

## **The Harvest Bonus, also called Harvest Premi, system.**

### **Introduction**

In this document, we discuss how the Harvest Premi system works within the IES Business Implementation for Oil Palm Plantation, and together with the following Payroll options: -

- 1) Agri Oil Palm
- 2) Agri Flex

Note: The Harvest Bonus system may only be used by 1 Payroll of one of the above types, in each Datamart.

### **Basic Principles of the Harvest Premi system**

Employees who perform a Harvesting Activity achieve a certain work result, and based on this work result, a formula is applied to calculate the Harvest Premi payable to the Employee. This is the direct Harvest Premi, but there is also an indirect Harvest Premi for Supervisors and others who do not achieve a direct work result, but rather derive their bonus from the performance of the group, i.e. the Division.

The Harvest Bonus, as calculated for each Employee, becomes a payable on the Employee payslip, and is part of the 'Man Cost' for this Employee, the latter being recoverable to the Activity Cost Centres where performed, when using the automatic Man Cost Recovery system.

### **Primary Inputs of Harvest Premi data**

The primary data input towards Harvest Bonus is found on the Physicals Man Journal form. The version of the Man Journal shown here includes selection of a Gang (Work Group) within a Division, and upon this selection the 'man list' is populated.

Each detail line lists the Activity Detail for that 'man', and where the Main Allocation Account is for a Harvesting Activity (appearing on the Harvesting Activities list in the set up for Harvest Premi), then this line qualifies for Harvest Premi calculation.

We note that the Man Journals are used to record Man Activities, other premi or bonuses, overtime AND possibly Harvest Bonus input. Therefore, Harvest Bonus is sensed only IF the implied Activity is a qualifying (Harvesting) Activity for Harvest Bonus.

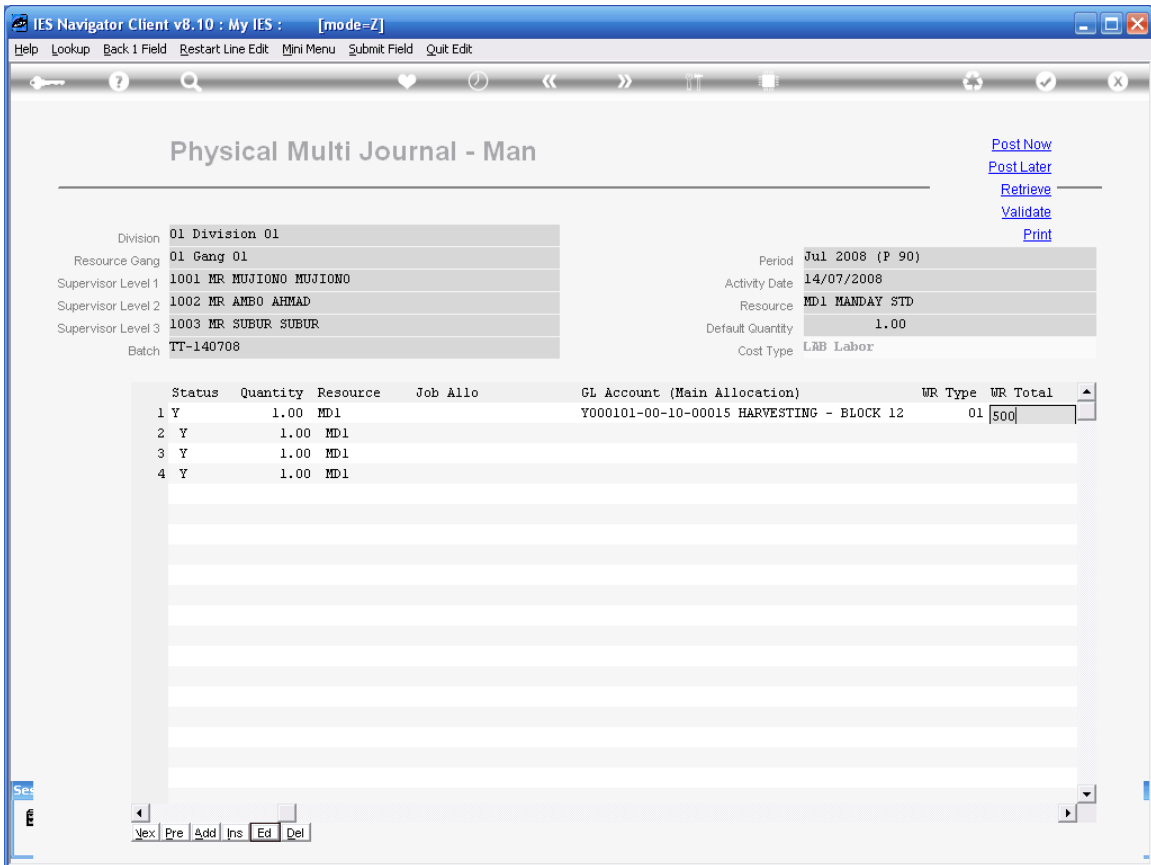
The Work Result (WR) Type may or may not be specified, and can be a specific Work Result for Harvesting, or not. The WR Total (Work Result Total) is the trigger to determine whether this is Direct or Indirect Harvest Premi and will be used for calculation of DIRECT harvest bonus on this line, for this Employee. If the correct harvest activity is sensed, but there is no work total, then this will result in INDIRECT premi being sensed, i.e. for Supervisors, Administrators and or other persons who get harvest bonus based on the group performance of the individuals in the Division group, i.e. those who earn DIRECT harvest bonus.

