

# Navel Production Cost Survey



CCM recently conducted a comprehensive survey of navel production costs to establish an average cost of production and to compare how farming costs, picking and hauling charges, and packing and marketing charges have escalated over the last 15 years. While individual costs will vary based upon cultural practices, water costs, average production, size of the farm, and other factors, the trends are consistent. Average farming costs have increased 125% in the last 15 years, while picking and hauling has increased 90% over the same time period.

Production Cost Changes	Percent Change (+)		
	5 Yrs.	10 Yrs.	15 Yrs.
Farming	35%	75%	125%
Pick & Haul	45%	60%	90%
Packing & Marketing	5%	15%	25%

2019/2020 Survey	\$ Per Acre	\$ Per Carton (700/acre)	\$Per Bin (30/acre)
Farming Cost	3,300	4.71	110.00
Picking and Hauling	1,400	2.00	46.67
Packing & Marketing	3,500	5.00	116.67
<b>Total Costs</b>	<b>8,200</b>	<b>11.71</b>	<b>273.33</b>

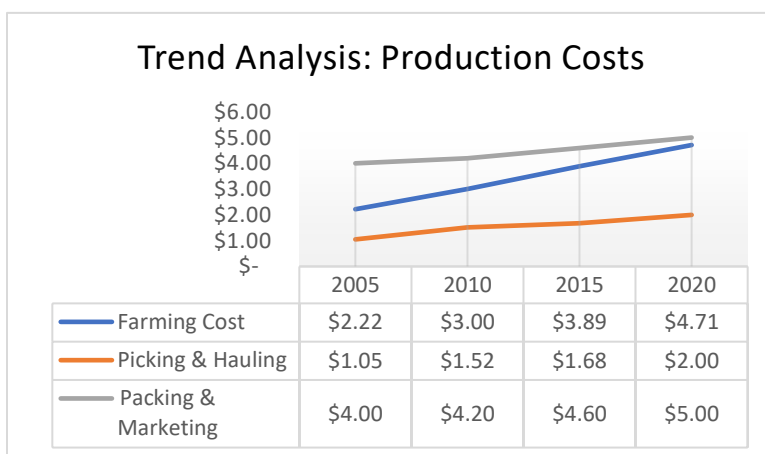
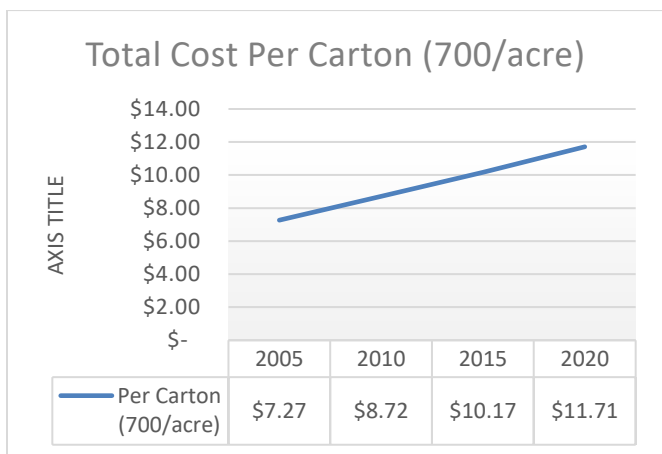
Today, average farming costs for navels are estimated at \$3,300 per acre. This is up from a little over \$1,500 an acre just 15 years ago. This equates to \$4.71 per carton or \$110 per bin using an average of 700 cartons per acre or 30 bins per acre. Picking and hauling are estimated at \$2 per carton while packing, and marketing charges are estimated at \$5 per carton. Total costs come in at \$8,200 per acre or

\$11.71 per carton. These cost estimates are not inclusive of any debt service on the farm, which could add up to \$1,200 per acre.

## Increased Farming Costs are Driven by Higher Costs of Labor

A major component of the increased cost of farming navels and all varieties of citrus are increased labor costs. While many in the citrus industry earn more than minimum wage, increases in the minimum wage rate will continue to drive labor costs upward. The minimum wage rate will be \$15 per hour for all employers by 2023. In addition, new ag overtime regulations will be fully implemented by 2022.

	Min. Wage (26+)		Min. Wage (25-)	
2005	\$	7.50	\$	7.50
2010	\$	9.00	\$	9.00
2015	\$	10.00	\$	10.00
<b>2020</b>	<b>\$</b>	<b>13.00</b>	<b>\$</b>	<b>12.00</b>
2023	\$	15.00	\$	15.00



## Recommended Action

Navel returns have fallen dramatically over the past two seasons, and CCM has urged growers through the Market Memo to talk to your packers about pricing and your costs of production. We strongly encourage all growers to evaluate your own break-even plus a rate of return on your investment and communicate that to your packer/marketer.