

Income & Cost Budgets

Winter Crops – 2020



A joint initiative between the

Bureau for Food and Agricultural Policy (BFAP)

and the

Protein Research Foundation (PRF)

and the

**Oil & Protein Seeds Development Trust /
Oilseeds Advisory Committee**

and

Grain South Africa

Oil & Protein Seeds Development Trust & Oilseeds Advisory Committee

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INCOME & COST BUDGETS FOR WINTER CROPS - 2020 SEASON

Foreword

The Protein Research Foundation (PRF) strives to make a significant contribution to the promotion of local production of protein on a sustainable basis, in order to satisfy the growing demand for protein for animal production purposes as well as the optimal utilisation thereof, which will lead to an increase in the standard of living of all people in the Republic of South Africa. The main objectives of the Protein Research Foundation (PRF) are to replace imported protein used in animal feed with locally produced protein and to encourage the better utilisation of this protein. The objectives are promoted through research funding and technology transfer.

The collaboration between the Protein Research Foundation (PRF), Grain South Africa, the Bureau for Food and Agricultural Policy (BFAP) and many agribusinesses across South Africa's key producing regions creates the benefit to leverage upon each organisation's ground-level expertise, as well as valuable resources in the field of production systems and commodity enterprise budgets. The purpose of this report is to present regional commodity enterprise budgets for the 2020 winter crop season.

It is acknowledged that regional variation will occur and that enterprise budgets will differ from farm to farm. Whilst every care has been taken in preparing this report, it is advised to adjust the estimates according to the farm's respective location, yield potential, cultivation system and/or strategies.

Disclaimer

The views expressed in this document reflect those of BFAP and do not constitute any specific advice as to decisions or actions that should be taken. Whilst every care has been taken in preparing this document, no representation, warranty, or undertaking (expressed or implied) is given and no responsibility or liability is accepted by BFAP as to the accuracy or completeness of the information contained herein. In addition, BFAP accepts no responsibility or liability for any damages of whatsoever nature which any person may suffer as a result of any decision or action taken on the basis of the information contained herein. All opinions and estimates contained in this report may be changed after publication at any time without notice.

Area coverage

Table 1 and Table 2 provides an overview of the area of coverage for dryland and irrigated winter crops in South Africa's key agro-ecological producing regions. The coordinators of this initiative are sincerely grateful for the interaction and assistance with data, knowledge and other inputs from each organisation, agribusiness and farmers.

Table 1.1: Area coverage: Dryland

Area	Dryland Crops	Source & Collaborators
Southern Cape		
Caledon	Wheat, Barley, Canola, Oats & Lupines	Overberg Agri, GSA & BFAP
Bredasdorp	Wheat, Barley, Canola, Oats & Lupines	Overberg Agri, GSA & BFAP
Eastern Ruëns (higher potential)	Wheat, Barley, Canola, Oats & Lupines	SSK, GSA & BFAP
Eastern Ruëns (low to normal potential)	Wheat, Barley, Canola, Oats & Lupines	SSK, GSA & BFAP
Western Cape		
Southern Swartland	Wheat & Canola	Kaap Agri, GSA & BFAP
Moorreesburg, Malmesbury & Porterville	Wheat, Canola & Oats	Kaap Agri, GSA & BFAP
Darling-vlakte – Hopefield (Sandveld)	Wheat, Canola & Lupines	Kaap Agri, GSA & BFAP
Rooi Karoo	Wheat & Canola	Kaap Agri, GSA & BFAP
Free State		
Eastern Free State	Wheat	GSA / VKB / BFAP / Individual Farmers
Central Free State	Wheat	GSA / VKB / BFAP / Individual Farmers

Table 1.2: Area coverage: Irrigation

Area	Irrigated Crops	Source & Collaborators
Northern Cape		
Northern Cape	Wheat, Barley & Canola	GWK, GSA & BFAP
Free State		
Eastern Free State	Wheat	GSA / VKB / BFAP / Individual Farmers
Limpopo		
Brits / Northam / Koedoeskop	Wheat & Barley	GSA, Obaro & BFAP

Yield Assumptions

Figure 1 and Figure 2 reports the yield assumptions for dryland and irrigated crops. These assumptions represent target yields which were formulated in round table discussions. These levels are based on crop potential in the respective regions, historic trends and expert opinions. It is important to note that intra-regional variations will occur and it is recommended that producers adjust their target yields based on their location and potential. Table 1.3 illustrates descriptive statistics for yield trends and projections over the period from 2005-2020.

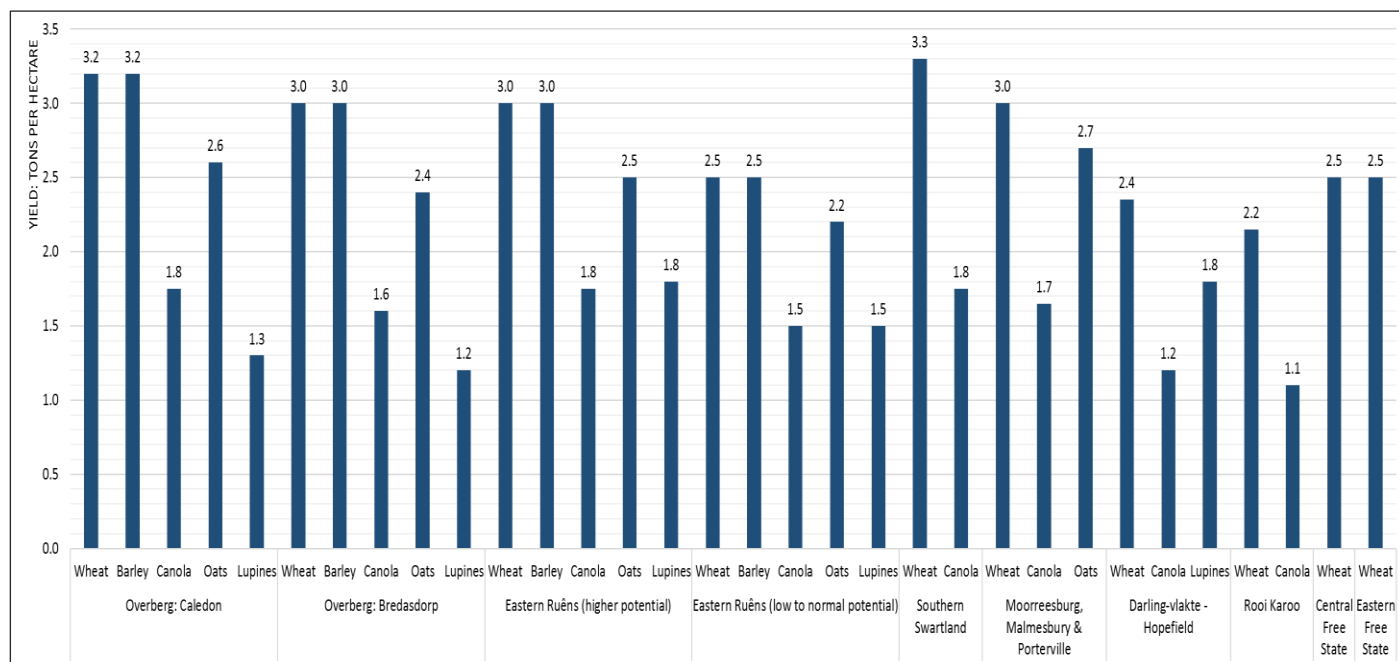


Figure 1.1: Dryland winter crop yield assumptions

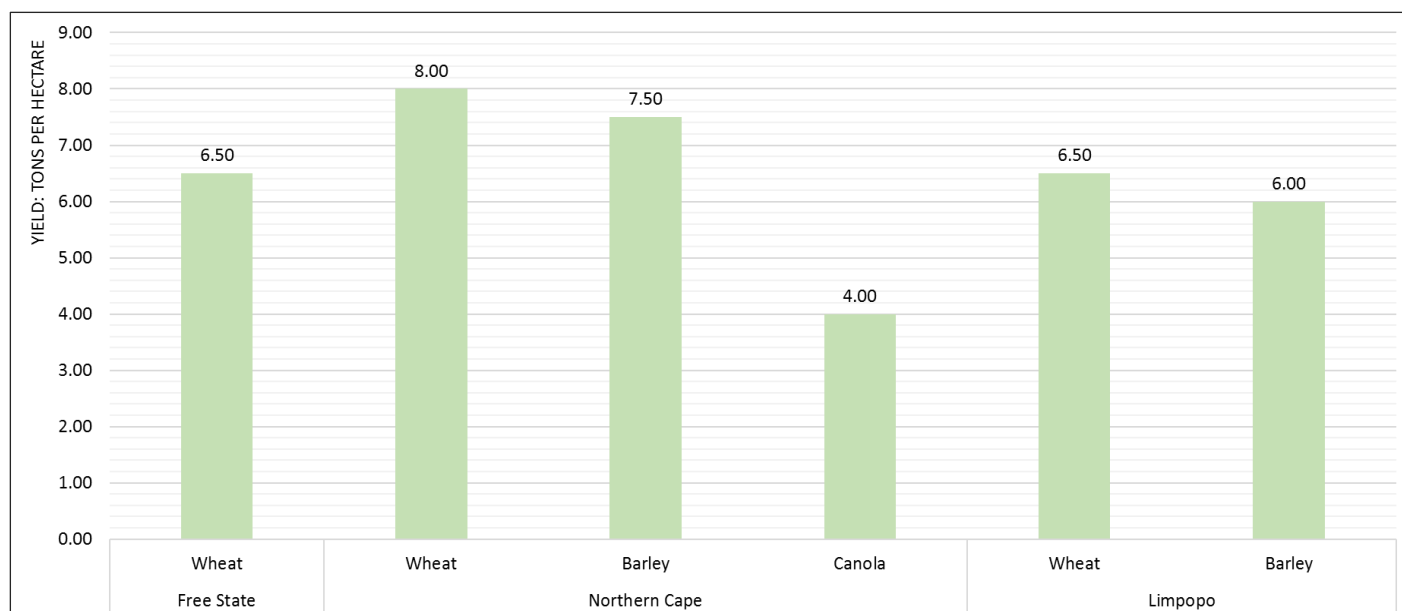


Figure 1.2: Irrigated winter crops yield assumptions

Table 1.3: Industry yield trends: 2005-2021

	Wheat: Winter area	Wheat: Summer area	Wheat: Irrigation	Barley: Winter area	Barley: Summer area	Canola
Mean: 2005-2021	2.60	2.78	6.22	2.78	6.32	1.32
3-year historic average: 2017-2019	2.18	3.50	6.82	2.90	6.66	1.26
5-year historic average: 2015-2019	2.44	3.12	6.68	3.11	6.33	1.32
Minimum: 2015-2019	1.80	1.53	5.27	1.95	5.19	0.90
Median: 2015-2019	2.50	2.65	6.24	2.80	6.45	1.25
Maximum: 2015-2019	3.40	4.20	7.15	3.65	7.12	1.85

Source: BFAP, 2020

Crop Price Assumptions

Annually, the Bureau for Food and Agricultural Policy (BFAP) presents a baseline outlook for agricultural production, consumption, prices and trade in South Africa over a 10-year horizon. The outlook is generated within the BFAP system of models and is based on a coherent set of assumptions about a range of economic, technological, environmental, political, institutional, and social factors. Of the range of critical assumptions underpinning the baseline projections, one of the most important is that stable weather conditions will prevail in Southern Africa and around the world; therefore, yields grow constantly over the baseline as technology improves. Consequently, it does not represent a forecast, but rather a single plausible future outcome, based on fundamental factors underpinning markets. It presents a future equilibrium and a benchmark against which further analysis can be measured and understood.

Assumptions related to the future macro-economic environment are based on a combination of projections developed by the International Monetary Fund (IMF), the World Bank and the Bureau for Economic Research (BER) at Stellenbosch University. Baseline projections for world commodity markets were generated by FAPRI at the University of Missouri, as well as the Food and Agriculture Association (FAO) of the United Nations. Once these critical assumptions are captured in the BFAP system of models, the Outlook for all commodities is simulated within a closed system of equations. This captures the interlinkages between sectors and, for example, any shocks in the grain sector are transmitted to the livestock sector and vice versa. For each

commodity, important components of supply and demand are identified, after which an equilibrium is established through balance sheet principles by equating total demand to total supply.

Figure 3 illustrates the commodity price assumptions for wheat, barley and canola that were used as a reference point in generating the commodity price assumptions for the 2020 production season. These levels take into consideration global market conditions, the macro-economic landscape and domestic balance sheet principles. Table 1.4 illustrates the standard operating procedure in calculating a reference point at farm gate. The sensitivity analysis in the respective regional commodity enterprise budgets makes provision for variation in price and yield and indicates the gross margin under each price and yield combination.

Table 1.4: Deductions from SAFEX price to derive a farm gate price per region

	Wheat	Barley	Canola
SAFEX / Derived Price: 2020	X	X	X
- transport differential	X	X	X (for selective regions)
- grade differential, premiums (BS, B1, B2, B3 & COW) & price factors	Based on historic averages	Regional price factors	-
- silo, handling & administration costs	X	X	X
- statutory levies	X	X	X
+ price premiums	-	Nitrogen sliding scale premium (50% of production qualifies for this premium)	Back payment calculated at 10% of derived price

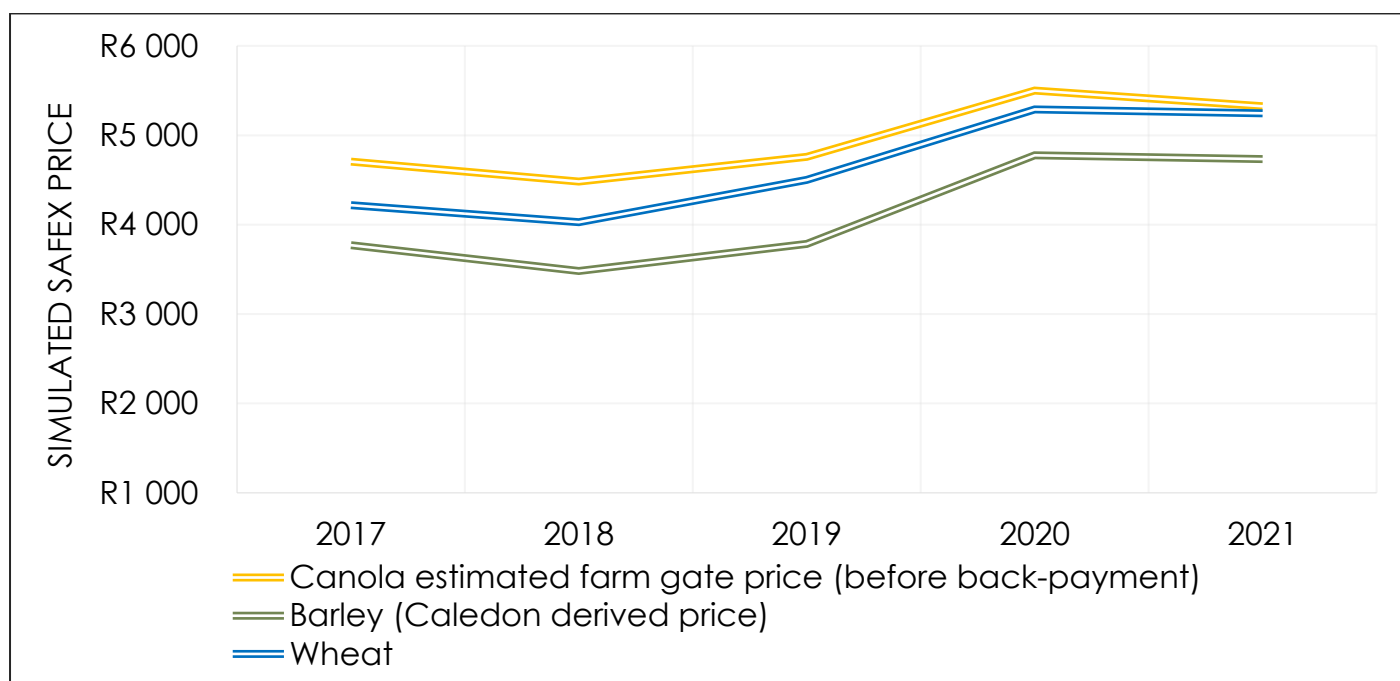


Figure 1.3: BFAP average annual commodity price projections: 2017-2021

Source: BFAP, 2020

Key Input Cost Trends

Figure 1.4 illustrates the domestic cost trends for fuel, urea, MAP and potassium chloride over the period from January 2017 to April 2020. Since October 2019, the major fertilisers have reported a decreasing trend until roughly February 2020. The rapid depreciation in the Rand/US dollar exchange rate resulted in the cost of fertilisers to increase in March and April 2020. Persistent uncertainty in the macro-economic environment could entail continuous volatility in the Rand / USD exchange rate, which could impact the cost of imported inputs such as fuel, fertilisers, chemicals and machinery / implements. The agricultural input cost assumptions in this report have been adjusted according to in-depth analytical analysis on existing prices, movements in the Rand / US dollar exchange rate, the oil price and forward-looking scenarios.

