

## Productivity Losses for Labour

There are four main productivity losses when assessing labour.

1. Mistakes
2. Smoko breaks
3. Site location
4. Benefits received by employees

### 1. Mistakes

It may be that the plumbing foreman or builder is not happy with an installation of a pipe, fitting or fixture and that item has to be removed and replaced. Alternatively, an employee may make a genuine mistake by installing the wrong size pipe or use the wrong jointing compound and it must be replaced. The same applies if a fixture is damaged during the actual installation of the product. It could even be a drill or support brackets are left in the store, in which case, time is lost to retrieve the items. In such cases an allowance is required to cover the lost time. A small percentage is added to the labour times for pipes, fittings and fixtures.

### 2. Smoko Breaks

Most industry awards and conditions require that employees have morning and afternoon breaks, as well as hygiene breaks. These breaks have not been included in the labour times and should be considered in the cost of labour calculation. If ten (10) minutes is allowed for each morning and afternoon break, a total of twenty (20) minutes per day is required; however there will be down time for stopping and starting as well as other breaks during the day. Research indicates one (1) hour per day will be lost for these purposes, which must be reflected in the cost of labour calculation when deciding the productive hours per week actually worked.

**Note: Lunch breaks are not included in the calculation as they do not form part of the workers wage and therefore there is no outlay by the employer to recoup losses.**

### 3. Site Location

The location of the construction site can be important, if the company's base labour times have been set around townhouses, home units or small commercial buildings, these could be considered as construction sites with few interruptions. On the other hand, if the construction site was in the centre of a city where young tradespeople could be distracted from their work, or traffic can affect access then an additional allowance must be made. That is, the productivity may drop from 32.5 hours to 30 hours per person.

**Note: It is expected that if such distractions were to be excessive then management should take action. On the other hand an estimator knowing they are a reality must take them into account. Likewise, if the site is extremely small**

**or it is a redevelopment of an existing building, adjustments for productivity are required.**

**Example:**

Where the tradesperson works a forty (40) hour week, two (2) hours is subtracted for their rostered day off (RDO). Five (5) hours a week is subtracted for smoko breaks, hygiene breaks and general lost time. The productive hours are reduced from forty (40) to thirty-three (33) hours. A further half an hour per week is deducted for instructions or toolbox meetings, reducing the productive hours to 32.5 hours per week.

#### **4. Benefits received by employees**

Listed below are the benefits received by employees for which they are paid, as the employees do not produce productive work for these periods, the company cannot recoup the costs and must in fact recover their outlay over a shorter period of time.

**The Benefits (in weeks)**

(a)	Annual leave	4
(b)	Statutory holidays	2
(c)	Sick leave	2
(d)	Wet weather time	2
(e)	Lost time between projects	2
	<b>Total</b>	<b>12 weeks</b>

Twelve (12) weeks is subtracted from fifty-two (52) weeks, leaving forty (40) productive weeks per year.

(52 weeks - 12 weeks = 40 weeks)

It is important to know the type of productivity loss and where it is applied in the estimate.

A free Labour Rate Calculator is available to download. [www.scbca.com.au](http://www.scbca.com.au)

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