To explain this again, we can say that: -

- a) To qualify for Direct Premi on a Day Date, an Employee must be listed on a journal line for the Date, with a Harvesting Activity AND a WR Total > 0
- b) To qualify for Indirect Premi on a Day Date, an Employee must be listed on a journal line for the Date, with a Harvesting Activity AND a WR Total = 0

It is possible to list an Employee multiple times for a Day Date, with Harvesting Activity or not, and the Resource Quantity may be zero to avoid the line being sensed for Day recovery. Therefore, to list anybody for indirect Harvest Premi, it is allowed to record a Journal line with zero Resource Quantity (for example zero Manday or zero Man hour).

When an Employee qualifies for Direct harvest Premi on a Date, the Employee is automatically excluded from Indirect Premi for that Date, irrespective of number of Journals. Also, there are 2 Rates for Indirect, and when the Employee is also listed on the same Journal at the qualifying Supervisor level, then that Supervisor Rate is attracted and the Employee is automatically excluded from Indirect Premi at the next Rate for the same Date. For example, a Supervisor who must get Indirect Harvest Premi on a Day Date must be listed somewhere on a Man Journal for that Date, with a Harvest Activity in the main Allocation, with or without Resource Qty, and certainly with WR Total = zero, and then that Supervisor must also be listed on the same Journal as the Supervisor.



[How to get to this option: -  
Choose Physicals, Transaction Processing, Physicals: Man

## How Harvest Premi is calculated

The basic Harvesting Performance Premi is calculated like this: -

Work Result \* Komidal - Basis Borong

For example, if the work result is 150 (kg), this is multiplied by the Komidal to yield 1500 (where Komidal = 10 kg), and from this we deduct the Basis Borong (in our example 700kg).

So, a typical result would be:

150 \* 10 = 1500  
Deduct -700  
Result = 800

To realize the actual Premi paid, we have 2 rates. Rate 1, when = 300 Kg (up to), is applied for the 1st 300kg of the 800 above, and Rate 2 is applied for all kg above the 300 Kg, in this case for 500kg (of the 800).

So, with Rate 1 @ 10, and Rate 2 @ 12, our result will be: -

300 \* 10 = 3,000  
500 \* 12 = 6,000  
Total = 9,000 (Payment)

The work result is learned from the Man Physicals Journals, and applied for Harvesting Activities as listed. The above example of 9,000 may be seen as a typical daily result for an Employee performing Harvesting. This is the DIRECT Premi.

The INDIRECT Premi is calculated for Supervisors and others who qualify for a Premi based on the group result. This Premi is calculated on a day basis, for all Employees earning the above-stated Premi, in a Division.

Then, on the Total Day Result for the Division (which could include a number of Blocks or Fields, which are derived from Job and/or GL Allocation on the Man Physical Journal lines), there is a total DIRECT Premi. Employees who qualify for INDIRECT Premi will earn the Premi based on the following calculation: -

Total Day Premi Result / Num of Employees performed \* Indirect %

There are 2 of these Indirect Premi %. Number 1 is for the Harvesting Supervisor Level 1 found on the Man Journals that include the Harvesting Activities. Number 2 is used for all others who qualify, and this includes all Employees listed on the Man Journals as Supervisor Levels 2 and 3, PLUS all Employees listed for the Harvesting Activities on the day, in the same Division, but without a DIRECT Premi. (It IS necessary to list all Employees eligible for indirect premi on a journal with lines for these Employees, where the main allocation represents a Harvesting Activity, but where there is NO work result total, i.e. zero.)

So, if #1 % = 150, and #2 % = 125, then if the total day result is 300,000 and

performed by 200 people, then the INDIRECT Premi will be calculated like this:

$$300,000 / 200 = 1,500$$

For #1 %, this is:  $1,500 * 150\% = 2,250$  (payment)

For #2 %, this is:  $1,500 * 125\% = 1,875$  (payment)

Note (1): Komidal and Basis Borong are specified as main parameters in the Payroll system, and applied for all Blocks except where it is separately specified for the Block (on the Field Master), in which case the local Block parameters are used.