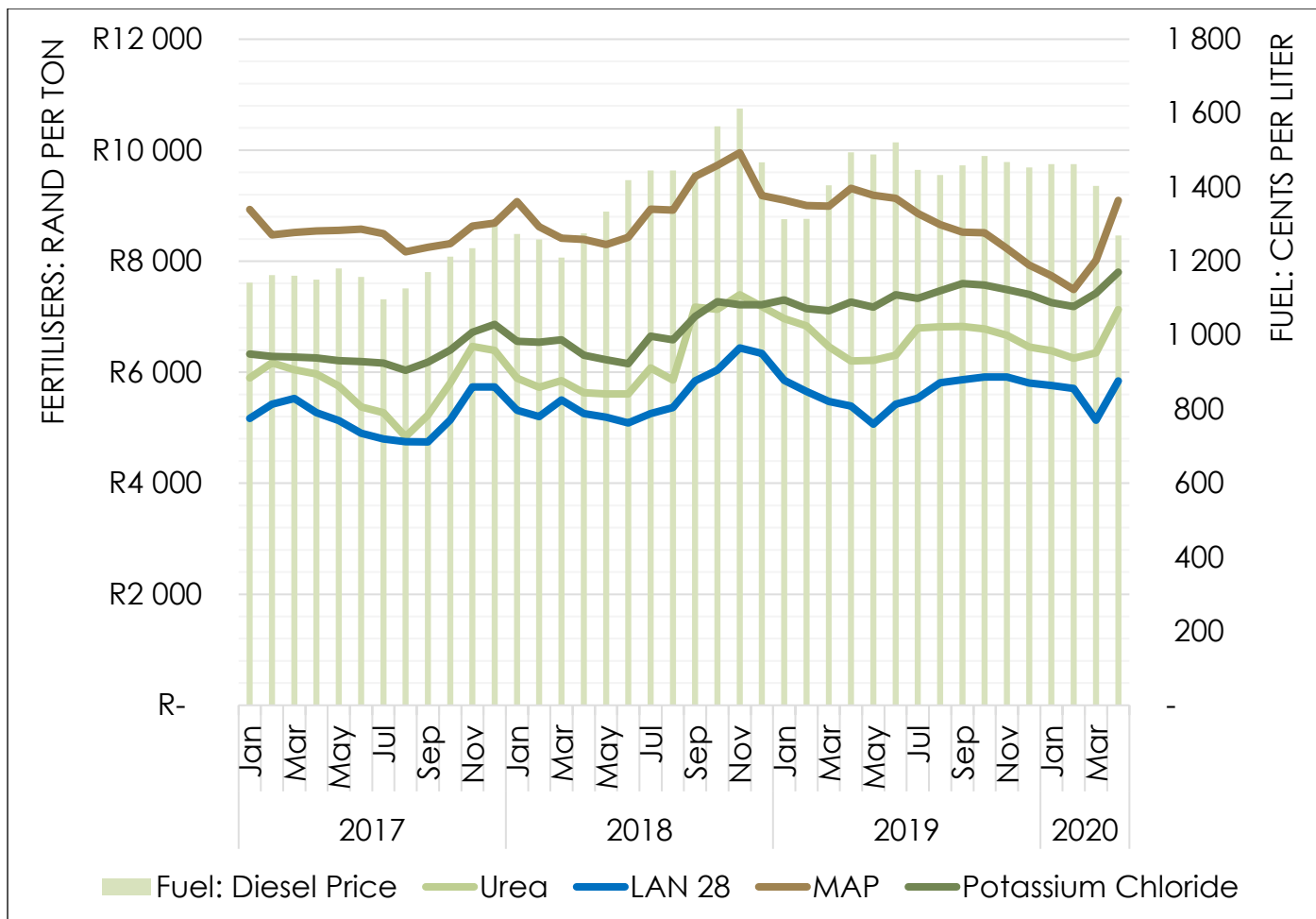


Figure 1.4: Fertiliser & fuel cost trends: January 2017 to April 2020

Source: Grain SA & BFAP, April 2020

Methodology, Approach & Definitions

- ❖ A standard operating procedure was used across all crops and regions for generating the cost and income budgets for the 2020 production season.
- ❖ Deterministic or targeted yields were based on industry discussions which refers to a yield that should be obtained given a normal production season with normal weather in the respective agro-ecological production regions.
- ❖ The farm gate price for each crop was calculated by deducting transport differential, grade differential, handling fees, commission and levies (statutory) from the simulated SAFEX or derived price.
- ❖ The grade differential for wheat was calculated according to historic averages for protein levels at national level. The adjusted grading criteria was incorporated in the commodity enterprise budgets for the 2020 production season which assumes a premium of 2% will be received for protein levels exceeding 12.5%, a zero differential of wheat of a protein level between 11.5-12.4%, a 1% grade differential deduction of protein levels between 10.5-11.4% and a 4% deduction of protein levels between 9.5-10.4%. For simplification purpose, Class Other Wheat (COW) was not accounted for in the enterprise budgets.
- ❖ The gross production value is then calculated by multiplying the yield with the farm gate price.
- ❖ The direct costs are calculated by multiplying the cost per unit by the estimated quantity of input use or application rate.
- ❖ For the majority of the crops, it was assumed that own machinery was used, except for speciality operations that is coupled with economies of scale. In such cases, a contracting cost item was allocated. For the majority of crops, provision was made for fire and SASRIA insurance.
- ❖ Fertiliser and lime application will vary significantly in regions and across crops, however, an attempt was made to follow a standardised approach across the regions. Micro-elements and foliar feed for selective crops are included in the total fertiliser cost.
- ❖ Fuel consumption is based on the prevalence production system in each region.
- ❖ For plant protection, herbicide, insecticide and fungicides are accounted for based on interaction with industry experts and producers. For instance, in certain regions provision was made for fungicide sprays, but for others where the practise is not common, fungicides were excluded from plant protection costs.
- ❖ Repairs and maintenance costs are calculated based on the production system operations.
- ❖ For irrigated crops, the cost of water and electricity was calculated according to typical irrigation application rates at their respective regional costs per millimetre. For instance, variations will occur in the cost for water in areas where predominantly boreholes are used compared to irrigation/water scheme areas.
- ❖ The gross margin was calculated by subtracting the direct cost from the gross production value.

INCOME & COST BUDGETS – DRYLAND PRODUCTION REGION

Southern Cape: Caledon

Table 2.1: Income & cost budgets for wheat, barley, canola, oats & lupines for Southern Cape (Caledon region) - Dryland

Southern Cape: Caledon						
Crop		Wheat	Barley	Canola	Oats	Lupines
Production System		Dryland	Dryland	Dryland	Dryland	Dryland
1) INCOME						
Yield: Deterministic	T/HA	3.20	3.20	1.75	2.60	1.30
SAFEX SIMULATED / DERIVED PRICE: 2020	R/TON	R4 741	R4 741	R5 500	R3 500	R4 000
Total deductions	R/TON	R722	R651	R30	R4	R4
- Transport differential	R/TON	R610	R610	R-	R-	R-
- Grade differential	R/TON	R3	R-	R-	R-	R-
- Marketing, handling & statutory levies	R/TON	R109	R41	R30	R-	R-
Price premiums / Canola back-payment (10% of contracted price)	R/TON	R-	R65	R550	R-	R-
Net Farm Gate Price	R/TON	R4 019	R4 031	R6 020	R3 497	R3 997
GROSS INCOME	R/HA	R12 861	R12 899	R10 535	R9 091	R5 195
2) VARIABLE EXPENDITURES						
Contracting	R/HA	R-	R-	R-	R-	R-
Crop insurance	R/HA	R34	R37	R30	R26	R15
Fertilizer	R/HA	R1 865	R1 880	R1 837	R1 466	R404
Lime	R/HA	R156	R156	R156	R131	R131
Seed	R/HA	R594	R509	R1 278	R456	R940
Fuel	R/HA	R643	R695	R602	R631	R595
Herbicide	R/HA	R635	R727	R777	R356	R590
Insecticide	R/HA	R227	R253	R848	R179	R176
Fungicides	R/HA	R719	R993	R471	R647	R537
Marketing costs	R/HA	R58	R72	R17	R-	R-
Repairs and maintenance	R/HA	R759	R761	R715	R758	R727
Casual labour	R/HA	R7	R7	R7	R13	R13
Aerial spray	R/HA	R-	R-	R-	R-	R-
Other expenditure	R/HA	R115	R120	R110	R93	R93
TOTAL VARIABLE EXPENDITURE	R/HA	R5 812	R6 209	R6 847	R4 756	R4 221
TOTAL VARIABLE EXPENDITURE	R/TON	R1 816	R1 940	R3 912	R1 829	R3 247
3.1) GROSS MARGIN:	R/HA	R7 049	R6 690	R3 688	R4 335	R975
3.2) GROSS MARGIN:	R/TON	R2 203	R2 091	R2 108	R1 667	R750
Break-even yield	T/HA	1.45	1.54	1.14	1.36	1.06
Break-even price	R/TON	R1 816	R1 940	R3 912	R1 829	R3 247

Source: Overberg Agri, GSA & BFAP, April 2020

Gross Margin Comparison BASELINE: Overberg - Caledon

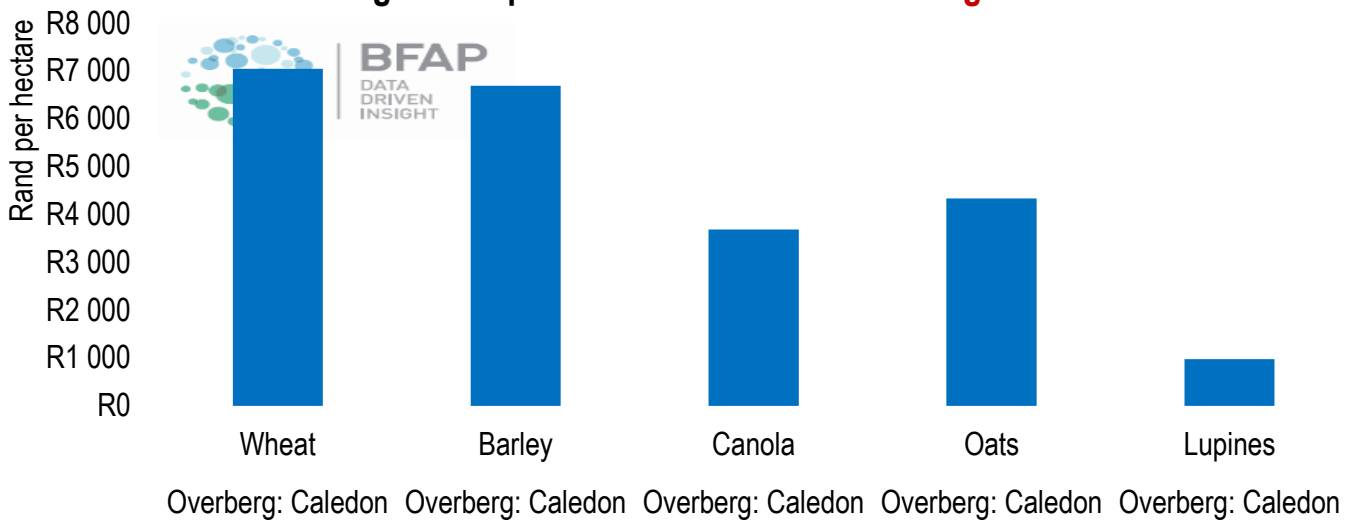


Figure 2.1: Gross margin comparison – Baseline: Southern Cape: Caledon region

WHEAT SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): OVERBERG - CALEDON										
PRODUCERS PRICE	YIELD (T/HA)									
	2.50	2.75	3.00	3.20	3.50	3.75	4.00			
R3 019	R 1 736	R 2 491	R 3 246	R 3 849	R 4 755	R 5 510	R 6 265			
R3 269	R 2 361	R 3 178	R 3 996	R 4 649	R 5 630	R 6 447	R 7 265			
R3 519	R 2 986	R 3 866	R 4 746	R 5 449	R 6 505	R 7 385	R 8 265			
R3 769	R 3 611	R 4 553	R 5 496	R 6 249	R 7 380	R 8 322	R 9 265			
R4 019	R 4 236	R 5 241	R 6 246	R 7 049	R 8 255	R 9 260	R 10 265			
R4 269	R 4 861	R 5 928	R 6 996	R 7 849	R 9 130	R 10 197	R 11 265			
R4 519	R 5 486	R 6 616	R 7 746	R 8 649	R 10 005	R 11 135	R 12 265			
R4 769	R 6 111	R 7 303	R 8 496	R 9 449	R 10 880	R 12 072	R 13 265			
R5 019	R 6 736	R 7 991	R 9 246	R 10 249	R 11 755	R 13 010	R 14 265			

BARLEY SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): OVERBERG - CALEDON										
PRODUCERS PRICE	YIELD (T/HA)									
	2.50	2.75	3.00	3.20	3.50	3.75	4.00			
R3 031	R 1 369	R 2 126	R 2 884	R 3 490	R 4 400	R 5 157	R 5 915			
R3 281	R 1 994	R 2 814	R 3 634	R 4 290	R 5 275	R 6 095	R 6 915			
R3 531	R 2 619	R 3 501	R 4 384	R 5 090	R 6 150	R 7 032	R 7 915			
R3 781	R 3 244	R 4 189	R 5 134	R 5 890	R 7 025	R 7 970	R 8 915			
R4 031	R 3 869	R 4 876	R 5 884	R 6 690	R 7 900	R 8 907	R 9 915			
R4 281	R 4 494	R 5 564	R 6 634	R 7 490	R 8 775	R 9 845	R 10 915			
R4 531	R 5 119	R 6 251	R 7 384	R 8 290	R 9 650	R 10 782	R 11 915			
R4 781	R 5 744	R 6 939	R 8 134	R 9 090	R 10 525	R 11 720	R 12 915			
R5 031	R 6 369	R 7 626	R 8 884	R 9 890	R 11 400	R 12 657	R 13 915			

CANOLA SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): OVERBERG - CALEDON										
PRODUCERS PRICE	YIELD (T/HA)									
	1.00	1.25	1.50	1.75	2.00	2.25	2.50			
R5 020	R 1 827	R 572	R 683	R 1 938	R 3 193	R 4 449	R 5 704			
R5 270	R 1 577	R 259	R 1 058	R 2 376	R 3 693	R 5 011	R 6 329			
R5 520	R 1 327	R 53	R 1 433	R 2 813	R 4 193	R 5 574	R 6 954			
R5 770	R 1 077	R 366	R 1 808	R 3 251	R 4 693	R 6 136	R 7 579			
R6 020	R 827	R 678	R 2 183	R 3 688	R 5 193	R 6 699	R 8 204			
R6 270	R 577	R 991	R 2 558	R 4 126	R 5 693	R 7 261	R 8 829			
R6 520	R 327	R 1 303	R 2 933	R 4 563	R 6 193	R 7 824	R 9 454			
R6 770	R 77	R 1 616	R 3 308	R 5 001	R 6 693	R 8 386	R 10 079			
R7 020	R 173	R 1 928	R 3 683	R 5 438	R 7 193	R 8 949	R 10 704			

CANOLA MARGIN ABOVE / BELOW WHEAT (GROSS MARGIN PER HECTARE): OVERBERG - CALEDON														
YIELD PRICE (R/TON)														
	R	5 270	R	5 520	R	5 770	R	6 020	R	6 270	R	6 520	R	6 770
0.75	-R	9 943	-R	9 756	-R	9 568	-R	9 381	-R	9 193	-R	9 006	-R	8 818
1.00	-R	8 626	-R	8 376	-R	8 126	-R	7 876	-R	7 626	-R	7 376	-R	7 126
1.25	-R	7 308	-R	6 996	-R	6 683	-R	6 371	-R	6 058	-R	5 746	-R	5 433
1.50	-R	5 991	-R	5 616	-R	5 241	-R	4 866	-R	4 491	-R	4 116	-R	3 741
1.75	-R	4 673	-R	4 236	-R	3 798	-R	3 361	-R	2 923	-R	2 486	-R	2 048
2.00	-R	3 356	-R	2 856	-R	2 356	-R	1 856	-R	1 356	-R	856	-R	356
2.25	-R	2 038	-R	1 476	-R	913	-R	351	R	212	R	774	R	1 337
2.50	-R	721	-R	96	R	529	R	1 154	R	1 779	R	2 404	R	3 029
2.75	R	597	R	1 284	R	1 972	R	2 659	R	3 347	R	4 034	R	4 722

Notes:

- Please refer to **Methodology, Approach & Definitions** for in-depth interpretation of enterprise budgets.
- The cost items reflect the input allocation based on the target yield for the respective crops.
- Although some expenditure items are zero, it is reflected in the budgets to allow for producers to allocate them individually.
- The cost of fuel includes pre-harvest and harvesting costs with the assumption that own machinery is used.
- Marketing cost assumes that approximately 15% of the wheat, barley and canola crop requires drying
- The cost of fertiliser reflects a combination of nitrogen, phosphorous, potassium and other macro- and micro nutrients.
- The costs for wheat, barley & oats seeds reflect a combination of own- and purchased seed.
- It is important to note that overhead costs are not included and should be accounted for. Overhead costs such as interest on production loans, labour, management and administration will vary to a large extent from producer to producer. Producers will therefore have to deduct the farm business' overhead cost from the gross margins as stipulated in the tables and figures to calculate the net income per crop.

