



## Example 1: Gross margin analysis - wheat

### Calculating a gross margin for a wheat enterprise (1500 hectares)\*

#### Gross income (yield x price):

Item	Amount
Total grain yield (based on average of 2.7t/ha)	4050t
Predicted price on-farm	\$247/t
Gross income	\$1 000 350
Gross income/ha	\$667/ha

#### Variable costs:

Item	Detail	Cost	Total
Seed	Seed	100kg/ha at \$247/t	\$37 050
Seed	Seed treatment and cleaning	100kg/ha at \$165/t	\$24 750
Fertiliser	NPS + Cu, Zn and Mn	110kg/ha at \$820/t	\$135 300
Fertiliser	Urea	200kg/ha at \$534/t	\$160 200
Fertiliser	Fertiliser cartage	310kg/ha at \$13.00/t	\$6045
Sprays	Summer - triclopyr	0.8L/ha at \$27.50/L	\$33 000
Sprays	Summer – 2,4-D	0.7L/ha at \$11.50/L	\$12 075
Sprays	Knockdown – glyphosate	1L/ha at \$4.50/L	\$6750
Sprays	Knockdown – paraquat / diquat	1L/ha at \$12.90/L	\$19 350
Sprays	Broadleaf	0.8L/ha at \$20.80/500g	\$24 960
Sprays	Fungicide	0.15L/ha at \$67.00/L	\$15 075
Sprays	Post emergence - tralkoxydim	0.35kg/ha at \$72.00/kg	\$37 800
Machinery operating	Fuel and oils		\$57 000
Machinery operating	Repairs and maintenance		\$45 000
Contractors	Spraying		\$18 000
Contractors	Harvesting		\$37 500
Labour	Casual labour	8 weeks at \$1000/week	\$8000
Insurance	Fire and hail	2t/ha at \$247/t x 1%	\$7410
Variable costs			\$685 265
Variable costs/ha			\$457

#### Gross margin (gross income – variable costs):

Item	Amount
Gross margin	\$315 085
Gross margin/ha	\$210

\* This is an example only; it is not from an actual business. Prices and costs may not be current.