Note (2): It is possible for an Employee to earn DIRECT premi more than once for the same day, if so captured, but INDIRECT premi will only be calculated by the system ONCE for any Employee per day – if more than 1 'indirect' line is sensed for the same Employee, then it is disregarded.

Below, we show the main (default) settings for Komidal and Basis Borong.

IES Navigator Client v8.10 : My IES : [mode=Z]

Help Submit Quit Functions Commands

### Harvesting Premi Parameters [Save](#)

**DIRECT PREMI: -**  
From Man Jnls Work Result

Komidal (Kg)

Basis Borong

Premi Rate 1

Max KG Rate 1

Premi Rate 2

APPLY RATE 1 UP TO n KG  
THEREAFTER, USE RATE 2

**INDIRECT PREMI: -**  
From Overall Division Day Result

Group Premi %: Rate 1

Group Premi %: Rate 2

**QUALIFYING ACTIVITIES: -**  
Harvesting Activities that attract Premi

Harvesting Activities

1 10 Harvesting

[How to get to this option: -  
Choose Payroll, Set Up and Controls, Harvesting Premi Parameters]

Above, we see the various parameter settings for Harvest Premi calculation, and also which Activities qualify for calculation of Harvest Premi.

However, the Komidal and Basis Borong may vary by Block and by Plant Year, and where this applies, it is specified on the Field Master (Blocks). Therefore, when no Komidal and Basis Borong is sensed for the Block and Plant Year (according to the Job and / or GL Allocation Account), then the system will use the default parameters (shown above).

Below, we see how the Komidal and Basis Borong may be specified by Pant Year on the Block (Field Master) –

The screenshot shows the 'Field Master' form in the IES Navigator Client v8.10. The form is divided into several sections:

- Field Key:** Y000101
- Company name:** PT Proteksindo Utama Mulia
- Estate Name:** Estate 1
- Division:** 01 Division 01
- Field Name or No:** Field
- Block:** Block
- Status:** Immature
- Land Type:** -
- Planting:**
  - Size in HA: 500.00
  - Number of Trees: -
  - Planted Area: -
  - Population / HA: 0.00
  - Start Planting: 13/07/2008
  - Year(s) Planted: 1 (2008)
  - End Planting: -
- Harvesting:**
  - 1st Harvest Date: -
  - Area Harvested (HA): -
  - Not Harvested: 0.00
- Table:**

Plant Year	Komidal (Kg)	Basis Borong	
1	2008	7.00	550.00
- Data Update:**
  - Last Upd By: Terren Theron
  - Last Upd: 13/07/2008

[How to get to this option: -  
Choose Physicals, File Maintenance, Fields Master]

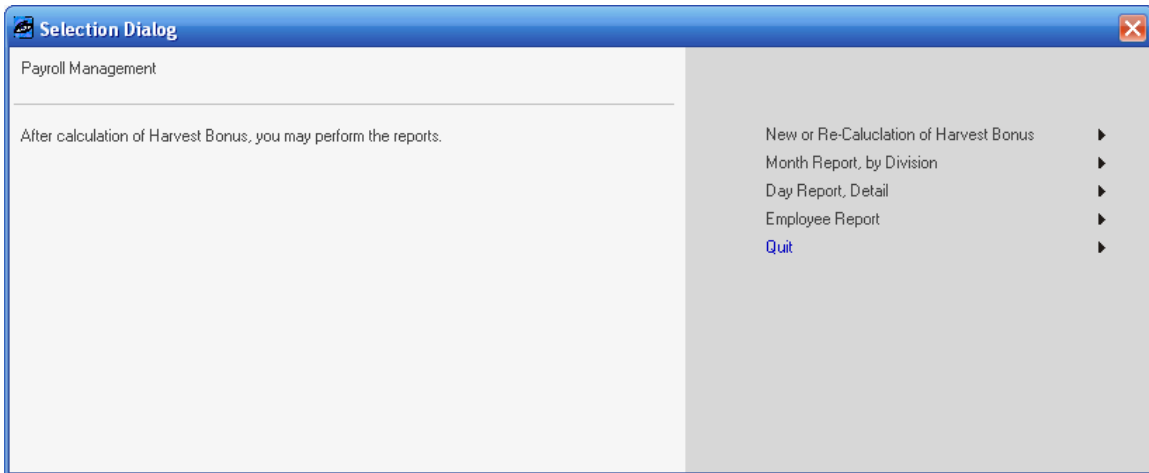
When the Block has a specific Komidal and Basis Borong setting by Plant Year, then the latest Plant Year as specified at 'Plant Years' will be used as the Plant Year for selection of modified Komidal and Basis Borong.