Southern Cape: Bredasdorp

Table 2.2: Income & cost budgets for wheat, barley, canola, oats & lupines for Southern Cape (Bredasdorp region) - Dryland

Southern Cape: Bredasdorp						
Crop		Wheat	Barley	Canola	Oats	Lupines
Production System		Dryland	Dryland	Dryland	Dryland	Dryland
1) INCOME						
Yield: Deterministic	T/HA	3.00	3.00	1.60	2.40	1.20
SAFEX SIMULATED / DERIVED PRICE: 2020	R/TON	R4 741	R4 741	R5 500	R3 500	R4 000
Total deductions	R/TON	R722	R651	R30	R4	R-
- Transport differential	R/TON	R610	R610	R-	R-	R-
- Grade differential	R/TON	R3	R-	R-	R-	R-
- Marketing, handling & statutory levies	R/TON	R109	R41	R5	R4	R4
Price premiums / Canola back-payment (10% of contracted price)	R/TON	R-	R65	R550	R-	R-
Net Farm Gate Price	R/TON	R4 019	R4 031	R6 020	R3 497	R3 997
GROSS INCOME	R/HA	R12 058	R12 093	R9 632	R8 392	R4 796
2) VARIABLE EXPENDITURES						
Contracting	R/HA	R-	R-	R-	R-	R-
Crop insurance	R/HA	R35	R35	R28	R24	R14
Fertilizer	R/HA	R1 738	R1 653	R1 809	R1 347	R817
Lime	R/HA	R156	R156	R156	R131	R131
Seed	R/HA	R605	R470	R1 278	R456	R752
Fuel	R/HA	R668	R722	R688	R631	R711
Herbicide	R/HA	R807	R701	R758	R606	R515
Insecticide	R/HA	R260	R272	R623	R102	R150
Fungicides	R/HA	R685	R1 075	R411	R465	R199
Marketing costs	R/HA	R54	R68	R15	R-	R-
Repairs and maintenance	R/HA	R657	R679	R571	R645	R621
Casual labour	R/HA	R7	R7	R7	R7	R7
Aerial spray	R/HA	R-	R-	R-	R-	R-
Other expenditure	R/HA	R111	R113	R106	R95	R95
TOTAL VARIABLE EXPENDITURE	R/HA	R5 782	R5 950	R6 448	R4 508	R4 011
TOTAL VARIABLE EXPENDITURE	R/TON	R1 927	R1 983	R4 030	R1 878	R3 343
3.1) GROSS MARGIN:	R/HA	R6 275	R6 144	R3 184	R3 884	R785
3.2) GROSS MARGIN:	R/TON	R2 092	R2 048	R1 990	R1 618	R654
Break-even yield	T/HA	1.44	1.48	1.07	1.29	1.00
Break-even price	R/TON	R1 927	R1 983	R4 030	R1 878	R3 343

Source: Overberg Agri, GSA & BFAP, April 2020

Gross Margin Comparison BASELINE: Overberg - Bredasdorp

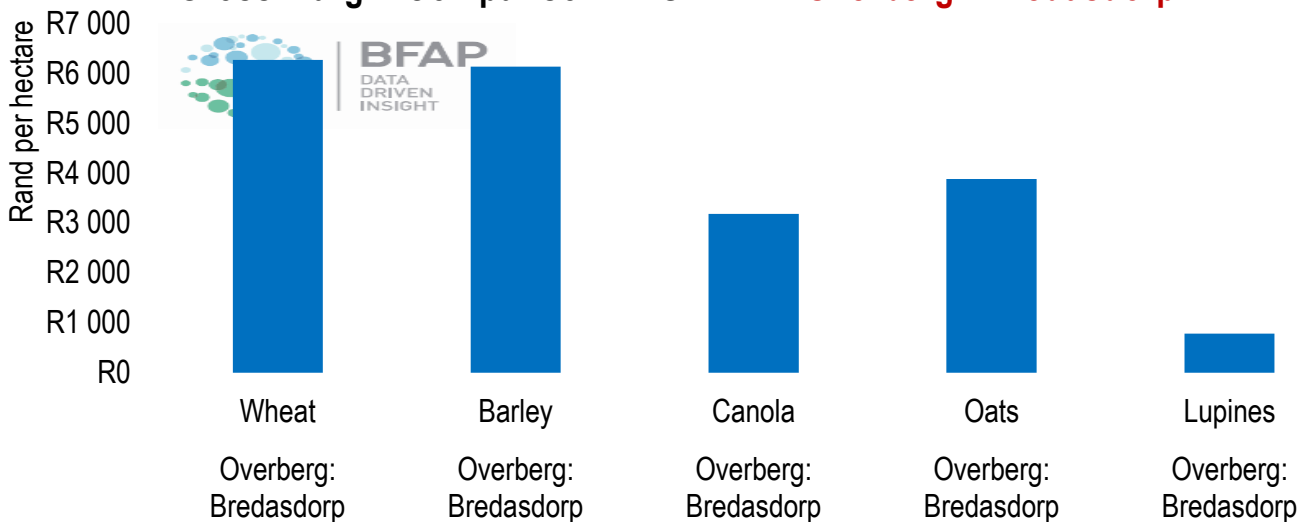


Figure 2.2: Gross margin comparison – Baseline: Southern Cape: Bredasdorp region

WHEAT SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): OVERBERG - BREDASDORP										
YIELD (T/HA)										
PRODUCERS PRICE	2.25	2.50	2.75	3.00	3.25	3.50	3.75			
R3 019	R 1 011	R 1 766	R 2 521	R 3 275	R 4 030	R 4 785	R 5 540			
R3 269	R 1 574	R 2 391	R 3 208	R 4 025	R 4 843	R 5 660	R 6 477			
R3 519	R 2 136	R 3 016	R 3 896	R 4 775	R 5 655	R 6 535	R 7 415			
R3 769	R 2 699	R 3 641	R 4 583	R 5 525	R 6 468	R 7 410	R 8 352			
R4 019	R 3 261	R 4 266	R 5 271	R 6 275	R 7 280	R 8 285	R 9 290			
R4 269	R 3 824	R 4 891	R 5 958	R 7 025	R 8 093	R 9 160	R 10 227			
R4 519	R 4 386	R 5 516	R 6 646	R 7 775	R 8 905	R 10 035	R 11 165			
R4 769	R 4 949	R 6 141	R 7 333	R 8 525	R 9 718	R 10 910	R 12 102			
R5 019	R 5 511	R 6 766	R 8 021	R 9 275	R 10 530	R 11 785	R 13 040			

BARLEY SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): OVERBERG - BREDASDORP										
YIELD (T/HA)										
PRODUCERS PRICE	2.25	2.50	2.75	3.00	3.25	3.50	3.75			
R3 031	R 870	R 1 628	R 2 386	R 3 144	R 3 901	R 4 659	R 5 417			
R3 281	R 1 433	R 2 253	R 3 073	R 3 894	R 4 714	R 5 534	R 6 354			
R3 531	R 1 995	R 2 878	R 3 761	R 4 644	R 5 526	R 6 409	R 7 292			
R3 781	R 2 558	R 3 503	R 4 448	R 5 394	R 6 339	R 7 284	R 8 229			
R4 031	R 3 120	R 4 128	R 5 136	R 6 144	R 7 151	R 8 159	R 9 167			
R4 281	R 3 683	R 4 753	R 5 823	R 6 894	R 7 964	R 9 034	R 10 104			
R4 531	R 4 245	R 5 378	R 6 511	R 7 644	R 8 776	R 9 909	R 11 042			
R4 781	R 4 808	R 6 003	R 7 198	R 8 394	R 9 589	R 10 784	R 11 979			
R5 031	R 5 370	R 6 628	R 7 886	R 9 144	R 10 401	R 11 659	R 12 917			

CANOLA SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): OVERBERG - BREDASDORP										
YIELD PRICE (R/TON)										
	1.00	1.25	1.50	1.60	1.75	2.00	2.25			
R5 020	-R 1 428	-R 173	R 1 082	R 1 584	R 2 337	R 3 592	R 4 847			
R5 270	-R 1 178	R 139	R 1 457	R 1 984	R 2 774	R 4 092	R 5 409			
R5 520	-R 928	R 452	R 1 832	R 2 384	R 3 212	R 4 592	R 5 972			
R5 770	-R 678	R 764	R 2 207	R 2 784	R 3 649	R 5 092	R 6 534			
R6 020	-R 428	R 1 077	R 2 582	R 3 184	R 4 087	R 5 592	R 7 097			
R6 270	-R 178	R 1 389	R 2 957	R 3 584	R 4 524	R 6 092	R 7 659			
R6 520	R 72	R 1 702	R 3 332	R 3 984	R 4 962	R 6 592	R 8 222			
R6 770	R 322	R 2 014	R 3 707	R 4 384	R 5 399	R 7 092	R 8 784			
R7 020	R 572	R 2 327	R 4 082	R 4 784	R 5 837	R 7 592	R 9 347			

CANOLA MARGIN ABOVE / BELOW WHEAT (GROSS MARGIN PER HECTARE): OVERBERG - BREDASDORP

YIELD PRICE (R/TON)		R		5 270 R		5 520 R		5 770 R		6 020 R		6 270 R		6 520 R		6 770 R	
0.75	-R	8 771	-R	8 584	-R	8 396	-R	8 209	-R	8 021	-R	7 834	-R	7 646	-R	7 458	-R
1.00	-R	7 454	-R	7 204	-R	6 954	-R	6 704	-R	6 454	-R	6 204	-R	5 954	-R	5 704	-R
1.25	-R	6 136	-R	5 824	-R	5 511	-R	5 199	-R	4 886	-R	4 574	-R	4 261	-R	3 949	-R
1.50	-R	4 819	-R	4 444	-R	4 069	-R	3 694	-R	3 319	-R	2 944	-R	2 569	-R	2 194	-R
1.60	-R	4 292	-R	3 892	-R	3 492	-R	3 092	-R	2 692	-R	2 292	-R	1 892	-R	1 492	-R
1.75	-R	3 501	-R	3 064	-R	2 626	-R	2 189	-R	1 751	-R	1 314	-R	876	-R	439	-R
2.00	-R	2 184	-R	1 684	-R	1 184	-R	684	-R	184	-R	316	-R	816	-R	1 316	-R
2.25	-R	866	-R	304	-R	259	-R	821	-R	1 384	-R	1 946	-R	2 509	-R	3 071	-R
2.50	R	451	R	1 076	R	1 701	R	2 326	R	2 951	R	3 576	R	4 201	R	4 826	R

Notes:

- Please refer to **Methodology, Approach & Definitions** for in-depth interpretation of enterprise budgets.
- The cost items reflect the input allocation based on the target yield for the respective crops.
- Although some expenditure items are zero, it is reflected in the budgets to allow for producers to allocate them individually.
- The cost of fuel includes pre-harvest and harvesting costs with the assumption that own machinery is used.
- Marketing cost assumes that approximately 15% of the wheat, barley and canola crop requires drying
- The cost of fertiliser reflects a combination of nitrogen, phosphorous, potassium and other macro- and micro nutrients.
- The costs for wheat, barley & oats seeds reflect a combination of own- and purchased seed.
- It is important to note that overhead costs are not included and should be accounted for. Overhead costs such as interest on production loans, labour, management and administration will vary to a large extent from producer to producer. Producers will therefore have to deduct the farm business' overhead cost from the gross margins as stipulated in the tables and figures to calculate the net income per crop.

Southern Cape: Eastern Ruêns (high potential regions)

Table 2.3: Income & cost budgets for wheat, barley, canola, oats & lupines for Southern Cape (Eastern Ruêns - high potential regions) - Dryland

Southern Cape: High Potential						
Crop		Wheat	Barley	Canola	Oats	Lupines
Production System		Dryland	Dryland	Dryland	Dryland	Dryland
1) INCOME						
Yield: Deterministic	T/HA	3.00	3.00	1.75	2.50	1.80
SAFEX SIMULATED / DERIVED PRICE: 2020	R/TON	R4 741	R4 741	R5 500	R3 500	R4 000
Total deductions	R/TON	R722	R651	R5	R4	R4
- Transport differential	R/TON	R610	R610	R-	R-	R-
- Grade differential	R/TON	R3	R-	R-	R-	R-
- Marketing, handling & statutory levies	R/TON	R109	R41	R5	R4	R4
Price premiums / Canola back-payment (10% of contracted price)	R/TON	R-	R65	R550	R-	R-
Net Farm Gate Price	R/TON	R4 019	R4 031	R6 045	R3 497	R3 996
GROSS INCOME	R/HA	R12 058	R12 093	R10 579	R8 741	R7 193
2) VARIABLE EXPENDITURES						
Contracting	R/HA	R-	R-	R-	R-	R-
Crop insurance	R/HA	R35	R35	R30	R25	R-
Fertilizer	R/HA	R1 707	R1 653	R1 729	R1 454	R675
Lime	R/HA	R135	R135	R135	R135	R-
Seed	R/HA	R542	R451	R852	R500	R1 170
Fuel	R/HA	R475	R484	R485	R474	R454
Herbicide	R/HA	R1 136	R859	R970	R602	R710
Insecticide	R/HA	R163	R178	R613	R163	R79
Fungicides	R/HA	R549	R1 035	R388	R591	R209
Marketing costs	R/HA	R54	R68	R17	R-	R-
Repairs and maintenance	R/HA	R607	R641	R616	R607	R573
Casual labour	R/HA	R18	R19	R13	R18	R17
Aerial spray	R/HA	R-	R-	R-	R-	R-
Other expenditure	R/HA	R111	R113	R106	R95	R95
TOTAL VARIABLE EXPENDITURE	R/HA	R5 531	R5 671	R5 952	R4 663	R3 980
TOTAL VARIABLE EXPENDITURE	R/TON	R1 844	R1 890	R3 401	R1 865	R2 211
3.1) GROSS MARGIN:	R/HA	R6 527	R6 422	R4 627	R4 079	R3 213
3.2) GROSS MARGIN:	R/TON	R2 176	R2 141	R2 644	R1 631	R1 785
Break-even yield	T/HA	1.38	1.41	0.98	1.33	1.00
Break-even price	R/TON	R1 844	R1 890	R3 401	R1 865	R2 211

Source: SSK, GSA & BFAP, April 2020

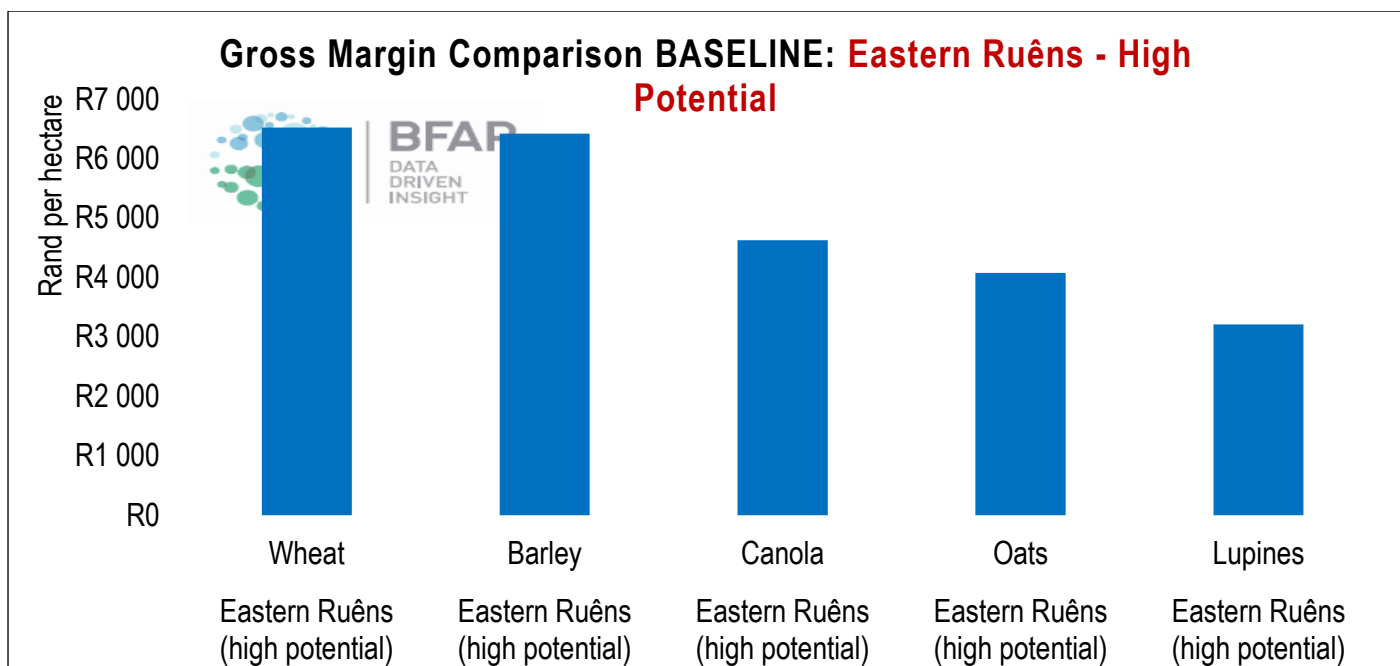


Figure 2.3: Gross margin comparison – Baseline: Southern Cape: Eastern Ruêns (high potential)

WHEAT SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): EASTERN RUêNS (HIGH POTENTIAL)															
		YIELD (T/HA)													
PRODUCERS PRICE		2.25		2.50		2.75		3.00		3.25		3.50		3.75	
	R3 019	R	1 263	R	2 017	R	2 772	R	3 527	R	4 282	R	5 037	R	5 791
	R3 269	R	1 825	R	2 642	R	3 460	R	4 277	R	5 094	R	5 912	R	6 729
	R3 519	R	2 388	R	3 267	R	4 147	R	5 027	R	5 907	R	6 787	R	7 666
	R3 769	R	2 950	R	3 892	R	4 835	R	5 777	R	6 719	R	7 662	R	8 604
	R4 019	R	3 513	R	4 517	R	5 522	R	6 527	R	7 532	R	8 537	R	9 541
	R4 269	R	4 075	R	5 142	R	6 210	R	7 277	R	8 344	R	9 412	R	10 479
	R4 519	R	4 638	R	5 767	R	6 897	R	8 027	R	9 157	R	10 287	R	11 416
	R4 769	R	5 200	R	6 392	R	7 585	R	8 777	R	9 969	R	11 162	R	12 354
	R5 019	R	5 763	R	7 017	R	8 272	R	9 527	R	10 782	R	12 037	R	13 291

