

Cranberry Costs of Development and Production

June 1998

Farm Business Management Team

The costs to develop a cranberry bog through to the production stage range from \$30,000 to over \$45,000. Since a bog takes up to six years or more to achieve full production, a potential owner will need to develop a sound business plan.

Each cranberry enterprise is unique, with site selection, operator inputs and capital expenses all influencing total costs. Table #1 outlines a range of costs for the common items required in bog development.

Table #1

Breakdown of Cranberry Development Costs	
(Excluding Cost of Land)	
Item	Cost/Acre
Earth Work (ie. Ditching, levelling, sanding and recovery pond)	\$ 6,000 - \$10,000
Irrigation System	\$ 4,000 - \$ 5,000
Vine Stock	\$ 7,000 - \$13,000
Interest until Positive Cashflow	\$10,000 - \$12,000
Maintenance until production (ie. weed & pest control, fertilizer, irrigation, fees, etc.)	\$ 4,000 - \$ 6,000
Total	\$31,000 - \$46,000

Source: Adapted from Cranberry Factsheet, Ralph Murray, NSDAM (1995)

Other cost considerations:

1. Some costs are incurred whether you are constructing a bog of one acre or thirty acres. As a result, some efficiencies of size occur.
2. Bulk purchases of materials and supplies with other growers should be considered to obtain discounts and

availability of supply.

3. Access to the bog must not be overlooked. A class 1 Forestry road is estimated to cost \$1,535 per kilometre.
4. Depending on equipment used, three phase electrical power may be required for pumps. If required, installation costs could range from \$9,000 to \$13,000 per kilometre.
5. Other capital items that may be required include: Pump house, vine planter, bog sander, mower, pruning and pesticide application equipment, harvester, handling equipment, storage shed, boxes/crates, vehicles. Not all of these will be required the first year and homemade construction, renting and sharing options exist to forego outcenter purchases.
6. Due to increased cranberry production, the demand for vines has increased. Book your order early (as much as a year in advance may be required). Trucking costs from the supply source also needs to be considered.

Timetable of Events

The following is a timetable of events that could occur in cranberry bog establishment.

Year 1	Planning Stage - attend courses, tours, site assessment, market research, business plan development
Year 2	Earth Work - construction of pond, planting bed and dykes
Year 3	Planting of Vines
Year 4	First Crop (10% of projected full production yield)
Year 5	Second Crop (25% of projected full production yield)
Year 6	Third Crop (50% of projected full production yield)
Year 7	Full Production Year (15,000 to 20,000 pounds per acre)

Note: Crop yields are estimates and may vary depending on vine growth and other growing conditions.

Table 2

Cost of Production Summary

	Per Acre Cost (3 Year Average)
Cash Expenses	
Wages, Benefits & Payroll	\$3,004.
Custom Hire (Mach. Work)	133.
Rent of Machinery/Equipment	78.
Freight & Trucking	97.

Repairs & Maintenance	623.
Interest ⁽¹⁾	290.
Chemical & Sprays	562.
Fertilizer	239.
Other Horticultural Expenses ⁽²⁾	666.
Gas, Fuel & Oil	189.
Supplies	195.
Insurance	406.
Utilities	178.
Real Estate Taxes	487.
Other Taxes	42.
Rent	39.
Miscellaneous Expenses ⁽³⁾	388.
Non-Cash Expenses	
Depreciation	745.
Unpaid Non Management Labour	142.
Total Cost of Production (Before Cost of Management & Return to Owners Equity)	\$8,503.
<p>(1) Excludes interest paid for bog acquisition.</p> <p>(2) Included sanding, pollination, consulting expenses and some vine costs.</p> <p>(3) Includes car and truck expenses</p>	

The cost of production summary in Table 2 has been derived from the 1995 Cost of Production Study by the Cape Cod Growers Association and the First Pioneer Farm Credit, ACA.

The study provided average costs for 1993 to 1995. It should be noted that these expenses were for the entire farming operation, not just for the producing cranberry bogs. As a result, expenses associated with the renovation or establishment of bogs are also included.

The average costs were converted to Canadian dollars using the June 15th Interbank exchange rates averaged over the three years of 1993 to 1995.

1 US Dollar = 1.3478 Canadian Dollar

1 Canadian Dollar = .7429 US Dollar

For assistance in preparing a cranberry development business plan, contact Farm Business Management Staff at your local District Agricultural Office.

- Souris - 687-7040
- Montague - 838-0600
- Charlottetown - 368-5655
- Summerside - 888-8040
- O'leary- 859-8800

For production information, contact:

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