Oyster Farming

Benchmarks can serve as guidance for business planning by prospective shellfish and seaweed producers as well as for lenders in the evaluation of loan applications.

Maine Aquaculture Association
Est. 1978
www.maineaqua.org

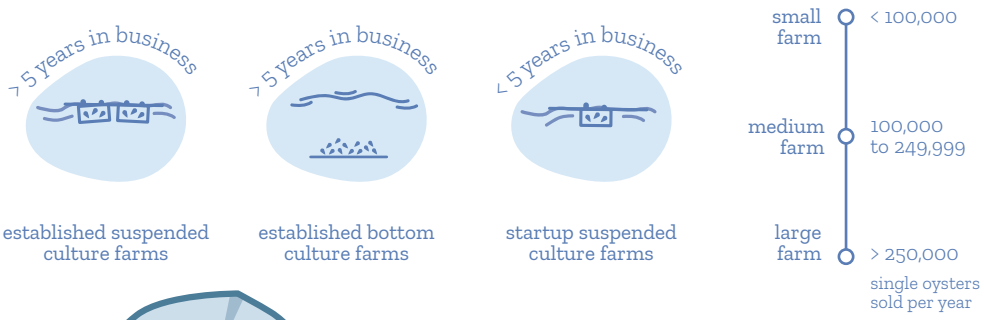
PRODUCERS CAN USE BENCHMARKS FOR:

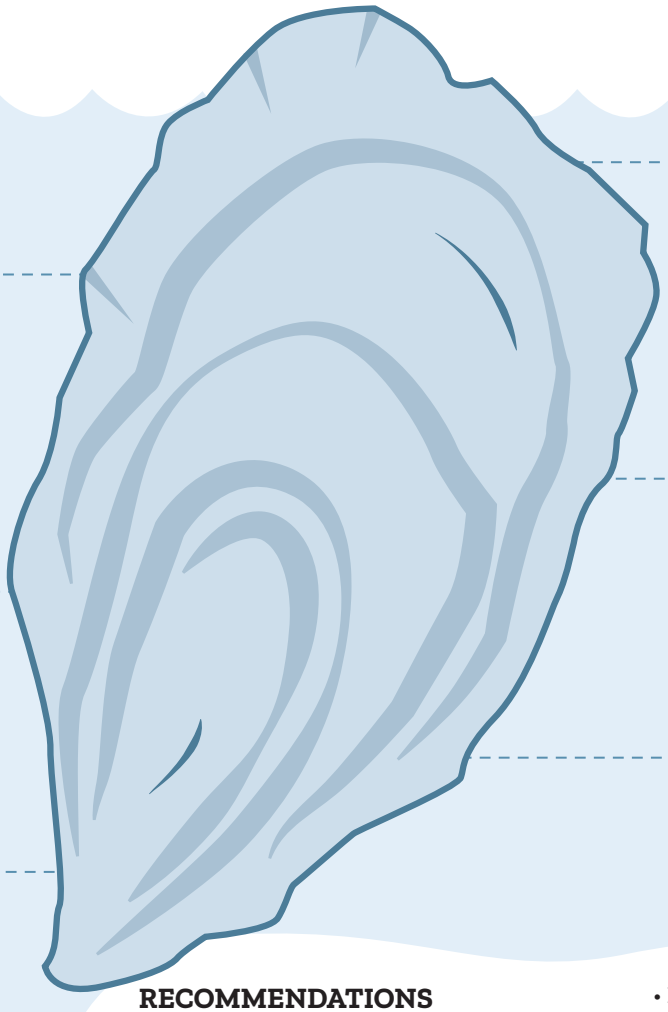
- Comparing the performance of their farm to that of similar farms and thus find areas for improvement;
- Assessing risk management strategies;
- Expanding their businesses.

LENDERS CAN USE BENCHMARKS FOR:

- Better understanding oyster businesses
- Comparing loan applications to standard industry performance

Oysters benchmarks were calculated for production, expenses, breakeven prices and yields, profitability, financial, loan repayment, and efficiency (labor, capital, financial), for each type of farm and farm size:





LARGER OYSTER FARMS SHOWED GREATER PRODUCTIVITY (more oysters per acre) than did smaller farms

LARGER OYSTER FARMS USED LABOR MORE EFFICIENTLY than did smaller farms

LARGER OYSTER FARMS USED INVESTMENT CAPITAL MORE EFFICIENTLY than did smaller farms

FOR ESTABLISHED SUSPENDED CULTURE FARMS, PROFITABILITY DECREASED with longer growout time from seed to market size

FOR ESTABLISHED FARMS, WORKING CAPITAL DECREASED with decreasing quantities of harvested oysters

FOR STARTUP FARMS, PROFITABILITY DECREASED with decreasing working capital

RECOMMENDATIONS FOR USE OF BENCHMARKS

- The **costs per oyster** should be compared with the average, minimum, and maximum levels measured to identify the types of costs that are greater on their farm and to think about whether there is a way to use that particular input more efficiently.