BARLEY SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): EASTERN RUËNS (HIGH POTENTIAL)															
		YIELD (T/HA)													
PRODUCERS PRICE		2.25		2.50		2.75		3.00		3.25		3.50		3.75	
	R3 031	R	1 149	R	1 906	R	2 664	R	3 422	R	4 180	R	4 937	R	5 695
	R3 281	R	1 711	R	2 531	R	3 352	R	4 172	R	4 992	R	5 812	R	6 633
	R3 531	R	2 274	R	3 156	R	4 039	R	4 922	R	5 805	R	6 687	R	7 570
	R3 781	R	2 836	R	3 781	R	4 727	R	5 672	R	6 617	R	7 562	R	8 508
	R4 031	R	3 399	R	4 406	R	5 414	R	6 422	R	7 430	R	8 437	R	9 445
	R4 281	R	3 961	R	5 031	R	6 102	R	7 172	R	8 242	R	9 312	R	10 383
	R4 531	R	4 524	R	5 656	R	6 789	R	7 922	R	9 055	R	10 187	R	11 320
	R4 781	R	5 086	R	6 281	R	7 477	R	8 672	R	9 867	R	11 062	R	12 258
	R5 031	R	5 649	R	6 906	R	8 164	R	9 422	R	10 680	R	11 937	R	13 195

CANOLA SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): EASTERN RU&NS (HIGH POTENTIAL)

		YIELD PRICE (R/TON)													
		1.00		1.25		1.50		1.75		2.00		2.25		2.50	
R5 045	-R	907	R	354	R	1 615	R	2 877	R	4 138	R	5 399	R	6 660	
R5 295	-R	657	R	666	R	1 990	R	3 314	R	4 638	R	5 962	R	7 285	
R5 545	-R	407	R	979	R	2 365	R	3 752	R	5 138	R	6 524	R	7 910	
R5 795	-R	157	R	1 291	R	2 740	R	4 189	R	5 638	R	7 087	R	8 535	
R6 045	R	93	R	1 604	R	3 115	R	4 627	R	6 138	R	7 649	R	9 160	
R6 295	R	343	R	1 916	R	3 490	R	5 064	R	6 638	R	8 212	R	9 785	
R6 545	R	593	R	2 229	R	3 865	R	5 502	R	7 138	R	8 774	R	10 410	
R6 795	R	843	R	2 541	R	4 240	R	5 939	R	7 638	R	9 337	R	11 035	
R7 045	R	1 093	R	2 854	R	4 615	R	6 377	R	8 138	R	9 899	R	11 660	

CANOLA MARGIN ABOVE / BELOW WHEAT (GROSS MARGIN PER HECTARE): EASTERN RU&NS (HIGH POTENTIAL)

		YIELD PRICE (R/TON)													
		R		5 295		R		5 545		R		5 795		R	
0.75	-R	8 508	-R	8 320	-R	8 133	-R	7 945	-R	7 758	-R	7 570	-R	7 383	
1.00	-R	7 184	-R	6 934	-R	6 684	-R	6 434	-R	6 184	-R	5 934	-R	5 684	
1.25	-R	5 860	-R	5 548	-R	5 235	-R	4 923	-R	4 610	-R	4 298	-R	3 985	
1.50	-R	4 537	-R	4 162	-R	3 787	-R	3 412	-R	3 037	-R	2 662	-R	2 287	
1.75	-R	3 213	-R	2 775	-R	2 338	-R	1 900	-R	1 463	-R	1 025	-R	588	
2.00	-R	1 889	-R	1 389	-R	889	-R	389	R	111	R	611	R	1 111	
2.25	-R	565	-R	3	R	560	R	1 122	R	1 685	R	2 247	R	2 810	
2.50	R	758	R	1 383	R	2 008	R	2 633	R	3 258	R	3 883	R	4 508	
2.75	R	2 082	R	2 770	R	3 457	R	4 145	R	4 832	R	5 520	R	6 207	

Notes:

- Please refer to **Methodology, Approach & Definitions** for in-depth interpretation of enterprise budgets.
- The cost items reflect the input allocation based on the target yield for the respective crops.
- Although some expenditure items are zero, it is reflected in the budgets to allow for producers to allocate them individually.
- The cost of fuel includes pre-harvest and harvesting costs with the assumption that own machinery is used.
- Marketing cost assumes that approximately 15% of the wheat, barley and canola crop requires drying
- The cost of fertiliser reflects a combination of nitrogen, phosphorous, potassium and other macro- and micro nutrients.
- The costs for wheat, barley & oats seeds reflect a combination of own- and purchased seed.
- It is important to note that overhead costs are not included and should be accounted for. Overhead costs such as interest on production loans, labour, management and administration will vary to a large extent from producer to producer. Producers will therefore have to deduct the farm business' overhead cost from the gross margins as stipulated in the tables and figures to calculate the net income per crop.

Southern Cape: Eastern Ruêns (low to normal potential regions)

Table 2.4: Income & cost budgets for wheat, barley, canola, oats & lupines for Southern Cape (Eastern Ruêns low to normal potential regions) - Dryland

Southern Cape: Low-normal potential						
Crop		Wheat	Barley	Canola	Oats	Lupines
Production System		Dryland	Dryland	Dryland	Dryland	Dryland
1) INCOME						
Yield: Deterministic	T/HA	2.50	2.50	1.50	2.20	1.50
SAFEX SIMULATED / DERIVED PRICE: 2020	R/TON	R4 741	R4 741	R5 500	R3 500	R4 000
Total deductions	R/TON	R722	R651	R135	R4	R4
- Transport differential	R/TON	R610	R610	R130	R-	R-
- Grade differential	R/TON	R3	R-	R-	R-	R-
- Marketing, handling & statutory levies	R/TON	R109	R41	R5	R4	R4
Price premiums / Canola back-payment (10% of contracted price)	R/TON	R-	R65	R550	R-	R-
Net Farm Gate Price	R/TON	R4 019	R4 031	R5 915	R3 497	R3 996
GROSS INCOME	R/HA	R10 048	R10 078	R8 873	R7 692	R5 994
2) VARIABLE EXPENDITURES						
Contracting	R/HA	R-	R-	R-	R-	R-
Crop insurance	R/HA	R29	R29	R25	R22	R-
Fertilizer	R/HA	R1 411	R1 387	R1 408	R1 129	R588
Lime	R/HA	R135	R135	R135	R135	R-
Seed	R/HA	R465	R376	R784	R455	R1 003
Fuel	R/HA	R475	R484	R485	R474	R454
Herbicide	R/HA	R453	R499	R637	R476	R584
Insecticide	R/HA	R163	R144	R570	R134	R79
Fungicides	R/HA	R549	R696	R388	R436	R209
Marketing costs	R/HA	R45	R56	R14	R-	R-
Repairs and maintenance	R/HA	R573	R573	R616	R573	R573
Casual labour	R/HA	R18	R17	R13	R17	R17
Aerial spray	R/HA	R-	R-	R-	R-	R-
Other expenditure	R/HA	R111	R113	R106	R95	R95
TOTAL VARIABLE EXPENDITURE	R/HA	R4 426	R4 509	R5 180	R3 944	R3 600
TOTAL VARIABLE EXPENDITURE	R/TON	R1 770	R1 804	R3 453	R1 793	R2 400
3.1) GROSS MARGIN:	R/HA	R5 622	R5 569	R3 693	R3 748	R2 394
3.2) GROSS MARGIN:	R/TON	R2 249	R2 227	R2 462	R1 704	R1 596
Break-even yield	T/HA	1.10	1.12	0.88	1.13	0.90
Break-even price	R/TON	R1 770	R1 804	R3 453	R1 793	R2 400

Source: SSK, GSA & BFAP, April 2020

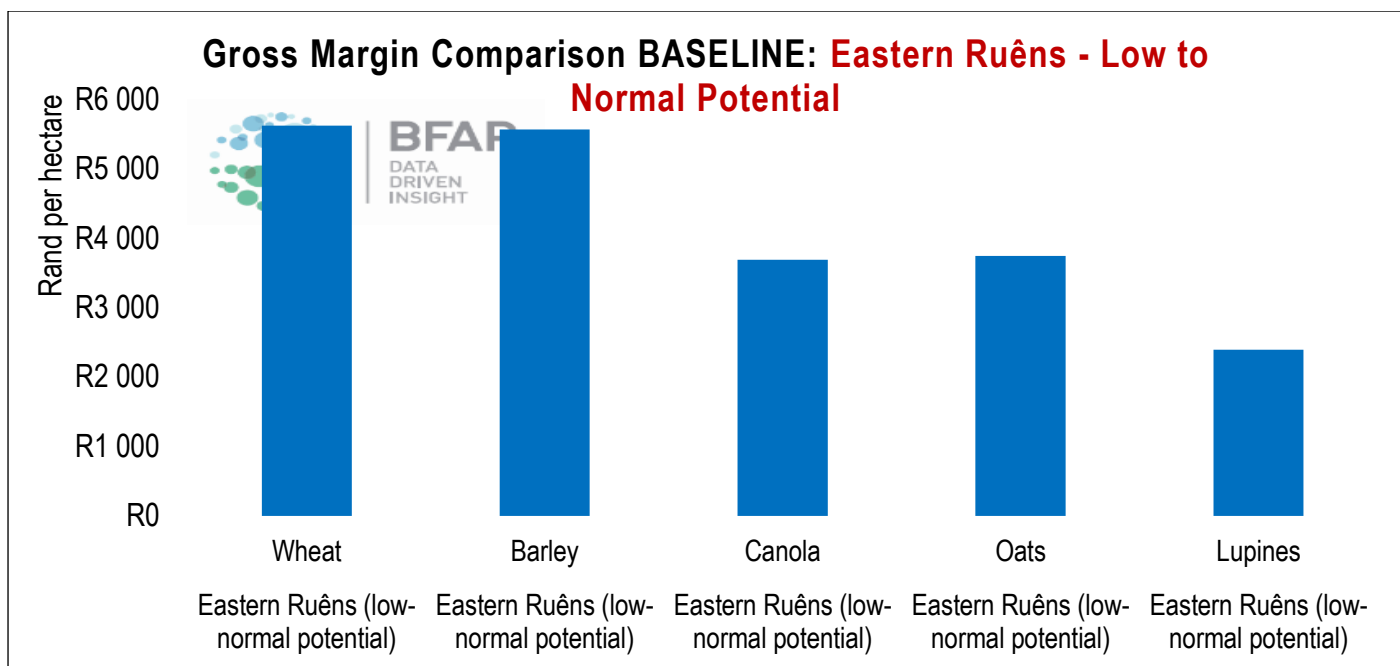


Figure 2.4: Gross margin comparison – Baseline: Southern Cape: Eastern Ruêns (low to normal potential)

WHEAT SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): EASTERN RUÊNS (LOW TO NORMAL POTENTIAL)											
		YIELD (T/HA)									
PRODUCERS PRICE		1.75		2.00		2.25		2.50		2.75	
		R		R		R		R		R	
R3 019	R	858	R	1 612	R	2 367	R	3 122	R	3 877	R
R3 269	R	1 295	R	2 112	R	2 930	R	3 747	R	4 564	R
R3 519	R	1 733	R	2 612	R	3 492	R	4 372	R	5 252	R
R3 769	R	2 170	R	3 112	R	4 055	R	4 997	R	5 939	R
R4 019	R	2 608	R	3 612	R	4 617	R	5 622	R	6 627	R
R4 269	R	3 045	R	4 112	R	5 180	R	6 247	R	7 314	R
R4 519	R	3 483	R	4 612	R	5 742	R	6 872	R	8 002	R
R4 769	R	3 920	R	5 112	R	6 305	R	7 497	R	8 689	R
R5 019	R	4 358	R	5 612	R	6 867	R	8 122	R	9 377	R

BARLEY SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): EASTERN RUÊNS (LOW TO NORMAL POTENTIAL)											
		YIELD (T/HA)									
PRODUCERS PRICE		1.75		2.00		2.25		2.50		2.75	
		R		R		R		R		R	
R3 031	R	795	R	1 553	R	2 311	R	3 069	R	3 826	R
R3 281	R	1 233	R	2 053	R	2 873	R	3 694	R	4 514	R
R3 531	R	1 670	R	2 553	R	3 436	R	4 319	R	5 201	R
R3 781	R	2 108	R	3 053	R	3 998	R	4 944	R	5 889	R
R4 031	R	2 545	R	3 553	R	4 561	R	5 569	R	6 576	R
R4 281	R	2 983	R	4 053	R	5 123	R	6 194	R	7 264	R
R4 531	R	3 420	R	4 553	R	5 686	R	6 819	R	7 951	R
R4 781	R	3 858	R	5 053	R	6 248	R	7 444	R	8 639	R
R5 031	R	4 295	R	5 553	R	6 811	R	8 069	R	9 326	R

CANOLA SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): EASTERN RUËNS (LOW TO NORMAL POTENTIAL)															
		YIELD (T/HA)													
PRODUCERS PRICE		0.75		1.00		1.25		1.50		1.75		2.00		2.25	
R4 915	-R	1 494	-R	265	R	964	R	2 193	R	3 421	R	4 650	R	5 879	
R5 165	-R	1 306	-R	15	R	1 276	R	2 568	R	3 859	R	5 150	R	6 442	
R5 415	-R	1 119	R	235	R	1 589	R	2 943	R	4 296	R	5 650	R	7 004	
R5 665	-R	931	R	485	R	1 901	R	3 318	R	4 734	R	6 150	R	7 567	
R5 915	-R	744	R	735	R	2 214	R	3 693	R	5 171	R	6 650	R	8 129	
R6 165	-R	556	R	985	R	2 526	R	4 068	R	5 609	R	7 150	R	8 692	
R6 415	-R	369	R	1 235	R	2 839	R	4 443	R	6 046	R	7 650	R	9 254	
R6 665	-R	181	R	1 485	R	3 151	R	4 818	R	6 484	R	8 150	R	9 817	
R6 915	R	6	R	1 735	R	3 464	R	5 193	R	6 921	R	8 650	R	10 379	

CANOLA MARGIN ABOVE / BELOW WHEAT (GROSS MARGIN PER HECTARE): EASTERN RUËNS (LOW TO NORMAL POTENTIAL)														
		YIELD PRICE (R/TON)												
	R	5 165	R	5 415	R	5 665	R	5 915	R	6 165	R	6 415	R	6 665
0.50	-R	8 219	-R	8 094	-R	7 969	-R	7 844	-R	7 719	-R	7 594	-R	7 469
0.75	-R	6 928	-R	6 741	-R	6 553	-R	6 366	-R	6 178	-R	5 991	-R	5 803
1.00	-R	5 637	-R	5 387	-R	5 137	-R	4 887	-R	4 637	-R	4 387	-R	4 137
1.25	-R	4 346	-R	4 033	-R	3 721	-R	3 408	-R	3 096	-R	2 783	-R	2 471
1.50	-R	3 054	-R	2 679	-R	2 304	-R	1 929	-R	1 554	-R	1 179	-R	804
1.75	-R	1 763	-R	1 325	-R	888	-R	450	-R	13	R	425	R	862
2.00	-R	472	R	28	R	528	R	1 028	R	1 528	R	2 028	R	2 528
2.25	R	820	R	1 382	R	1 945	R	2 507	R	3 070	R	3 632	R	4 195
2.50	R	2 111	R	2 736	R	3 361	R	3 986	R	4 611	R	5 236	R	5 861

Notes:

- Please refer to **Methodology, Approach & Definitions** for in-depth interpretation of enterprise budgets.
- The cost items reflect the input allocation based on the target yield for the respective crops.
- Although some expenditure items are zero, it is reflected in the budgets to allow for producers to allocate them individually.
- The cost of fuel includes pre-harvest and harvesting costs with the assumption that own machinery is used.
- Marketing cost assumes that approximately 15% of the wheat, barley and canola crop requires drying
- The cost of fertiliser reflects a combination of nitrogen, phosphorous, potassium and other macro- and micro nutrients.
- The costs for wheat, barley & oats seeds reflect a combination of own- and purchased seed.
- It is important to note that overhead costs are not included and should be accounted for. Overhead costs such as interest on production loans, labour, management and administration will vary to a large extent from producer to producer. Producers will therefore have to deduct the farm business' overhead cost from the gross margins as stipulated in the tables and figures to calculate the net income per crop.

