Name:

Net income per annual work unit (AWU)

Definition:

It is the income obtained per work unit . It indicates which crops and management are more efficient in the use of labour.

Derivative of the net income per hectare (Indicator 01) is based on the net farm income indicator (OECD, 2001). Is the difference between the value of gross output and all expenses incurred through the operation of a farm, including depreciation at the farm level from agricultural activities. The profit per work unit is the net farm income divided by the number of (**annual) work unit**s that correspond to the work performed by one person who is occupied on an agricultural holding on a full-time basis (1800 h) during a specified accounting period (one year).

Method of calculation:

Both crop incomes, and farm subsidies established by Common Agricultural Policy, are necessary in order to calculate the gross farm income. On the other hand, the value of intermediate consumption or variable production costs include seeds, fertilizers, energy, labour costs, etc.

The value of this indicator is calculated as:

- Indicator = $\left[\frac{\sum_i[(CY_i \times P_i) - VC_i]A_i + Sub_i}{A_t}\right] / \frac{\sum_i(T_i \times O_i)A_i}{1800A_t}$

    Where:

    CY_i: Crop yield (t/ha) of each plot
    P_i: Retail price of a product (€/t)
    VC_i: Variable crop costs (€/ha)
    A_i: Area assigned to the crop/plot (ha)?
    Sub_i: farm subsidies (€)?
    A_T: Total area considered (ha). Usable agricultural area (UAA)
    T_i: time taken to perform an operation (h/ha)
    O_i: Operations performed on the plot

The method of calculation without subsidies is:

- Indicator = $\left[\frac{\sum_i[(CY_i \times P_i) - VC_i]A_i}{A_t}\right] / \frac{\sum_i(T_i \times O_i)A_i}{1800A_t}$

    Where:

    CY_i: Crop yield (t/ha) of each plot

P_i: Selling price of a product (€/Tt)
VC_i: Variable crop costs (€/ha)
A_i: Area assigned to the crop/plot (ha)?
A_T: Total area considered (ha). Usable agricultural area (UAA)
T_i: time taken to perform an operation (h/ha)
O_i: Operations performed on the plot

Interpretation:

The net income per work unit gives an indication on how the labour factor is used in the farm. The more value of indicator, the less work is used in management.

Information source:

Data obtained in a farmers survey.

CY_i: Crop yield (t/ha) of each plot.
P_i: Retail price of a product (€/t).
VC_i: Variable crop costs (€/ha). The costs depend on the operations on the plot and on the following inputs:
  Fuel consumption costs. (€/ha)? See Indicator 1
  Seed costs (€/ha).
  Fertilizers and plant protection products costs (€).
A_i: Area assigned to the crop/plot (ha).
Sub_i: farm subsidies (€).
A_T: Total area considered (ha).

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