#### Other variable costs

#### Drying:

The costs of the drying are regularly incurred by combinable crops. The average costs of drying per 1 ha can be calculated by considering the average share of drying and the costs of drying per 1 metric centner (for an average moisture of crops). In the calculation example the amount dried was assumed to be 25% of the annual yield.

Base amount: 0.70 €/dt dry crops

plus: 0.50 €/dt per 1% of moisture removal

considering 2% of moisture removal, total: 1.70 €/dt dry crops

#### · Crop hail insurance:

The crop hail insurance premium is usually determined in accordance with the market value of the product. For the calculation the following approximate values can be used (according to LBA Munich):

Crops	<u>Percentage</u>
Rye, Triticale	1.50%
Winter wheat, sugar beets, potatoes	1.88%
Winter barley, summer barley, maize	2.25%
Oats, beans	3.00%
Winter rape, dried peas	4.50%

The percentage should by multiplied by the market value of the product (without premium). In practice the insurance sum is not applied annually, but rather the sales revenue of typical kinds of crops is insured.

### Storage, conservation, preparation:

Costs of storage, care of the stored crop or preparation of the product should be calculated per chosen unit (e.g. ha and year).

If there is a possibility to either sell a product directly after the harvest or to store it, it is reasonable to evaluate the storage as a separate farm enterprise. In this way it can be checked whether or not the margin can cover the costs of storage (loading in storage, removal from storage, in store chemical applications, cooling/ventilation, losses, cost of building, etc.) if the products are sold later.

# Marketing costs:

Marketing costs should be taken into consideration. It is often easier to subtract them directly from the market price and to calculate the marketable output according to the farm-gate price.

## Seed license charge:

In practice the payment of the seed license charge is done according to the "Cooperation agreement of agriculture and plant breeding".

The reproduction license charge differs according to the type of crop and is determined per 1 metric centner of total seeds requirements:

 for grain and yellow lupin
 5.10 €/dt

 for potatoes
 5.10 €/dt

 for beans, dried peas
 7.70 €/dt

According to "Cooperation agreement of agriculture and plant breeding" different percentages of the license charge are calculated on the basis of the seed area. If the area is lower than 20%, the farmer gets a discount on the license charge:

Reproduction share		Discount (-) and/or reproduction charge (+) for:			
		Grain and legumes	3		Potatoes
0 to < 20%	-10%	-10% 20 to < 40%	0%	0%	
40 to < 60%		35%			30%
60 to < 80%		55%			55%
80 to 100%		60%			80%

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The charge per 1 ha of land and/or the discount per 1 ha of certified area grown for seed is calculated on the basis of the recommended quantity of seeds depending on the kind of crops as follows:

- License charge in €/dt × Recom. quantity of seeds (dt/ha) × Reproduction charge in %
- License charge in €/dt × Recom. quantity of seeds (dt/ha) × Discount in %

License Quantity Reproduction share Charge (€) per ha seed area and/or charge of seeds discount (€) per ha of certified seeds 0% -20% -40% -60% -80% land <60% <80% €/dt dt/ha <20% <40% 100% Discount Charge Charge / Discount (grain & legumes) 10% 35% 55% 60% Rye 5.10 1.20 0.62 0.00 2.15 3.37 3.68 Summer barley, oats, triticale 5.10 1.40 0.72 0.00 2.50 3.93 4.29 Winter barley, mixed cropping 5.10 1.60 0.82 0.00 2.86 4.49 4.90 Wheat, yellow lupin 0.92 5.05 5.10 1.80 0.00 3.22 5.51 Beans, dried peas 7.70 2.00 1.54 0.00 5.39 8.47 9.24 Charge / Discount for potatoes 10% 0% 30% 55% 80% Potatoes 5.10 25 12.75 0.00 38.25 70.13 102.00

These costs and/or discount percentages are calculated for 1 ha of area of seed and/ or (Z-Saatgutfläche). For the calculation of the gross margin the mentioned percentages must be additionally multiplied by the real average reproduction share (and/or the share of the certified seeds).

In the given example 33% of certified seeds (=67% of own seeds) are assumed for the Example 1, while for the intensity exclusively certified seeds are used:

Example I: 5.05 € charge per 1 ha of reproduction land

× 67% average reproduction share for wheat

= 3.37 € charge per 1 ha of average total wheat land

Example 2: 0.92 € discount per 1 ha of certified seeds land

× 100% average share of certified wheat seeds

= 0.92 € discount per 1 ha of average total wheat land

The farmers, who are not obliged to fallow land according to the Agenda 2000 (small scale producers), do not have to pay the license charge for grain, oil and protein plants.

The farmers, who cultivate less than 5 ha of potatoes, do not have to pay the license charge for potatoes.

Both rules apply independently from each other.

The farmers who do not have to pay licence charges cannot claim any discounts.