Western Cape: Southern Swartland

Table 2.5: Income & cost budgets for wheat & canola for Southern Swartland - Dryland

Southern Swartland			
Crop		Wheat	Canola
Production System		Dryland	Dryland
1) INCOME			
Yield: Deterministic	T/HA	3.30	1.75
SAFEX SIMULATED / DERIVED PRICE: 2020	R/TON	R4 741	R5 500
Total deductions	R/TON	R722	R30
- Transport differential	R/TON	R610	R-
- Grade differential	R/TON	R3	R-
- Marketing, handling & statutory levies	R/TON	R109	R30
Price premiums / Canola back-payment (10% of contracted price)	R/TON	R-	R550
Net Farm Gate Price	R/TON	R4 019	R6 020
GROSS INCOME	R/HA	R13 263	R10 535
2) VARIABLE EXPENDITURES			
Contracting	R/HA	R-	R-
Crop insurance	R/HA	R35	R30
Fertilizer	R/HA	R2 352	R2 171
Lime	R/HA	R201	R201
Seed	R/HA	R691	R852
Fuel	R/HA	R480	R368
Herbicide	R/HA	R1 025	R527
Insecticide	R/HA	R123	R164
Fungicides	R/HA	R714	R418
Marketing costs	R/HA	R59	R17
Repairs and maintenance	R/HA	R757	R669
Casual labour	R/HA	R-	R-
Aerial spray	R/HA	R-	R-
Other expenditure	R/HA	R94	R90
TOTAL VARIABLE EXPENDITURE	R/HA	R6 530	R5 505
TOTAL VARIABLE EXPENDITURE	R/TON	R1 979	R3 146
3.1) GROSS MARGIN: R/HA R6 733 R5 030			
3.2) GROSS MARGIN: R/TON R2 040 R2 874			
Break-even yield	T/HA	1.62	0.91
Break-even price	R/HA	R1 979	R3 146

Source: Kaap Agri, GSA & BFAP, April 2020

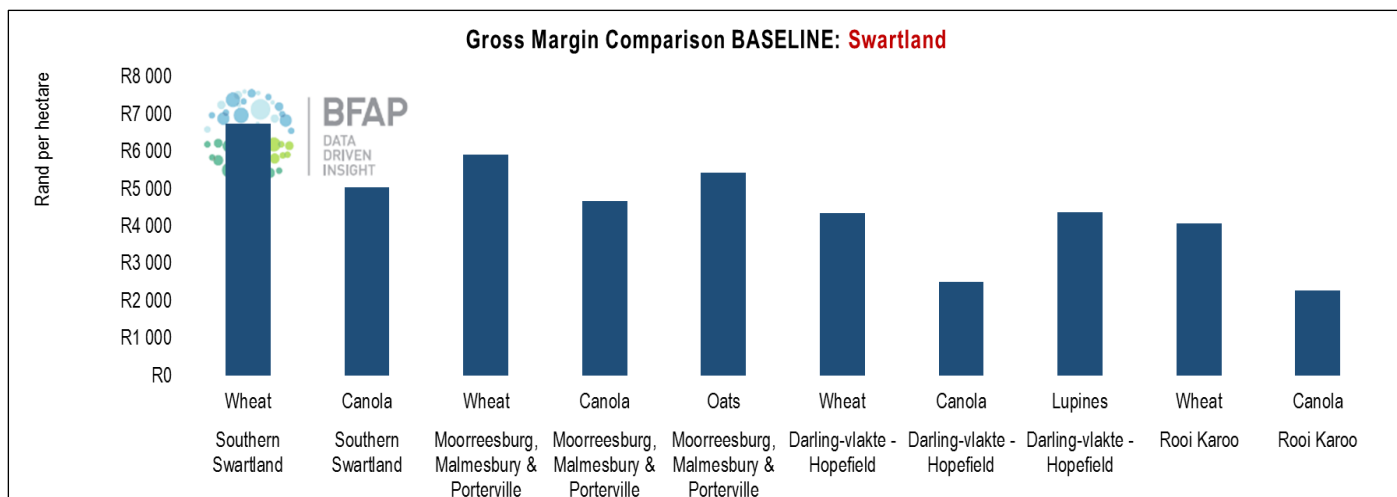


Figure 2.5: Gross margin comparison – Baseline: Western Cape: Swartland

WHEAT SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): SOUTHERN SWARTLAND

		YIELD (T/HA)													
PRODUCERS PRICE		2.50		2.75		3.00		3.30		3.50		3.75		4.00	
R3 019	R	1 018	R	1 773	R	2 527	R	3 433	R	4 037	R	4 792	R	5 547	
R3 269	R	1 643	R	2 460	R	3 277	R	4 258	R	4 912	R	5 729	R	6 547	
R3 519	R	2 268	R	3 148	R	4 027	R	5 083	R	5 787	R	6 667	R	7 547	
R3 769	R	2 893	R	3 835	R	4 777	R	5 908	R	6 662	R	7 604	R	8 547	
R4 019	R	3 518	R	4 523	R	5 527	R	6 733	R	7 537	R	8 542	R	9 547	
R4 269	R	4 143	R	5 210	R	6 277	R	7 558	R	8 412	R	9 479	R	10 547	
R4 519	R	4 768	R	5 898	R	7 027	R	8 383	R	9 287	R	10 417	R	11 547	
R4 769	R	5 393	R	6 585	R	7 777	R	9 208	R	10 162	R	11 354	R	12 547	
R5 019	R	6 018	R	7 273	R	8 527	R	10 033	R	11 037	R	12 292	R	13 547	

CANOLA SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): SOUTHERN SWARTLAND

		YIELD (T/HA)													
PRODUCERS PRICE		1.00		1.25		1.50		1.75		2.00		2.25		2.50	
R5 020	-R	485	R	770	R	2 025	R	3 280	R	4 535	R	5 790	R	7 045	
R5 270	-R	235	R	1 082	R	2 400	R	3 717	R	5 035	R	6 352	R	7 670	
R5 520	R	15	R	1 395	R	2 775	R	4 155	R	5 535	R	6 915	R	8 295	
R5 770	R	265	R	1 707	R	3 150	R	4 592	R	6 035	R	7 477	R	8 920	
R6 020	R	515	R	2 020	R	3 525	R	5 030	R	6 535	R	8 040	R	9 545	
R6 270	R	765	R	2 332	R	3 900	R	5 467	R	7 035	R	8 602	R	10 170	
R6 520	R	1 015	R	2 645	R	4 275	R	5 905	R	7 535	R	9 165	R	10 795	
R6 770	R	1 265	R	2 957	R	4 650	R	6 342	R	8 035	R	9 727	R	11 420	
R7 020	R	1 515	R	3 270	R	5 025	R	6 780	R	8 535	R	10 290	R	12 045	

CANOLA MARGIN ABOVE / BELOW WHEAT (GROSS MARGIN PER HECTARE): SOUTHERN SWARTLAND

		YIELD PRICE (R/TON)													
		R	5 270	R	5 520	R	5 770	R	6 020	R	6 270	R	6 520	R	6 770
0.75	-R	8 286	-R	8 098	-R	7 911	-R	7 723	-R	7 536	-R	7 348	-R	7 161	
1.00	-R	6 968	-R	6 718	-R	6 468	-R	6 218	-R	5 968	-R	5 718	-R	5 468	
1.25	-R	5 651	-R	5 338	-R	5 026	-R	4 713	-R	4 401	-R	4 088	-R	3 776	
1.50	-R	4 333	-R	3 958	-R	3 583	-R	3 208	-R	2 833	-R	2 458	-R	2 083	
1.75	-R	3 016	-R	2 578	-R	2 141	-R	1 703	-R	1 266	-R	828	-R	391	
2.00	-R	1 698	-R	1 198	-R	698	-R	198	R	302	R	802	R	1 302	
2.25	-R	381	R	182	R	744	R	1 307	R	1 869	R	2 432	R	2 994	
2.50	R	937	R	1 562	R	2 187	R	2 812	R	3 437	R	4 062	R	4 687	
2.50	R	937	R	1 562	R	2 187	R	2 812	R	3 437	R	4 062	R	4 687	

Notes:

- Please refer to **Methodology, Approach & Definitions** for in-depth interpretation of enterprise budgets.
- The cost items reflect the input allocation based on the target yield for the respective crops.
- Although some expenditure items are zero, it is reflected in the budgets to allow for producers to allocate them individually.
- The cost of fuel includes pre-harvest and harvesting costs with the assumption that own machinery is used.
- Marketing cost assumes that approximately 15% of the wheat, barley and canola crop requires drying
- The cost of fertiliser reflects a combination of nitrogen, phosphorous, potassium and other macro- and micro nutrients.
- The costs for wheat, barley & oats seeds reflect a combination of own- and purchased seed.
- It is important to note that overhead costs are not included and should be accounted for. Overhead costs such as interest on production loans, labour, management and administration will vary to a large extent from producer to producer. Producers will therefore have to deduct the farm business' overhead cost from the gross margins as stipulated in the tables and figures to calculate the net income per crop.

Western Cape: Moorreesburg, Malmesbury & Porterville

Table 2.6: Income & cost budgets for wheat, canola & oats for Moorreesburg, Malmesbury & Porterville - Dryland

Moorreesburg, Malmesbury & Porterville				
Crop		Wheat	Canola	Oats
Production System		Dryland	Dryland	Dryland
1) INCOME				
Yield: Deterministic	T/HA	3.00	1.65	2.70
SAFEX SIMULATED / DERIVED PRICE: 2020	R/TON	R4 741	R5 500	R3 500
Total deductions	R/TON	R722	R30	R4
- Transport differential	R/TON	R610	R-	R-
- Grade differential	R/TON	R3	R-	R-
- Marketing, handling & statutory levies	R/TON	R109	R30	R-
Price premiums / Canola back-payment (10% of contracted price)	R/TON	R-	R550	R4
Net Farm Gate Price	R/TON	R4 019	R6 020	R3 497
GROSS INCOME	R/HA	R12 058	R9 933	R9 441
2) VARIABLE EXPENDITURES				
Contracting	R/HA	R-	R-	R-
Crop insurance	R/HA	R31	R29	R27
Fertilizer	R/HA	R2 112	R1 932	R1 445
Lime	R/HA	R201	R168	R206
Seed	R/HA	R659	R852	R398
Fuel	R/HA	R472	R408	R444
Herbicide	R/HA	R1 023	R527	R404
Insecticide	R/HA	R123	R164	R96
Fungicides	R/HA	R620	R418	R206
Marketing costs	R/HA	R54	R16	R-
Repairs and maintenance	R/HA	R750	R667	R694
Casual labour	R/HA	R-	R7	R7
Aerial spray	R/HA	R-	R-	R-
Other expenditure	R/HA	R94	R90	R90
TOTAL VARIABLE EXPENDITURE	R/HA	R6 139	R5 275	R4 016
TOTAL VARIABLE EXPENDITURE	R/TON	R2 046	R3 197	R1 487
3.1) GROSS MARGIN:	R/HA	R5 919	R4 658	R5 425
3.2) GROSS MARGIN:	R/TON	R1 973	R2 823	R2 009
Break-even yield	T/HA	1.53	0.88	1.15
Break-even price	R/TON	R2 046	R3 197	R1 487

Source: Kaap Agri, GSA & BFAP, April 2020

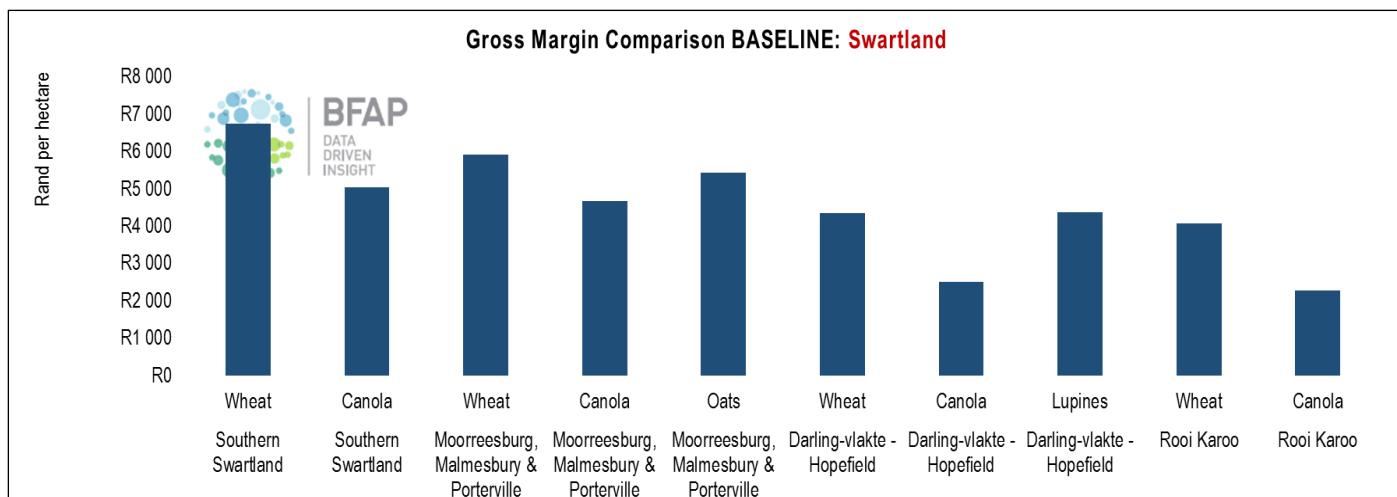


Figure 2.6: Gross margin comparison – Baseline: Swartland

WHEAT SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): MOORREESBURG, MALMESBURY & PORTERVILLE

		YIELD (T/HA)													
PRODUCERS PRICE		2.25		2.50		2.75		3.00		3.25		3.50		3.75	
R3 019	R	654	R	1 409	R	2 164	R	2 919	R	3 674	R	4 428	R	5 183	
R3 269	R	1 217	R	2 034	R	2 851	R	3 669	R	4 486	R	5 303	R	6 121	
R3 519	R	1 779	R	2 659	R	3 539	R	4 419	R	5 299	R	6 178	R	7 058	
R3 769	R	2 342	R	3 284	R	4 226	R	5 169	R	6 111	R	7 053	R	7 996	
R4 019	R	2 904	R	3 909	R	4 914	R	5 919	R	6 924	R	7 928	R	8 933	
R4 269	R	3 467	R	4 534	R	5 601	R	6 669	R	7 736	R	8 803	R	9 871	
R4 519	R	4 029	R	5 159	R	6 289	R	7 419	R	8 549	R	9 678	R	10 808	
R4 769	R	4 592	R	5 784	R	6 976	R	8 169	R	9 361	R	10 553	R	11 746	
R5 019	R	5 154	R	6 409	R	7 664	R	8 919	R	10 174	R	11 428	R	12 683	

CANOLA SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): MOORREESBURG, MALMESBURY & PORTERVILLE

		YIELD (T/HA)													
PRODUCERS PRICE		1.00		1.25		1.50		1.65		1.75		2.00		2.25	
R5 020	-R	255	R	1 000	R	2 255	R	3 008	R	3 510	R	4 765	R	6 020	
R5 270	-R	5	R	1 313	R	2 630	R	3 421	R	3 948	R	5 265	R	6 583	
R5 520	R	245	R	1 625	R	3 005	R	3 833	R	4 385	R	5 765	R	7 145	
R5 770	R	495	R	1 938	R	3 380	R	4 246	R	4 823	R	6 265	R	7 708	
R6 020	R	745	R	2 250	R	3 755	R	4 658	R	5 260	R	6 765	R	8 270	
R6 270	R	995	R	2 563	R	4 130	R	5 071	R	5 698	R	7 265	R	8 833	
R6 520	R	1 245	R	2 875	R	4 505	R	5 483	R	6 135	R	7 765	R	9 395	
R6 770	R	1 495	R	3 188	R	4 880	R	5 896	R	6 573	R	8 265	R	9 958	
R7 020	R	1 745	R	3 500	R	5 255	R	6 308	R	7 010	R	8 765	R	10 520	

CANOLA MARGIN ABOVE / BELOW WHEAT (GROSS MARGIN PER HECTARE): MOORREESBURG, MALMESBURY & PORTERVILLE

		YIELD PRICE (R/TON)													
		R	5 270	R	5 520	R	5 770	R	6 020	R	6 270	R	6 520	R	6 770
0.50	-R	8 558	-R	8 433	-R	8 308	-R	8 183	-R	8 058	-R	7 933	-R	7 808	
1.00	-R	5 923	-R	5 673	-R	5 423	-R	5 173	-R	4 923	-R	4 673	-R	4 423	
1.25	-R	4 606	-R	4 293	-R	3 981	-R	3 668	-R	3 356	-R	3 043	-R	2 731	
1.50	-R	3 288	-R	2 913	-R	2 538	-R	2 163	-R	1 788	-R	1 413	-R	1 038	
1.65	-R	2 498	-R	2 085	-R	1 673	-R	1 260	-R	848	-R	435	-R	23	
1.75	-R	1 971	-R	1 533	-R	1 096	-R	658	-R	221	R	217	R	654	
2.00	-R	653	-R	153	R	347	R	847	R	1 347	R	1 847	R	2 347	
2.25	R	664	R	1 227	R	1 789	R	2 352	R	2 914	R	3 477	R	4 039	
2.50	R	1 982	R	2 607	R	3 232	R	3 857	R	4 482	R	5 107	R	5 732	

Notes:

- Please refer to **Methodology, Approach & Definitions** for in-depth interpretation of enterprise budgets.
- The cost items reflect the input allocation based on the target yield for the respective crops.
- Although some expenditure items are zero, it is reflected in the budgets to allow for producers to allocate them individually.
- The cost of fuel includes pre-harvest and harvesting costs with the assumption that own machinery is used.
- Marketing cost assumes that approximately 15% of the wheat, barley and canola crop requires drying
- The cost of fertiliser reflects a combination of nitrogen, phosphorous, potassium and other macro- and micro nutrients.
- The costs for wheat, barley & oats seeds reflect a combination of own- and purchased seed.
- It is important to note that overhead costs are not included and should be accounted for. Overhead costs such as interest on production loans, labour, management and administration will vary to a large extent from producer to producer. Producers will therefore have to deduct the farm business' overhead

