional hired labour. The working time requirement includes not only the time for implementation of the work but also preparation time, and travel as well as quiet periods.

Form. 1  
50-64

The requirements indicators for each working procedure are based on the standard data from KTBL with the size of the field accounting for 2 ha and an average distance to fields accounting for 2 km. In the example calculation the working time requirements for production purposes in the second case increases.

### General labour time requirements

The general working time requirements includes the activities that can be at first be allocated only to crop production (such as stock control, information supply, production means and selling of products) as well as proportionate activities necessary for the entire farm (time for business management, farm maintenance, accounting, etc.).

The KTBL gives the following standard indicators for business management and general farm work:

Form. 2  
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#### Labour time requirement for business management and general farm work on family farms (h per 1ha of agricultural land and year)

	Size of farm in ha of agricultural land						
	30	40	50	60	70	80	90
Marketable crops farms	14.0	13.0	12.0	11.5	11.0	10.6	10.2
Forage production farms	19.0	17.0	16.0	15.0	14.2	13.5	12.9
Mixture farms	22.0	19.0	17.0	15.5	14.0	12.8	12.0

#### Labour time requirement for business management and management of farm enterprises\* on farms that hire workers and business partnerships (h per 1 ha agricultural land and year)

	Size of farm in ha of agricultural land			
	< 500	500 - 1.000	1.000 - 2.000	2.000 - 5.000
without livestock	5.5	4.2	4.2	4.2
to 1 LU/ha	11.0	10.0	8.5	6.0
over 1 LU/ha	12.0	11.0	10.0	-

\* for general farm work and transport other 2 - 3 h / ha of agricultural land are incurred

In the example calculation the working time requirements for general work is deliberately assumed to be lower than it is given in the tables. The assumed value ( 3 h) represents only the (estimated) time requirements which can be directly allocated to crop production. The working time requirements for general works are the same in both cases.

### Labour costs

Costs of labour are incurred either in form of wages (including additional costs) or in form of opportunity costs. Unspecified the both kinds of costs can be allocated to the same cost position called "imputed costs for labour".

The imputed costs of labour include:

- costs for the use of unpaid family labour (opportunity costs) = imputed costs of labour
- costs for the use of hired workers = wages

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When the wages of hired labour are paid they should be included into the calculation as real costs to the employer per each hour of work: gross wages including additional costs, considering vacation, illnesses, etc..

The calculation of the opportunity costs of labour is based on the possible return for work on or off the farm.

If the wages (as an exception) are already included in the gross margin calculation, it should be then considered (like in the calculation of the imputed costs for capital) that in the calculation of efficiency measures, which contain the return of the total labour (e.g. value added), the wages must be added back to the gross margin (compare 5.1).

In the calculation example the following costs are assumed differentiated between family and hired labour:

family labour	10.00 €/h
hired labour	12.00 €/h