




Cropping Cost of Production template

How to complete your cropping cost of production is outlined in section 5.2.6, **Cost of production, Module 2**, of GRDC's 'Farming the Business'.

Enterprise:	 Example			
a. Enterprise area	500ha			
b. Yield	3.2t/ha			
c. Total production	1,600t			
d. Commodity price	\$220/t			
e. Variable costs	\$150,000			
f. Overhead costs	\$350,000			
Option 1: COP based on % land use				
g. Enterprise % of farm area	14%			
e. Variable costs	\$150,000			
f. Overhead costs	\$350,000			
h. Cost of production = $((g \times f) + e) \div c$	\$124.38/t			
Option 2: COP based on % gross revenue				
i. Enterprise revenue	\$352,000			
j. Enterprise % of gross revenue	27%			
e. Variable costs	\$150,000			
f. Overhead costs	\$350,000			
k. Cost of production = $((j \times f) + e) \div c$	\$152.81/t			
Option 3: COP based on % gross margin				
l. Enterprise gross margin	\$202,000			
m. Enterprise % of whole farm gross margin	27%			
e. Variable costs	\$150,000			
f. Overhead costs	\$350,000			
n. Cost of production = $((m \times f) + e) \div c$	\$152.81/t			

This template to complete your cropping COP can be downloaded at: www.grdc.com.au/FBMtemplate-CroppingCostProduction

Source: P2PAgri P/L / Hudson Facilitation