Western Cape: Darling-vlakte – Hopefield

Table 2.7: Income & cost budgets for wheat, canola & lupines for Darling-vlakte – Hopefield (Sandveld region)
- Dryland

Darling-vlakte – Hopefield (Sandveld region)				
Crop		Wheat	Canola	Lupines
Production System		Dryland	Dryland	Dryland
1) INCOME				
Yield: Deterministic	T/HA	2.35	1.20	1.80
SAFEX SIMULATED / DERIVED PRICE: 2020	R/TON	R4 741	R5 500	R4 000
Total deductions	R/TON	R722	R30	R4
- Transport differential	R/TON	R610	R-	R-
- Grade differential	R/TON	R3	R-	R-
- Marketing, handling & statutory levies	R/TON	R109	R30	R4
Price premiums / Canola back-payment (10% of contracted price)	R/TON	R-	R550	R-
Net Farm Gate Price	R/TON	R4 019	R6 020	R3 996
GROSS INCOME	R/HA	R9 445	R7 224	R7 193
2) VARIABLE EXPENDITURES				
Contracting	R/HA	R-	R-	R-
Crop insurance	R/HA	R25	R21	R21
Fertilizer	R/HA	R1 803	R1 692	R351
Lime	R/HA	R141	R141	R201
Seed	R/HA	R597	R852	R582
Fuel	R/HA	R481	R342	R346
Herbicide	R/HA	R879	R457	R530
Insecticide	R/HA	R123	R164	R78
Fungicides	R/HA	R305	R418	R157
Marketing costs	R/HA	R42	R11	R-
Repairs and maintenance	R/HA	R617	R525	R548
Casual labour	R/HA	R-	R7	R7
Aerial spray	R/HA	R-	R-	R-
Other expenditure	R/HA	R94	R90	R-
TOTAL VARIABLE EXPENDITURE	R/HA	R5 106	R4 717	R2 820
TOTAL VARIABLE EXPENDITURE	R/TON	R2 173	R3 931	R1 567
3.1) GROSS MARGIN:	R/HA	R4 339	R2 507	R4 373
3.2) GROSS MARGIN:	R/TON	R1 846	R2 089	R2 430
Break-even yield	T/HA	1.27	0.78	0.71
Break-even price	R/TON	R2 173	R3 931	R1 567

Source: Kaap Agri, GSA & BFAP, April 2020

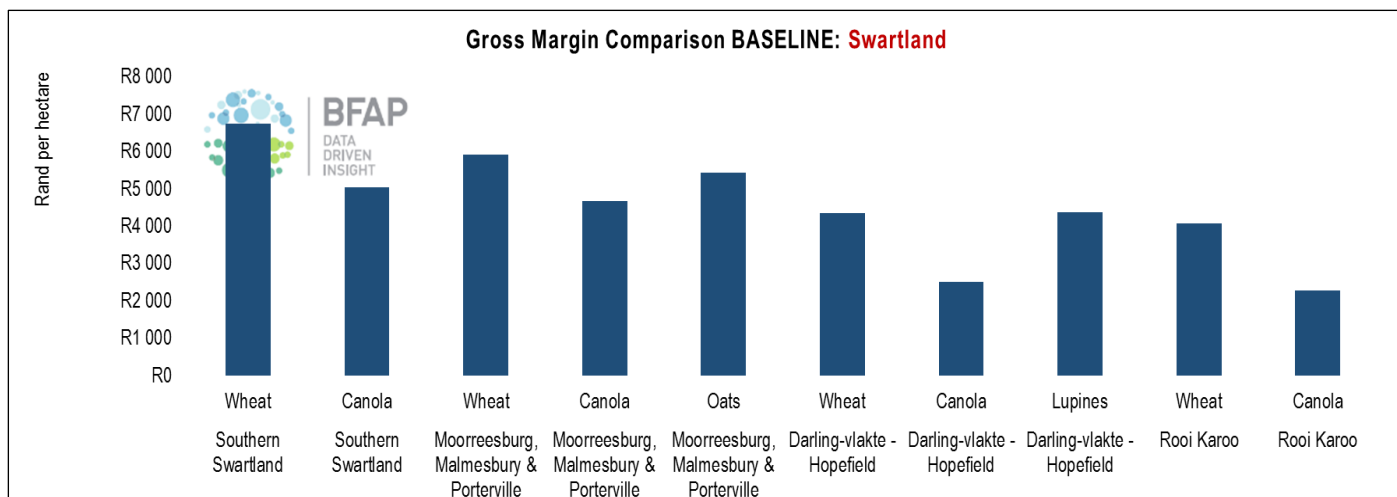


Figure 2.7: Gross margin comparison – Baseline: Swartland

WHEAT SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): DARLING-VLAKTE - HOPEFIELD

		YIELD (T/HA)													
PRODUCERS PRICE		1.50		1.75		2.00		2.35		2.50		2.75		3.00	
R3 019	-R	577	R	178	R	932	R	1 989	R	2 442	R	3 197	R	3 952	
R3 269	-R	202	R	615	R	1 432	R	2 577	R	3 067	R	3 884	R	4 702	
R3 519	R	173	R	1 053	R	1 932	R	3 164	R	3 692	R	4 572	R	5 452	
R3 769	R	548	R	1 490	R	2 432	R	3 752	R	4 317	R	5 259	R	6 202	
R4 019	R	923	R	1 928	R	2 932	R	4 339	R	4 942	R	5 947	R	6 952	
R4 269	R	1 298	R	2 365	R	3 432	R	4 927	R	5 567	R	6 634	R	7 702	
R4 519	R	1 673	R	2 803	R	3 932	R	5 514	R	6 192	R	7 322	R	8 452	
R4 769	R	2 048	R	3 240	R	4 432	R	6 102	R	6 817	R	8 009	R	9 202	
R5 019	R	2 423	R	3 678	R	4 932	R	6 689	R	7 442	R	8 697	R	9 952	

CANOLA SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): DARLING-VLAKTE - HOPEFIELD

		YIELD (T/HA)													
PRODUCERS PRICE		0.50		0.75		1.00		1.20		1.50		1.75		2.00	
R5 020	-R	2 207	-R	952	R	303	R	1 307	R	2 813	R	4 068	R	5 323	
R5 270	-R	2 082	-R	765	R	553	R	1 607	R	3 188	R	4 506	R	5 823	
R5 520	-R	1 957	-R	577	R	803	R	1 907	R	3 563	R	4 943	R	6 323	
R5 770	-R	1 832	-R	390	R	1 053	R	2 207	R	3 938	R	5 381	R	6 823	
R6 020	-R	1 707	-R	202	R	1 303	R	2 507	R	4 313	R	5 818	R	7 323	
R6 270	-R	1 582	-R	15	R	1 553	R	2 807	R	4 688	R	6 256	R	7 823	
R6 520	-R	1 457	R	173	R	1 803	R	3 107	R	5 063	R	6 693	R	8 323	
R6 770	-R	1 332	R	360	R	2 053	R	3 407	R	5 438	R	7 131	R	8 823	
R7 020	-R	1 207	R	548	R	2 303	R	3 707	R	5 813	R	7 568	R	9 323	

CANOLA MARGIN ABOVE / BELOW WHEAT (GROSS MARGIN PER HECTARE): DARLING-VLAKTE - HOPEFIELD

YIELD PRICE (R/TON)														
	R	5 270	R	5 520	R	5 770	R	6 020	R	6 270	R	6 520	R	6 770
0.25	-R	7 739	-R	7 676	-R	7 614	-R	7 551	-R	7 489	-R	7 426	-R	7 364
0.50	-R	6 421	-R	6 296	-R	6 171	-R	6 046	-R	5 921	-R	5 796	-R	5 671
0.75	-R	5 104	-R	4 916	-R	4 729	-R	4 541	-R	4 354	-R	4 166	-R	3 979
1.00	-R	3 786	-R	3 536	-R	3 286	-R	3 036	-R	2 786	-R	2 536	-R	2 286
1.20	-R	2 732	-R	2 432	-R	2 132	-R	1 832	-R	1 532	-R	1 232	-R	932
1.50	-R	1 151	-R	776	-R	401	-R	26	R	349	R	724	R	1 099
1.75	R	166	R	604	R	1 041	R	1 479	R	1 916	R	2 354	R	2 791
2.00	R	1 484	R	1 984	R	2 484	R	2 984	R	3 484	R	3 984	R	4 484
2.25	R	2 801	R	3 364	R	3 926	R	4 489	R	5 051	R	5 614	R	6 176

Notes:

- Please refer to **Methodology, Approach & Definitions** for in-depth interpretation of enterprise budgets.
- The cost items reflect the input allocation based on the target yield for the respective crops.
- Although some expenditure items are zero, it is reflected in the budgets to allow for producers to allocate them individually.
- The cost of fuel includes pre-harvest and harvesting costs with the assumption that own machinery is used.
- Marketing cost assumes that approximately 15% of the wheat, barley and canola crop requires drying
- The cost of fertiliser reflects a combination of nitrogen, phosphorous, potassium and other macro- and micro nutrients.
- The costs for wheat, barley & oats seeds reflect a combination of own- and purchased seed.
- It is important to note that overhead costs are not included and should be accounted for. Overhead costs such as interest on production loans, labour, management and administration will vary to a large extent from producer to producer. Producers will therefore have to deduct the farm business' overhead cost from the gross margins as stipulated in the tables and figures to calculate the net income per crop.

Western Cape: Rooi Karoo

Table 2.8: Income & cost budgets for wheat & canola for Rooi Karoo - Dryland

Rooi Karoo			
Crop		Wheat	Canola
Production System		Dryland	Dryland
1) INCOME			
Yield: Deterministic	T/HA	2.15	1.10
SAFEX SIMULATED / DERIVED PRICE: 2020	R/TON	R4 741	R5 500
Total deductions	R/TON	R722	R30
- Transport differential	R/TON	R610	R-
- Grade differential	R/TON	R3	R-
- Marketing, handling & statutory levies	R/TON	R109	R30
Price premiums / Canola back-payment (10% of contracted price)	R/TON	R-	R550
Net Farm Gate Price	R/TON	R4 019	R6 020
GROSS INCOME	R/HA	R8 641	R6 622
2) VARIABLE EXPENDITURES			
Contracting	R/HA	R-	R-
Crop insurance	R/HA	R23	R19
Fertilizer	R/HA	R1 411	R1 369
Lime	R/HA	R151	R151
Seed	R/HA	R565	R852
Fuel	R/HA	R456	R368
Herbicide	R/HA	R805	R457
Insecticide	R/HA	R123	R164
Fungicides	R/HA	R305	R418
Marketing costs	R/HA	R39	R10
Repairs and maintenance	R/HA	R612	R544
Casual labour	R/HA	R-	R7
Aerial spray	R/HA	R-	R-
Other expenditure	R/HA	R94	R-
TOTAL VARIABLE EXPENDITURE	R/HA	R4 583	R4 357
TOTAL VARIABLE EXPENDITURE	R/TON	R2 131	R3 961
3.1) GROSS MARGIN:	R/HA	R4 059	R2 265
3.2) GROSS MARGIN:	R/TON	R1 888	R2 059
Break-even yield	T/HA	1.14	0.72
Break-even price	R/TON	R2 131	R3 961

Source: Kaap Agri, GSA & BFAP, April 2020

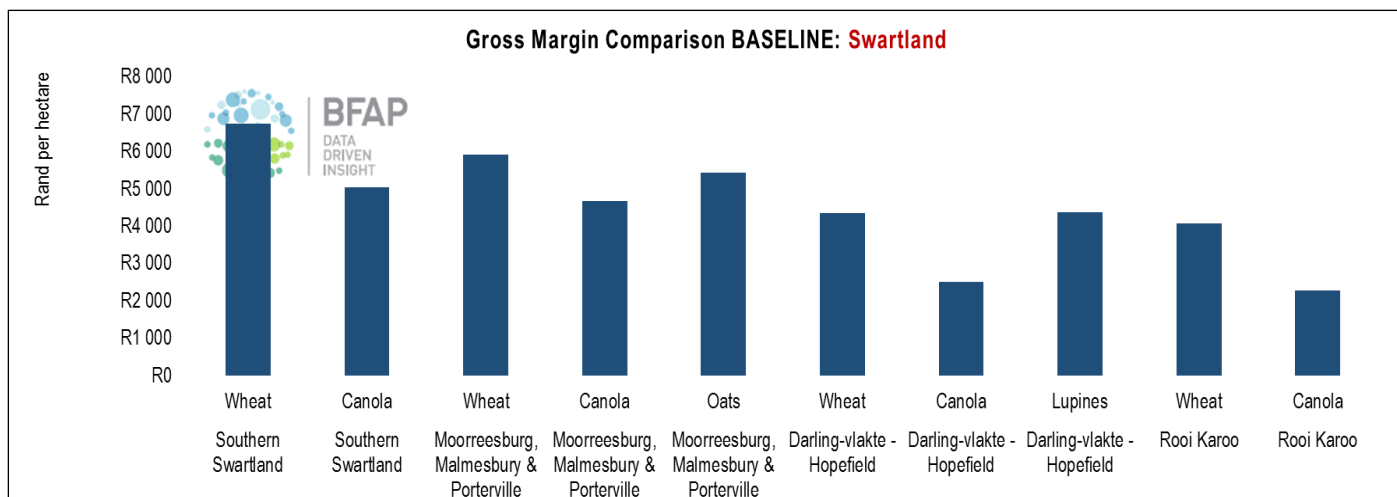


Figure 2.8: Gross margin comparison – Baseline: Swartland

WHEAT SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): ROOI KAROO

		YIELD (T/HA)													
PRODUCERS PRICE		1.50		1.75		2.00		2.15		2.25		2.50		2.75	
R3 019	-R	54	R	701	R	1 456	R	1 909	R	2 211	R	2 965	R	3 720	
R3 269	R	321	R	1 138	R	1 956	R	2 446	R	2 773	R	3 590	R	4 408	
R3 519	R	696	R	1 576	R	2 456	R	2 984	R	3 336	R	4 215	R	5 095	
R3 769	R	1 071	R	2 013	R	2 956	R	3 521	R	3 898	R	4 840	R	5 783	
R4 019	R	1 446	R	2 451	R	3 456	R	4 059	R	4 461	R	5 465	R	6 470	
R4 269	R	1 821	R	2 888	R	3 956	R	4 596	R	5 023	R	6 090	R	7 158	
R4 519	R	2 196	R	3 326	R	4 456	R	5 134	R	5 586	R	6 715	R	7 845	
R4 769	R	2 571	R	3 763	R	4 956	R	5 671	R	6 148	R	7 340	R	8 533	
R5 019	R	2 946	R	4 201	R	5 456	R	6 209	R	6 711	R	7 965	R	9 220	

CANOLA SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): ROOI KAROO

		YIELD (T/HA)													
PRODUCERS PRICE		0.50		0.75		1.00		1.10		1.25		1.50		1.75	
R5 020	-R	1 847	-R	592	R	663	R	1 165	R	1 918	R	3 173	R	4 428	
R5 270	-R	1 722	-R	405	R	913	R	1 440	R	2 230	R	3 548	R	4 865	
R5 520	-R	1 597	-R	217	R	1 163	R	1 715	R	2 543	R	3 923	R	5 303	
R5 770	-R	1 472	-R	30	R	1 413	R	1 990	R	2 855	R	4 298	R	5 740	
R6 020	-R	1 347	R	158	R	1 663	R	2 265	R	3 168	R	4 673	R	6 178	
R6 270	-R	1 222	R	345	R	1 913	R	2 540	R	3 480	R	5 048	R	6 615	
R6 520	-R	1 097	R	533	R	2 163	R	2 815	R	3 793	R	5 423	R	7 053	
R6 770	-R	972	R	720	R	2 413	R	3 090	R	4 105	R	5 798	R	7 490	
R7 020	-R	847	R	908	R	2 663	R	3 365	R	4 418	R	6 173	R	7 928	

CANOLA MARGIN ABOVE / BELOW WHEAT (GROSS MARGIN PER HECTARE): ROOI KAROO

YIELD PRICE (R/TON)														
	R	5 270	R	5 520	R	5 770	R	6 020	R	6 270	R	6 520	R	6 770
0.25	-R	7 099	-R	7 036	-R	6 974	-R	6 911	-R	6 849	-R	6 786	-R	6 724
0.50	-R	5 781	-R	5 656	-R	5 531	-R	5 406	-R	5 281	-R	5 156	-R	5 031
0.75	-R	4 464	-R	4 276	-R	4 089	-R	3 901	-R	3 714	-R	3 526	-R	3 339
1.00	-R	3 146	-R	2 896	-R	2 646	-R	2 396	-R	2 146	-R	1 896	-R	1 646
1.10	-R	2 619	-R	2 344	-R	2 069	-R	1 794	-R	1 519	-R	1 244	-R	969
1.25	-R	1 828	-R	1 516	-R	1 203	-R	891	-R	578	-R	266	R	47
1.50	-R	511	-R	136	R	239	R	614	R	989	R	1 364	R	1 739
1.75	R	807	R	1 244	R	1 682	R	2 119	R	2 557	R	2 994	R	3 432
2.00	R	2 124	R	2 624	R	3 124	R	3 624	R	4 124	R	4 624	R	5 124

Notes:

- Please refer to **Methodology, Approach & Definitions** for in-depth interpretation of enterprise budgets.
- The cost items reflect the input allocation based on the target yield for the respective crops.
- Although some expenditure items are zero, it is reflected in the budgets to allow for producers to allocate them individually.
- The cost of fuel includes pre-harvest and harvesting costs with the assumption that own machinery is used.
- Marketing cost assumes that approximately 15% of the wheat, barley and canola crop requires drying
- The cost of fertiliser reflects a combination of nitrogen, phosphorous, potassium and other macro- and micro nutrients.
- The costs for wheat, barley & oats seeds reflect a combination of own- and purchased seed.
- It is important to note that overhead costs are not included and should be accounted for. Overhead costs such as interest on production loans, labour, management and administration will vary to a large extent from producer to producer. Producers will therefore have to deduct the farm business' overhead cost from the gross margins as stipulated in the tables and figures to calculate the net income per crop.