### Execution of the Calculation and Reports

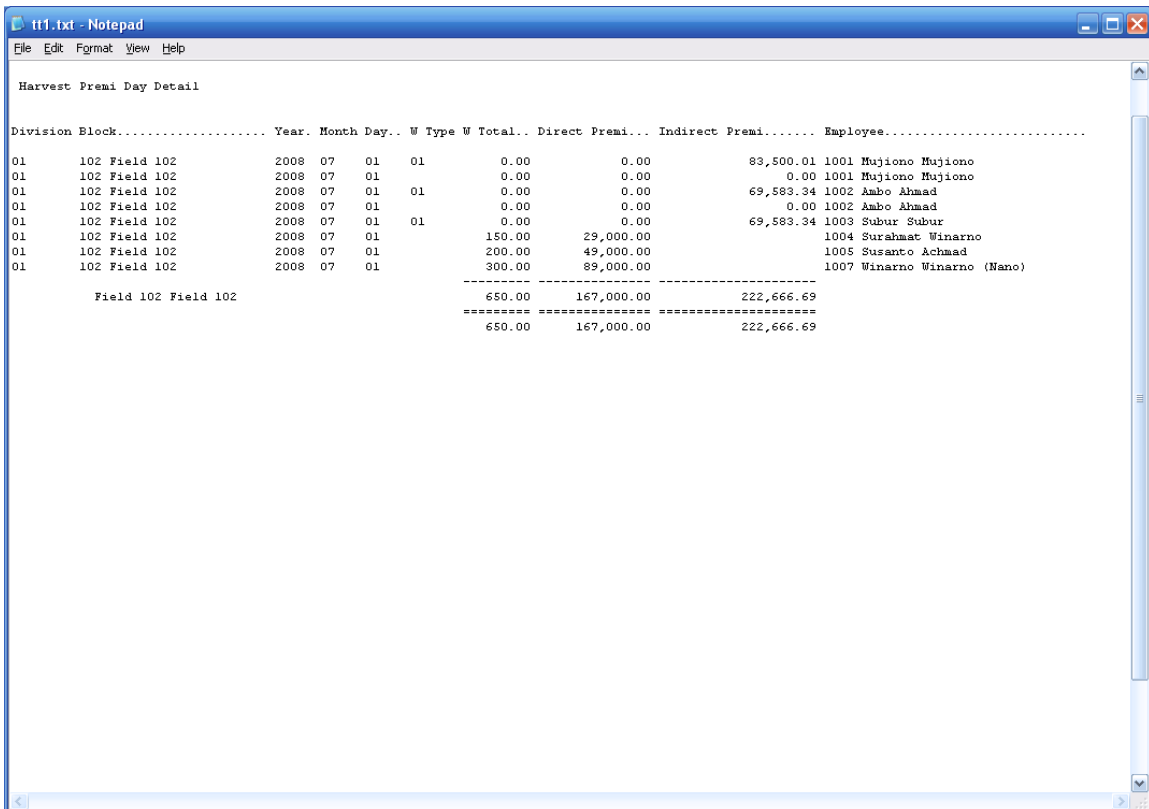
The Calculation of all Harvest Premi is always performed by (calendar) Month, but on a day basis within the month. In other words, the system will always calculate each day, but all days in the month. This is done by inspection of all the Man Journals, by day, for line entries that qualify. In each case, the Division is sensed (based on the Block where performed, which is derived from the Main Job or GL Allocation Account), because the bonus and especially the group bonus (indirect premi) is based on the performance of the day for a Division.

This calculation can be performed on demand or daily, or whenever reports are required. When the Payroll is performed for the month, the system will automatically re-perform all Harvest Bonus calculations for the month in order to ensure that the correct payment values are available to the Payroll.

Options for "On Demand Calculation" and Reports on the Harvest Premi can be found by choosing Payroll, Payroll Activity, Harvest Bonuses.



And below, we show a part of a typical 'day report' of Harvest Premi results.



## **Divisions and Blocks**

All Harvest Premi is calculated by Division, for the sake of Indirect Premi which is based on Division result. Where does the Division derive from? Always from the Block sensed for a Journal Line with Direct Premi. (A Block on FIELDMASTER always has a Division.)

Where does the Block derive from? Always from the allocation of a Journal line with Direct Premi, as follows: -

We check 1<sup>st</sup> if there is a Job on the main Allocation. If there is, then we check the Job to see if it is flagged with a Block number or not.

If there is no Job allocation or no Block flag on the Job allocation, then the Block must be derived from the main GL allocation for the Journal line. 'Block' is a name on the General Ledger, and the logic for determining the Block is determined by the Chart setup.

If no Block is found either from Job or GL allocation, then the Harvest Premi is still calculated and accrues to a Block "\*" and Division "\*".