

# A Field of Wheat, The Costings

## A Note from Peter Lundgren The Farmer about the costs of wheat growing.

The project is to grow a field of wheat so in agreement with Ruth and Anne Marie I've removed costs and income that are not directly attributed to the costs of growing the field of wheat.

So with the benefit of my opaque crystal ball I've tried to estimate the cost of growing a ton of wheat over the next 9 or 10 months and come up with a figure of around £140/ton. Given an estimated yield around 3.75/acre that gives a cost per acre of £525.

Savings or additional costs on inputs (fertilizers, crop spray etc) or higher or lower yield will influence that cost per ton figure. You may be aware that the current price of wheat (at the time of writing October 2015) is below £140 and therefore at this time we are on track to lose money on every ton of wheat (along with every wheat farmer in the country). However lots can happen over the next year that will influence the price upwards or downwards.

We've decided it's best for my farm to continue to pay for the inputs and services because it would be extremely difficult for the collective to open bank accounts, supplier accounts and register for VAT (along with a plethora of registrations, licences, permissions etc. needed by a small farming business). My farming business is taking on that role and in effect growing the field of wheat at the direction of the collective. The figure of £140/ton also includes VAT.

Income from Single Farm Payments or Stewardship Schemes have been ignored because they are not a direct cost of growing the field of wheat – I'll be happy to revisit and discuss the issues of Single Farm Payments and subsidy in the future.

In summary, the collective will see some of their £200 investment in the growing field of wheat back when the wheat is sold - and with luck they might even see a small profit.

Peter

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## Variables

There are a huge number of variables affecting the cost of production and the final selling price include the more obvious factors like the weather and yield but also the slightly less obvious like the Pound to Euro exchange rate, crude oil price, harvests in different parts of the world and the strength of the Chinese economy. Part of the journey of the project is to explore and understand a little more how these global and seemingly abstract events can impact on the price of wheat and what that means for farmers around the world.

## Collective Numbers

We have divided the Membership Collective into a potential maximum of 60 members (1/60<sup>th</sup> of the crop). We expect to recruit between 30 (50% of the field) and 60 (100% of the field) Collective Members. Peter has agreed to take on the risks and rewards of any remaining stake in the crop.

So with that number fixed the price of growing the field of wheat has been roughly estimated at £11,550 divided into 60 comes to just shy of £200 each

## The Selling of the wheat

We will begin the discussion of how to sell the wheat in 2016. This will give the collective time to get to know each other and settle in to the project. We are hoping to organise an additional Collective trip to London to explore markets and trading of wheat early next year.

## The Costings at a glance:

The Collective will be growing 22 acres.

The yields are usually around 3.75 tons (although this can vary)

3.75 tons x 22 acres = 82.5 tonnes

In the last three years for his wheat Peter received:

2015: £105/ton

2014: £128/ton

2013: £170/ton

Peter has estimated the cost of growing a ton of wheat is around £140 per/tonne.

The cost of growing per acre, which he has calculated at around £525 per acre

So the cost of producing 22 acres at £525 per acre is around £11,550

## A Note about the Collective Membership Fee

Each member pays an additional £60 each that will raise a maximum total of £3600. This money will contribute to a fee for Peter the farmer to engage with the project for the year including writing the *Farmers Almanac*, participating in discussion and decision making with the collective, hosting live events on the farm, documenting the wheat growing process and regular meetings with the artists. If the full amount isn't reached it will be the responsibility of the artists to fundraise to reach this amount. This figure also covers the mandatory goods and services protection charged by PayPal.

## **A Field of Wheat project costs**

The costs of the project itself including the artists' fees, website design, development and maintenance, travel and accommodation, materials, costs for events on the farm, office overheads & documentation etc is being sourced by the artists. Just under 50% (£20,000) of the total project costs has already been secured from Arts Council England, University of Lincoln, artsNK and Dance 4. It is the responsibility of the artists to source the additional funds. If the artists do not manage to raise the additional project costs then the artists have committed to work voluntarily to complete the project.

## **Donations**

Any donations to the project go towards the project costs.

As indicated in terms and conditions, the sales figures and calculations will also be made available for you to see at the end of the project. If you have any further questions about finance please email us.

Ruth Levene, Anne-Marie Culhane & Peter Lundgren

**A Field of Wheat**