Free State

Table 2.9: Income & cost budgets for wheat for Eastern & Central Free State - Dryland

		Eastern Free State	Central Free State
Crop		Wheat	Wheat
Production System		Dryland	Dryland
1) INCOME			
Yield: Deterministic	T/HA	2.50	2.50
SAFEX SIMULATED / DERIVED PRICE: 2020	R/TON	R4 741	R4 741
Total deductions	R/TON	R387	R388
- Transport differential	R/TON	R289	R291
- Grade differential	R/TON	R3	R3
- Marketing, handling & statutory levies	R/TON	R95	R95
Price premiums / Canola back-payment (10% of contracted price)	R/TON	R-	R-
Net Farm Gate Price	R/TON	R4 354	R4 353
GROSS INCOME	R/HA	R10 885	R10 882
2) VARIABLE EXPENDITURES			
Contracting	R/HA	R788	R788
Crop insurance	R/HA	R337	R871
Fertilizer	R/HA	R1 614	R1 422
Lime	R/HA	R605	R605
Seed	R/HA	R420	R420
Fuel	R/HA	R793	R853
Herbicide	R/HA	R326	R313
Insecticide	R/HA	R173	R173
Fungicides	R/HA	R-	R-
Marketing costs	R/HA	R42	R42
Repairs and maintenance	R/HA	R562	R560
Casual labour	R/HA	R-	R-
Aerial spray	R/HA	R-	R-
Other expenditure	R/HA	R-	R-
TOTAL VARIABLE EXPENDITURE	R/HA	R5 660	R6 045
TOTAL VARIABLE EXPENDITURE	R/TON	R2 264	R2 418
3.1) GROSS MARGIN:	R/HA	R5 225	R4 837
3.2) GROSS MARGIN:	R/TON	R2 090	R1 935
Break-even yield	T/HA	1.30	1.39
Break-even price	R/TON	R2 264	R2 418

Source: VKB, GSA & BFAP, April 2020

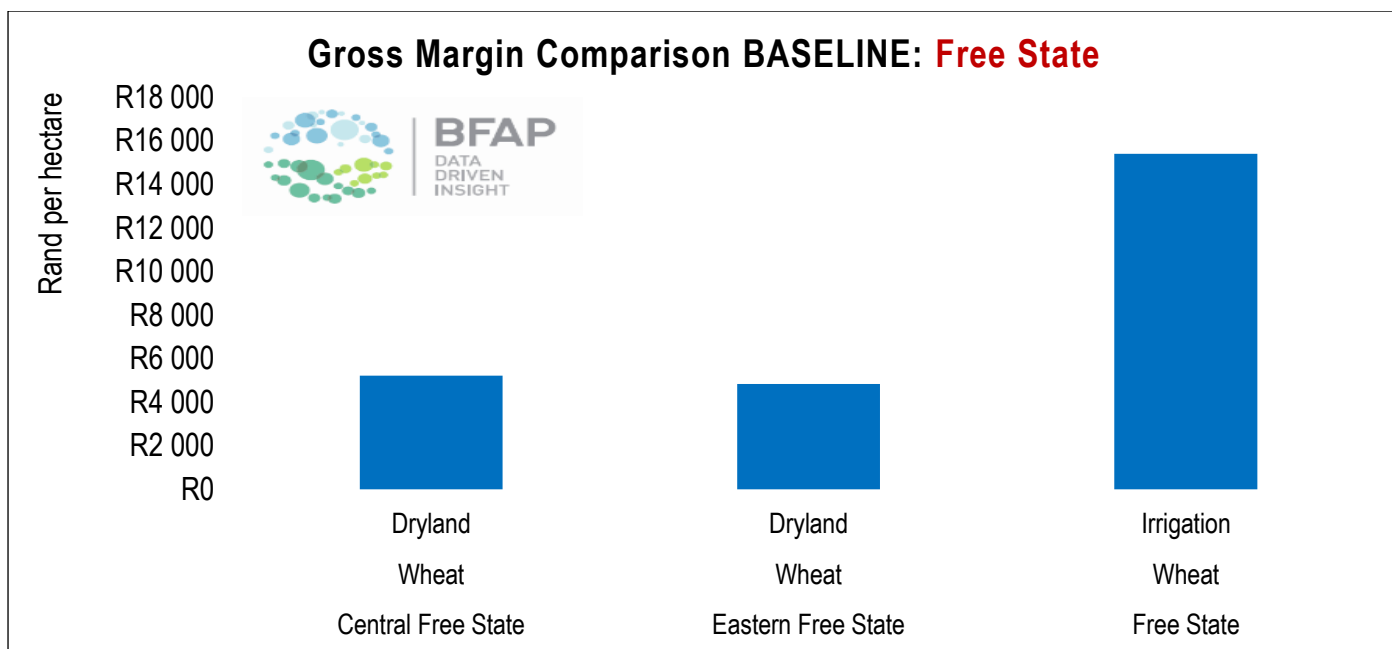


Figure 2.9: Gross margin comparison – Baseline: Free State (Eastern & Central regions)

WHEAT SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): CENTRAL FREE STATE										
		YIELD (T/HA)								
PRODUCERS PRICE		1.75	2.00	2.25	2.50	2.75	3.00	3.25		
R3 354	R	210	R 1 048	R 1 887	R 2 725	R 3 564	R 4 403	R 5 241		
R3 604	R	647	R 1 548	R 2 449	R 3 350	R 4 251	R 5 153	R 6 054		
R3 854	R	1 085	R 2 048	R 3 012	R 3 975	R 4 939	R 5 903	R 6 866		
R4 104	R	1 522	R 2 548	R 3 574	R 4 600	R 5 626	R 6 653	R 7 679		
R4 354	R	1 960	R 3 048	R 4 137	R 5 225	R 6 314	R 7 403	R 8 491		
R4 604	R	2 397	R 3 548	R 4 699	R 5 850	R 7 001	R 8 153	R 9 304		
R4 854	R	2 835	R 4 048	R 5 262	R 6 475	R 7 689	R 8 903	R 10 116		
R5 104	R	3 272	R 4 548	R 5 824	R 7 100	R 8 376	R 9 653	R 10 929		
R5 354	R	3 710	R 5 048	R 6 387	R 7 725	R 9 064	R 10 403	R 11 741		

WHEAT SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): EASTERN FREE STATE										
		YIELD (T/HA)								
PRODUCERS PRICE		1.75	2.00	2.25	2.50	2.75	3.00	3.25		
R3 353	R	178	R 661	R 1 499	R 2 337	R 3 175	R 4 013	R 4 851		
R3 603	R	260	R 1 161	R 2 061	R 2 962	R 3 863	R 4 763	R 5 664		
R3 853	R	697	R 1 661	R 2 624	R 3 587	R 4 550	R 5 513	R 6 476		
R4 103	R	1 135	R 2 161	R 3 186	R 4 212	R 5 238	R 6 263	R 7 289		
R4 353	R	1 572	R 2 661	R 3 749	R 4 837	R 5 925	R 7 013	R 8 101		
R4 603	R	2 010	R 3 161	R 4 311	R 5 462	R 6 613	R 7 763	R 8 914		
R4 853	R	2 447	R 3 661	R 4 874	R 6 087	R 7 300	R 8 513	R 9 726		
R5 103	R	2 885	R 4 161	R 5 436	R 6 712	R 7 988	R 9 263	R 10 539		
R5 353	R	3 322	R 4 661	R 5 999	R 7 337	R 8 675	R 10 013	R 11 351		

Notes:

- Please refer to **Methodology, Approach & Definitions** for in-depth interpretation of enterprise budgets.
- The cost items reflect the input allocation based on the target yield for the respective crops.
- Although some expenditure items are zero, it is reflected in the budgets to allow for producers to allocate them individually.
- The cost of fuel includes pre-harvest and harvesting costs with the assumption that own machinery is used.
- Marketing cost assumes that approximately 15% of the wheat, barley and canola crop requires drying
- The cost of fertiliser reflects a combination of nitrogen, phosphorous, potassium and other macro- and micro nutrients.

- The costs for wheat, barley & oats seeds reflect a combination of own- and purchased seed.
- It is important to note that overhead costs are not included and should be accounted for. Overhead costs such as interest on production loans, labour, management and administration will vary to a large extent from producer to producer. Producers will therefore have to deduct the farm business' overhead cost from the gross margins as stipulated in the tables and figures to calculate the net income per crop.

INCOME & COST BUDGETS – IRRIGATION

Northern Cape

Table 3.1: Income & cost budgets for wheat, barley & canola for Northern Cape - Irrigation

Area	Northern Cape: Irrigation			
Crop		Wheat	Barley	Canola
Production System		Irrigation	Irrigation	Irrigation
1) INCOME				
Yield: Deterministic	T/HA	8.00	7.50	4.00
SAFEX SIMULATED PRICE / PRODUCER PRICE: 2020	R/TON	R4 741	R4 741	R5 500
Total deductions	R/TON	R588	R517	R160
- Transport differential	R/TON	R476	R476	R130
- Grade differential	R/TON	R3	R-	R-
- Marketing, handling & statutory levies	R/TON	R109	R41	R30
Price premiums / Canola back- payment (10% of contracted price)	R/TON	R-	R65	R550
Net Farm Gate Price	R/TON	R4 153	R4 033	R5 890
GROSS INCOME	R/HA	R33 225	R30 248	R23 560
2) VARIABLE EXPENDITURES				
Contracting	R/HA	R1 350	R1 350	R1 350
Crop insurance	R/HA	R2 060	R1 875	R942
Fertilizer	R/HA	R8 274	R6 606	R4 171
Lime	R/HA	R1 073	R1 073	R-
Seed	R/HA	R1 580	R1 320	R988
Fuel	R/HA	R1 009	R983	R802
Herbicide	R/HA	R323	R323	R1 492
Insecticide	R/HA	R940	R190	R573
Fungicides	R/HA	R257	R206	R1 077
Marketing costs	R/HA	R192	R225	R38
Repairs and maintenance	R/HA	R718	R718	R758
Casual labour	R/HA	R-	R-	R-
Irrigation: Water	R/HA	R942	R895	R866
Irrigation: Electricity	R/HA	R2 982	R2 833	R2 605
Aerial spray	R/HA	R600	R200	R-
Other expenditure: Scheduling / Irrigation Equipment R&M	R/HA	R738	R738	R738
TOTAL VARIABLE EXPENDITURE	R/HA	R23 038	R19 534	R16 399
TOTAL VARIABLE EXPENDITURE	R/TON	R2 880	R2 604	R4 100
3.1) GROSS MARGIN:	R/HA	R10 188	R10 715	R7 161
3.2) GROSS MARGIN:	R/TON	R1 273	R1 429	R1 790
Break-even yield	T/HA	5.55	4.84	2.78
Break-even price	R/TON	R2 880	R2 604	R4 100

Source: GWK, GSA & BFAP, April 2020

Gross Margin Comparison BASELINE: Northern Cape Irrigation

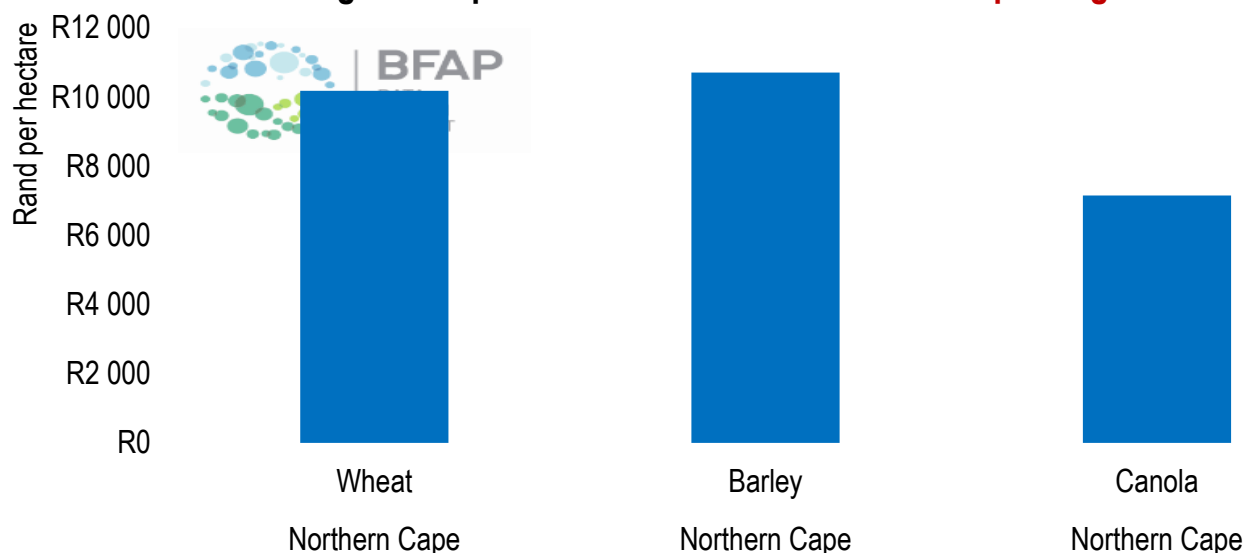


Figure 3.1: Gross margin comparison – Baseline: Northern Cape Irrigation

WHEAT SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): NORTHERN CAPE - IRRIGATION

		YIELD (T/HA)													
PRODUCERS PRICE		7.25		7.50		7.75		8.00		8.25		8.50		8.75	
R3 153	R	177.33	R	611	R	1 399	R	2 188	R	2 976	R	3 764	R	4 552	
R3 403	R	1 635	R	2 486	R	3 337	R	4 188	R	5 038	R	5 889	R	6 740	
R3 653	R	3 448	R	4 361	R	5 274	R	6 188	R	7 101	R	8 014	R	8 927	
R3 903	R	5 260	R	6 236	R	7 212	R	8 188	R	9 163	R	10 139	R	11 115	
R4 153	R	7 073	R	8 111	R	9 149	R	10 188	R	11 226	R	12 264	R	13 302	
R4 403	R	8 885	R	9 986	R	11 087	R	12 188	R	13 288	R	14 389	R	15 490	
R4 653	R	10 698	R	11 861	R	13 024	R	14 188	R	15 351	R	16 514	R	17 677	
R4 903	R	12 510	R	13 736	R	14 962	R	16 188	R	17 413	R	18 639	R	19 865	
R5 153	R	14 323	R	15 611	R	16 899	R	18 188	R	19 476	R	20 764	R	22 052	

BARLEY SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): NORTHERN CAPE - IRRIGATION

		YIELD (T/HA)													
PRODUCERS PRICE		6.75		7.00		7.25		7.50		7.75		8.00		8.25	
R3 033	R	940	R	1 698	R	2 456	R	3 215	R	3 973	R	4 731	R	5 489	
R3 283	R	2 627	R	3 448	R	4 269	R	5 090	R	5 910	R	6 731	R	7 552	
R3 533	R	4 315	R	5 198	R	6 081	R	6 965	R	7 848	R	8 731	R	9 614	
R3 783	R	6 002	R	6 948	R	7 894	R	8 840	R	9 785	R	10 731	R	11 677	
R4 033	R	7 690	R	8 698	R	9 706	R	10 715	R	11 723	R	12 731	R	13 739	
R4 283	R	9 377	R	10 448	R	11 519	R	12 590	R	13 660	R	14 731	R	15 802	
R4 533	R	11 065	R	12 198	R	13 331	R	14 465	R	15 598	R	16 731	R	17 864	
R4 783	R	12 752	R	13 948	R	15 144	R	16 340	R	17 535	R	18 731	R	19 927	
R5 033	R	14 440	R	15 698	R	16 956	R	18 215	R	19 473	R	20 731	R	21 989	

CANOLA SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): NORTHERN CAPE - IRRIGATION											
		YIELD (T/HA)									
PRODUCERS PRICE		3.25	3.50	3.75	4.00	4.25	4.50	4.75			
R4 890	-R	507	R 716	R 1 938	R 3 161	R 4 383	R 5 606	R 6 829			
R5 140	R	306	R 1 591	R 2 876	R 4 161	R 5 446	R 6 731	R 8 016			
R5 390	R	1 118	R 2 466	R 3 813	R 5 161	R 6 508	R 7 856	R 9 204			
R5 640	R	1 931	R 3 341	R 4 751	R 6 161	R 7 571	R 8 981	R 10 391			
R5 890	R	2 743	R 4 216	R 5 688	R 7 161	R 8 633	R 10 106	R 11 579			
R6 140	R	3 556	R 5 091	R 6 626	R 8 161	R 9 696	R 11 231	R 12 766			
R6 390	R	4 368	R 5 966	R 7 563	R 9 161	R 10 758	R 12 356	R 13 954			
R6 640	R	5 181	R 6 841	R 8 501	R 10 161	R 11 821	R 13 481	R 15 141			
R6 890	R	5 993	R 7 716	R 9 438	R 11 161	R 12 883	R 14 606	R 16 329			

CANOLA MARGIN ABOVE / BELOW WHEAT (GROSS MARGIN PER HECTARE): NORTHERN CAPE - IRRIGATION															
		YIELD PRICE (R/TON)													
		R	5 140	R	5 390	R	5 640	R	5 890	R	6 140	R	6 390	R	6 640
3.00	-R	11 167	-R	10 417	-R	9 667	-R	8 917	-R	8 167	-R	7 417	-R	6 667	
3.25	-R	9 882	-R	9 069	-R	8 257	-R	7 444	-R	6 632	-R	5 819	-R	5 007	
3.50	-R	8 597	-R	7 722	-R	6 847	-R	5 972	-R	5 097	-R	4 222	-R	3 347	
3.75	-R	7 312	-R	6 374	-R	5 437	-R	4 499	-R	3 562	-R	2 624	-R	1 687	
4.00	-R	6 027	-R	5 027	-R	4 027	-R	3 027	-R	2 027	-R	1 027	-R	27	
4.25	-R	4 742	-R	3 679	-R	2 617	-R	1 554	-R	492	R	571	R	1 633	
4.50	-R	3 457	-R	2 332	-R	1 207	-R	82	R	1 043	R	2 168	R	3 293	
4.75	-R	2 172	-R	984	R	203	R	1 391	R	2 578	R	3 766	R	4 953	
5.00	-R	886	R	364	R	1 614	R	2 864	R	4 114	R	5 364	R	6 614	

Notes:

- Please refer to **Methodology, Approach & Definitions** for in-depth interpretation of enterprise budgets.
- The cost items reflect the input allocation based on the target yield for the respective crops.
- Although some expenditure items are zero, it is reflected in the budgets to allow for producers to allocate them individually.
- The cost of fuel includes pre-harvest and harvesting costs with the assumption that own machinery is used.
- Marketing cost assumes that approximately 15% of the wheat, barley and canola crop requires drying
- The cost of fertiliser reflects a combination of nitrogen, phosphorous, potassium and other macro- and micro nutrients.
- The costs for wheat, barley & oats seeds reflect a combination of own- and purchased seed.
- It is important to note that overhead costs are not included and should be accounted for. Overhead costs such as interest on production loans, labour, management and administration will vary to a large extent from producer to producer. Producers will therefore have to deduct the farm business' overhead cost from the gross margins as stipulated in the tables and figures to calculate the net income per crop.

