



Matra Government to Government (Matra G2G)

How to calculate labour costs in your project budget (part of Annex II)

Introduction

This document explains how to fill in the labour costs for organisations that use the 'Direct payroll costs plus fixed mark-up 50%' method to calculate personnel costs. In your project administration, you keep track of the number of hours worked per employee, with their associated hourly rate.

Calculating hourly rates

According to Matra policy rules, the hourly rate that partners may charge should be calculated based on the labour costs plus 50% mark-up method (in Dutch: 'Loonkosten plus vaste opslag-systematiek'¹). This 50% mark-up compensates for your organisation's indirect and/or overhead costs, such as indirect labour costs and costs for housing, office equipment etc. See paragraph 3 for an overview of direct and indirect labour costs.

This is how you calculate hourly rates:

Labour Hourly Rate = (direct labour costs per year / number of productive hours per year)

Where:

- direct labour costs = gross salary - indirect labour costs
- productive hours per year to be calculated, see below; minimum 1,550 and maximum 2,000 hours per full time equivalent (FTE)
- the mark-up for indirect labour costs = 50%

Example

€ 2,500 Gross salary
€ 200 Vacation benefits (e.g. 8%)
€ 150 Non-profit-dependent year-end bonuses or 13th month salary (for example 6%)
€ 712 Employers contribution (pension fund, insurances, for example 25% of sum of above items) € 3,562 Monthly wages (x 12 months = € 42,744 annual wages)

Annual wages = € 42,744

Number of productive hours per year. For example 1,550.

Hourly rate for project administration → € 42,744 / 1,550 = € 27.58

When completing the Excel file Annex II Project budget, you fill in this hourly rate amount in the 'hourly rates' column. If you have selected the 'Direct payroll costs plus fixed mark-up 50% method as the personnel costs system, the budget form automatically adds up the 50% mark.

¹ <http://www.rvo.nl/subsidies-regelingen/subsidiespelregels/subsidiabele-kosten-algemeen/loonkosten-plus-vasteopslag-systematiek>

As part of the review process, RVO might ask you for documentation proving your hourly rate calculation is accurate.

1. Calculating productive hours

The number of productive hours per year influences the hourly rate. You use the number of productive hours that actually apply to the organisation in question. Your accountant will assess the accuracy of this during the end-of-project-audit.

Productive hours per year

- based on actual productive days and hours within the organisation
- productive hours per year = minimum 1,550 and maximum 2,000 hours per Full Time Equivalent (FTE).

2. Direct and indirect labour costs

Direct labour costs components:	Indirect labour costs components:
Salary plus benefits plus pension, insurance and so on, paid for by employer as part of a standard labour relationship:	Costs associated with secondary/ fringe benefits, such as:
<input type="checkbox"/> Gross salary according to the individual labour contract	<input type="checkbox"/> jubilee / anniversary celebration ('Ambtsjubilea')
<input type="checkbox"/> Vacation benefits	<input type="checkbox"/> employee support system (well-being and health, reducing employee risks and lost time due to absence) ('Bedrijfshulpverlening')
<input type="checkbox"/> Non-profit-dependent year-end bonuses or 13th month salary	<input type="checkbox"/> employer's reimbursements for commuting expenses, including lease car expenses
<input type="checkbox"/> Employer contributions: <ul style="list-style-type: none"> • Employer contribution to (collective) employee pension funds • Employer legal contribution to collective employee insurances and collective health insurance 	<input type="checkbox"/> communication facilities
<input type="checkbox"/> Other employer contributions for unemployment and health benefits.	<input type="checkbox"/> overtime compensation
Other non-standard labour and wage costs that depend on the circumstances of individual employees are not considered direct labour costs. These costs are included in the mark-up for indirect labour costs.	<input type="checkbox"/> reimbursements for nursery and childcare costs ('Kinderopvang')
	<input type="checkbox"/> reimbursements for moving expenses when employee relocates in the employer's interest ('Verhuizing in dienstbelang').
	Plus costs associated with emoluments: non-incidental financial benefits, such as: <ul style="list-style-type: none"> <input type="checkbox"/> bonuses or rewards connected to employee's performance appraisals ('Functioneringstoelagen')
	<input type="checkbox"/> non-profit-dependent bonuses or gratuities
	<input type="checkbox"/> labour-market-related allowances ('Arbeidsmarkttoelage')
	These costs are included in the mark-up for indirect labour costs. Therefore, you cannot present them separately or include them in the gross salary.