



Treatment of other gainful activities and marketing costs according to various FADN regulations

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Abstract

FADN accounting system is specific because it covers not only regular activities in agricultural production but also other gainful activities (OGA) and some technical indicators. The goal of this paper is to present recording of OGA throughout different FADN regulations. Besides, the goal is to present recording of marketing (sales) costs in FADN methodology (related not only to agricultural products but also to products gained through processing activities). To clarify the issue, authors compared methodological approaches presented in the following EU regulations – 868/2008, 385/2012 and 2015/220. It has been determined that there are not significant differences between given regulations in terms of recording marketing costs, whereas in newer regulations much more attention is paid to OGA. New research should be directed to a more detailed analysis of costs related to OGA. Comparing to an average farm in the EU, farms in Serbia should increase participation of OGA in total output.

Keywords: Other gainful activities, Processing, Marketing, Costs, FADN

Introduction

Introduction of FADN system enabled monitoring of large number of parameters regarding commercial family holdings operation and, among others, data regarding other gainful activities. Besides that, determining and monitoring of data regarding different marketing costs is also enabled, regardless of whether they are costs of agricultural products or products of processing activity. Being familiar with these costs is of special importance, because selling of agricultural products (as well as products of processing activity) is becoming an increasing challenge for small agricultural producers which dominate in agricultural structure of the Republic of Serbia, especially when the process of accession to the EU is taken into consideration.

During the last decade, three important regulations defining FADN methodology have been adopted in the EU (Commission Regulation No 868/2008 of 3 September 2008, Commission Implementing Regulation No 385/2012 of 30 April 2012 and Commission Implementing Regulation 2015/220 of 3 February 2015). The goal of this paper is to describe how FADN system (according to various regulations) records data on other gainful activities and marketing costs (related not only to the most important crop and livestock products, but also to products of processing activity).

Other gainful activities

Other gainful activities directly related to the holding are not agricultural activities but other activities performed on the holding. Such activities (regulation 2015/220) use products of the holding or resources of the holding (buildings, machinery etc.). In other words, according to regulation 385/2012 "Other gainful activities (OGA) directly related to the holding refer to the non-agricultural activities having an economic impact on the holding and which are using the agricultural resources (means of production or products) of the holding". Term 'other gainful activities' is closely related to terms 'diversification' and 'pluriactivity'.

In the oldest analyzed regulation (868/2008) other gainful activities are not mentioned directly (that term was not used), but there are appropriate elements within category – production. Apart from crops and animal products, forestry is also mentioned (sales of felled timber and standing timber, other forestry products) as well as other products. In latter directives forestry and other products are referred together as other gainful activities. At the same time, costs related to other gainful activities are not separately recorded according to the oldest regulation.

But it was changed in the following regulation (385/2012). Other gainful activities directly related to the holding are presented in this regulation via large number of elements:

- Analysis of labour,
- Analysis of costs related to other gainful activities and
- Analysis of output from other gainful activities.

Inclusion of other gainful activities in the regulation 385/2012 clearly shows an increased interest of Common agricultural policy for this segment of agricultural holdings operation. Another, completely new, segment of activities included in the regulation 385/2012 refers to the environmental protection, and it is conducted by monitoring of quantity (but not the value) of N, P₂O and K₂O used in mineral fertilizers.

The newest regulation 2015/220 (as well as its latest update from 01/01/2020) mostly corresponds to the regulation 385/2012 regarding all aspects dealing with other gainful activities. Nevertheless, regulation 2015/220 contains rules for determining the size and type of agricultural holdings, which did not exist in the regulation 385/2012.

Marketing (sales) costs

Marketing costs are present in various places within FADN regulations (in different tables and under different codes or serial numbers), depending on the product which is sold (table 1).

Tab. 1 Recording of marketing costs

Type of cost	Position in regulation 868/2008	Position in regulations 385/2012 and 2015/220
Marketing of livestock and livestock products: Packing materials for livestock products and supplies for processing of livestock products, costs of storage and market preparation of livestock products of the farm performed outside the farm, cost of marketing the livestock products of the farm, short-term rent of buildings used to house animals or store products in connection therewith.	Table Costs within point 71. Other specific livestock costs (serial number 271)	Table Inputs under code 2090 – Other specific livestock costs
Marketing of crops and crop production: Packing and binding materials, string and rope, supplies for the preservation of crops, storage and market preparation of crops done outside the farm, cost of marketing the crop products of the farm.	Table Costs within point 76. Other specific crop costs (serial number 276)	Table Inputs under code 3090 – Other specific crop costs
Specific costs for other gainful activities: Packaging and marketing costs	-	Table Inputs under codes from 4010 to 4090
Costs related to the use of private cars for farm purposes:	Table Costs within point 62. Motor fuel and lubricants (serial number 262) or point 63. Car expenses (serial number 263)	Table Inputs under code 1040 – Motor fuel and lubricants or code 1050 – Car expenses

Source: Regulations 868/2008, 385/2012, 2015/220 and authors' presentation

Conclusions

In order to improve economic effects of agricultural operations, family holdings are increasingly inclining towards other gainful activities (primarily contractual work and agricultural products processing), as well as towards the improvement of sales methods (of primary agricultural products and products of processing activity, as well). It was determined that there was a significant change in newer regulations (number 385/2012 and number 2015/220) comparing to the old one (number 868/2008) regarding recording of output and costs of agricultural products processing, that is to say, additional attention was paid to this segment of holdings' operation. FADN methodology in all the regulations observed (number 868/2008, number 385/2012 and number 2015/220) records the costs of sales (marketing) and the analysis showed that there were not any significant changes of methodology in the regulations observed.