Table 3.2: Income & cost budgets for wheat & barley for Limpopo - Irrigation

Area		Limpopo: Irrigation	
Crop		Wheat	Barley
Production System		Irrigation	Irrigation
1) INCOME			
Yield: Deterministic	T/HA	6.50	6.00
SAFEX SIMULATED PRICE / PRODUCER PRICE: 2020	R/TON	R4 741	R4 741
Total deductions	R/TON	R336	R265
- Transport differential	R/TON	R224	R224
- Grade differential	R/TON	R3	R-
- Marketing, handling & statutory levies	R/TON	R109	R41
Price premiums / Canola back- payment (10% of contracted price)	R/TON	R-	R65
Net Farm Gate Price	R/TON	R4 405	R4 270
GROSS INCOME	R/HA	R28 634	R25 620
2) VARIABLE EXPENDITURES			
Contracting	R/HA	R850	R850
Crop insurance	R/HA	R1 603	R1 435
Fertilizer	R/HA	R3 738	R3 243
Lime	R/HA	R530	R530
Seed	R/HA	R1 224	R1 188
Fuel	R/HA	R1 078	R1 069
Herbicide	R/HA	R237	R382
Insecticide	R/HA	R151	R153
Fungicides	R/HA	R-	R-
Marketing costs	R/HA	R117	R135
Repairs and maintenance	R/HA	R651	R648
Casual labour	R/HA	R-	R-
Irrigation: Water	R/HA	R1 453	R1 237
Irrigation: Electricity	R/HA	R2 754	R2 346
Aerial spray	R/HA	R320	R320
Other expenditure: Scheduling / Irrigation Equipment R&M	R/HA	R511	R465
TOTAL VARIABLE EXPENDITURE	R/HA	R15 216	R14 002
TOTAL VARIABLE EXPENDITURE	R/TON	R2 341	R2 334
3.1) GROSS MARGIN:	R/HA	R13 417	R11 618
3.2) GROSS MARGIN:	R/TON	R2 064	R1 936
Break-even yield	T/HA	3.45	3.28
Break-even price	R/TON	R2 341	R2 334

Source: GSA, BFAP & Obaro, April 2020

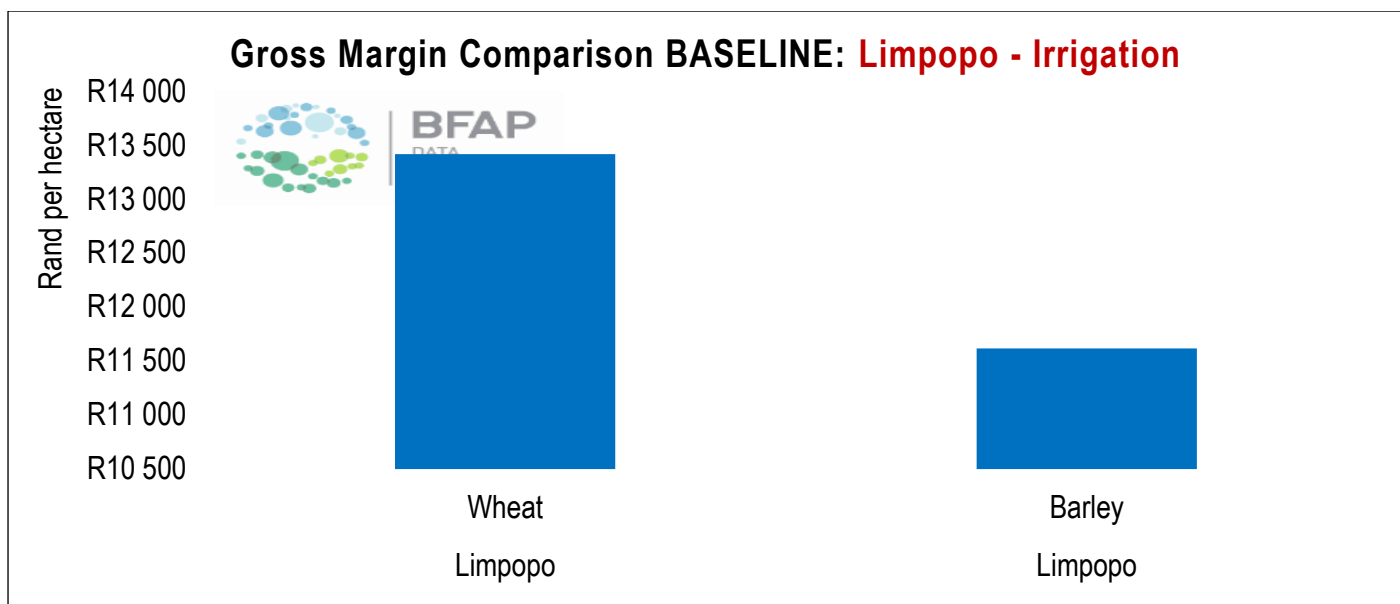


Figure 3.2: Gross margin comparison – Baseline: Limpopo Irrigation

WHEAT SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): LIMPOPO - IRRIGATION										
		YIELD (T/HA)								
PRODUCERS PRICE		5.75	6.00	6.25	6.50	6.75	7.00	7.25		
R3 405	R	4 363	R 5 215	R 6 066	R 6 917	R 7 769	R 8 620	R 9 471		
R3 655	R	5 801	R 6 715	R 7 629	R 8 542	R 9 456	R 10 370	R 11 284		
R3 905	R	7 238	R 8 215	R 9 191	R 10 167	R 11 144	R 12 120	R 13 096		
R4 155	R	8 676	R 9 715	R 10 754	R 11 792	R 12 831	R 13 870	R 14 909		
R4 405	R	10 113	R 11 215	R 12 316	R 13 417	R 14 519	R 15 620	R 16 721		
R4 655	R	11 551	R 12 715	R 13 879	R 15 042	R 16 206	R 17 370	R 18 534		
R4 905	R	12 988	R 14 215	R 15 441	R 16 667	R 17 894	R 19 120	R 20 346		
R5 155	R	14 426	R 15 715	R 17 004	R 18 292	R 19 581	R 20 870	R 22 159		
R5 405	R	15 863	R 17 215	R 18 566	R 19 917	R 21 269	R 22 620	R 23 971		

BARLEY SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): LIMPOPO - IRRIGATION										
		YIELD (T/HA)								
PRODUCERS PRICE		5.25	5.50	5.75	6.00	6.25	6.50	6.75		
R3 270	R	3 166	R 3 983	R 4 801	R 5 618	R 6 436	R 7 253	R 8 071		
R3 520	R	4 478	R 5 358	R 6 238	R 7 118	R 7 998	R 8 878	R 9 758		
R3 770	R	5 791	R 6 733	R 7 676	R 8 618	R 9 561	R 10 503	R 11 446		
R4 020	R	7 103	R 8 108	R 9 113	R 10 118	R 11 123	R 12 128	R 13 133		
R4 270	R	8 416	R 9 483	R 10 551	R 11 618	R 12 686	R 13 753	R 14 821		
R4 520	R	9 728	R 10 858	R 11 988	R 13 118	R 14 248	R 15 378	R 16 508		
R4 770	R	11 041	R 12 233	R 13 426	R 14 618	R 15 811	R 17 003	R 18 196		
R5 020	R	12 353	R 13 608	R 14 863	R 16 118	R 17 373	R 18 628	R 19 883		
R5 270	R	13 666	R 14 983	R 16 301	R 17 618	R 18 936	R 20 253	R 21 571		

Notes:

- Please refer to **Methodology, Approach & Definitions** for in-depth interpretation of enterprise budgets.
- The cost items reflect the input allocation based on the target yield for the respective crops.
- Although some expenditure items are zero, it is reflected in the budgets to allow for producers to allocate them individually.
- The cost of fuel includes pre-harvest and harvesting costs with the assumption that own machinery is used.
- Marketing cost assumes that approximately 15% of the wheat, barley and canola crop requires drying
- The cost of fertiliser reflects a combination of nitrogen, phosphorous, potassium and other macro- and micro nutrients.
- The costs for wheat, barley & oats seeds reflect a combination of own- and purchased seed.

- It is important to note that overhead costs are not included and should be accounted for. Overhead costs such as interest on production loans, labour, management and administration will vary to a large extent from producer to producer. Producers will therefore have to deduct the farm business' overhead cost from the gross margins as stipulated in the tables and figures to calculate the net income per crop.

Eastern Free State

Table 3.3: Income & cost budgets for wheat for Eastern Free State - Irrigation

Area		Eastern Free State: Irrigation
Crop		Wheat
Production System		Irrigation
1) INCOME		
Yield: Deterministic	T/HA	6.50
SAFEX SIMULATED PRICE / PRODUCER PRICE: 2020	R/TON	R4 741
Total deductions	R/TON	R388
- Transport differential	R/TON	R291
- Grade differential	R/TON	R3
- Marketing, handling & statutory levies	R/TON	R95
Price premiums / Canola back-payment (10% of contracted price)	R/TON	R-
Net Farm Gate Price	R/TON	R4 353
GROSS INCOME	R/HA	R28 292
2) VARIABLE EXPENDITURES		
Contracting	R/HA	R1 263
Crop insurance	R/HA	R2 263
Fertilizer	R/HA	R3 924
Lime	R/HA	R605
Seed	R/HA	R1 728
Fuel	R/HA	R729
Herbicide	R/HA	R376
Insecticide	R/HA	R867
Fungicides	R/HA	R-
Marketing costs	R/HA	R108
Repairs and maintenance	R/HA	R1 017
Casual labour	R/HA	R-
Irrigation: Water	R/HA	R450
Irrigation: Electricity	R/HA	R1 065
Aerial spray	R/HA	R-
Other expenditure: Scheduling / Irrigation Equipment R&M	R/HA	R-
TOTAL VARIABLE EXPENDITURE	R/HA	R12 881
TOTAL VARIABLE EXPENDITURE	R/TON	R1 982
3.1) GROSS MARGIN:	R/HA	R15 412
3.2) GROSS MARGIN:	R/TON	R2 371
Break-even yield	T/HA	2.96
Break-even price	R/TON	R1 982

Source: VKB, GSA & BFAP, April 2020

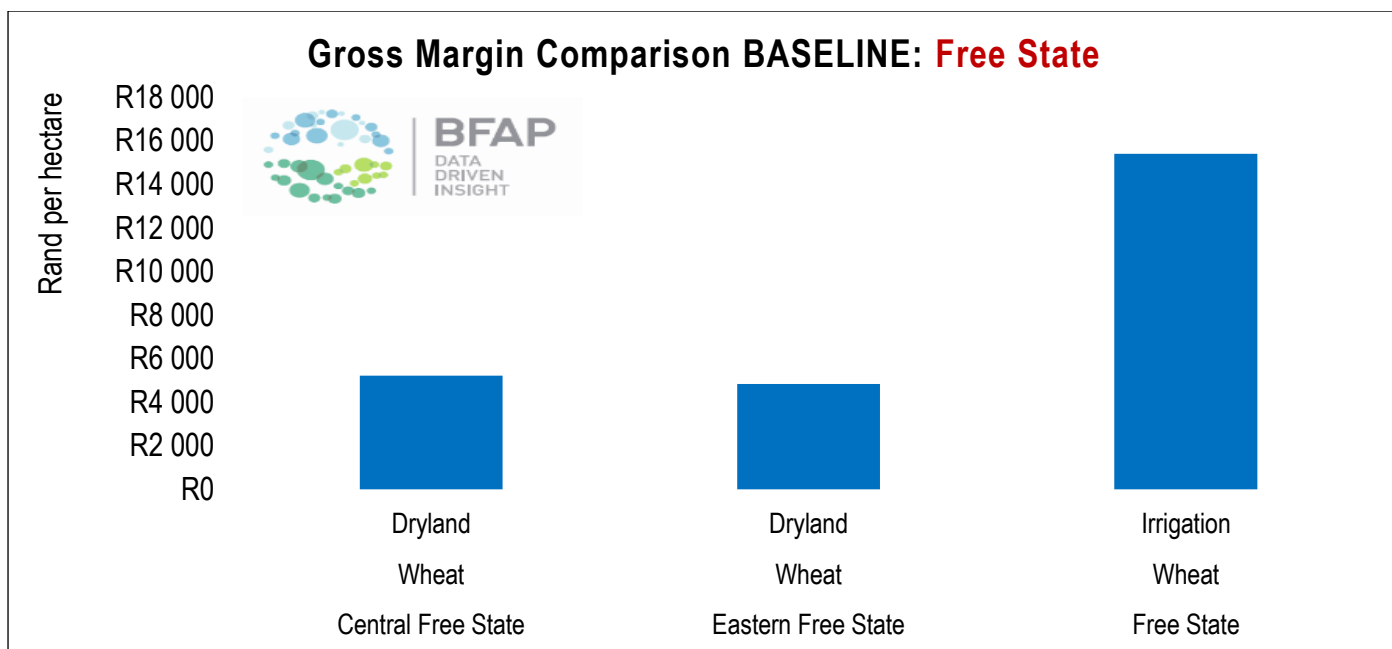


Figure 3.3: Gross margin comparison – Baseline: Limpopo Irrigation

WHEAT SENSITIVITY ANALYSIS (GROSS MARGIN PER HECTARE): FREE STATE IRRIGATION

PRODUCERS PRICE	YIELD (T/HA)						
	5.75	6.00	6.25	6.50	6.75	7.00	7.25
R3 353	R 6 397	R 7 235	R 8 073	R 8 912	R 9 750	R 10 588	R 11 426
R3 603	R 7 835	R 8 735	R 9 636	R 10 537	R 11 437	R 12 338	R 13 239
R3 853	R 9 272	R 10 235	R 11 198	R 12 162	R 13 125	R 14 088	R 15 051
R4 103	R 10 710	R 11 735	R 12 761	R 13 787	R 14 812	R 15 838	R 16 864
R4 353	R 12 147	R 13 235	R 14 323	R 15 412	R 16 500	R 17 588	R 18 676
R4 603	R 13 585	R 14 735	R 15 886	R 17 037	R 18 187	R 19 338	R 20 489
R4 853	R 15 022	R 16 235	R 17 448	R 18 662	R 19 875	R 21 088	R 22 301
R5 103	R 16 460	R 17 735	R 19 011	R 20 287	R 21 562	R 22 838	R 24 114
R5 353	R 17 897	R 19 235	R 20 573	R 21 912	R 23 250	R 24 588	R 25 926

Notes:

- Please refer to **Methodology, Approach & Definitions** for in-depth interpretation of enterprise budgets.
- The cost items reflect the input allocation based on the target yield for the respective crops.
- Although some expenditure items are zero, it is reflected in the budgets to allow for producers to allocate them individually.
- The cost of fuel includes pre-harvest and harvesting costs with the assumption that own machinery is used.
- Marketing cost assumes that approximately 15% of the wheat, barley and canola crop requires drying
- The cost of fertiliser reflects a combination of nitrogen, phosphorous, potassium and other macro- and micro nutrients.
- The costs for wheat, barley & oats seeds reflect a combination of own- and purchased seed.
- It is important to note that overhead costs are not included and should be accounted for. Overhead costs such as interest on production loans, labour, management and administration will vary to a large extent from producer to producer. Producers will therefore have to deduct the farm business' overhead cost from the gross margins as stipulated in the tables and figures to calculate the net income per crop.