- A startup oyster farm should account for all **capital needed** to operate at an efficient level and not underestimate costs when planning for the financial resources needed for the early years.

- Estimates of **breakeven prices** above total costs should be compared with expected market prices to evaluate the potential profitability of the farm.

- A comprehensive **cash flow budget** will show the likelihood of making loan payments, and the debt-to-asset ratio will indicate the extent of financial risk that will be imposed on the business for the level of borrowing proposed.

- Accurate and consistent recordkeeping will allow comparison to industry benchmarks.

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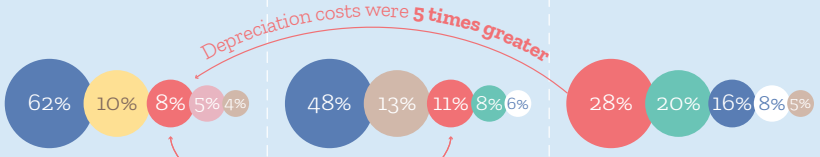
BENCHMARKS	ESTABLISHED SUSPENDED CULTURE FARMS	ESTABLISHED BOTTOM CULTURE FARMS	STARTUP SUSPENDED CULTURE FARMS	SMALL FARMS	MEDIUM FARMS	LARGE FARMS

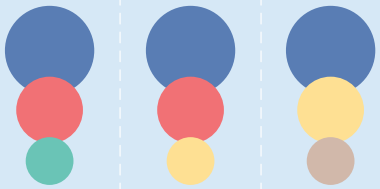
GREATEST COSTS

- labor
- insurance
- depreciation
- seed costs
- marketing
- management
- repairs



Depreciation costs per single oyster harvested were **similar**

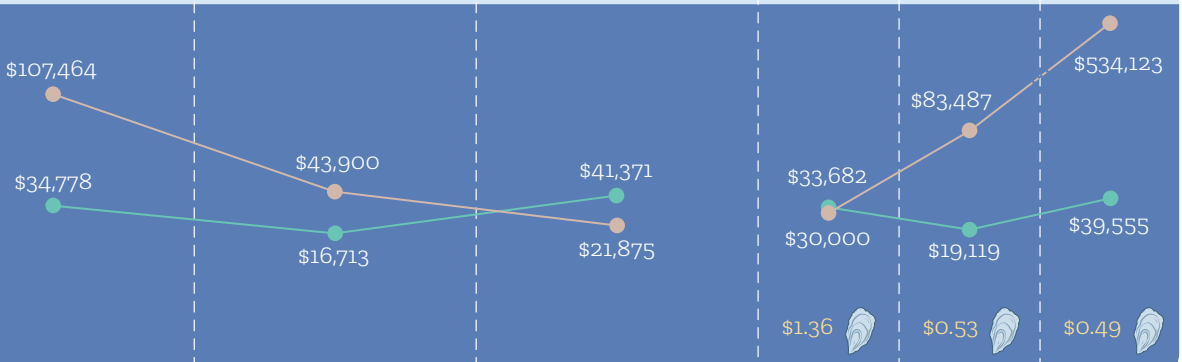
The cost of seed was **10 to 20 times greater** per oyster harvested, and **1.5 times more** seed was purchased per acre planted



START-UP COSTS*

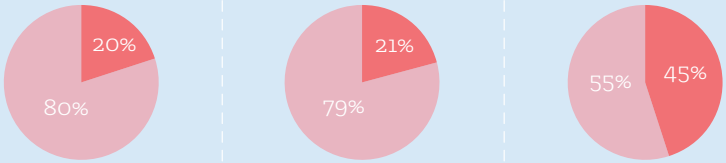
*median values

- per farm
- per acre planted
- per oyster harvested



TOTAL COSTS

- fixed
- variable

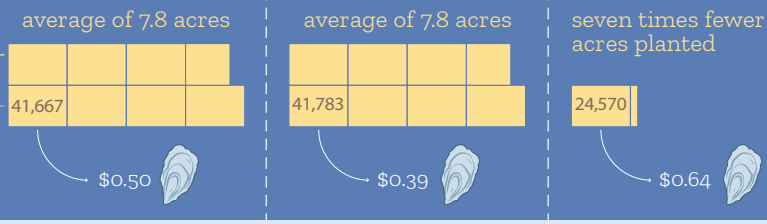


PRODUCTION

1 planted acre

median number of harvested oysters per acre

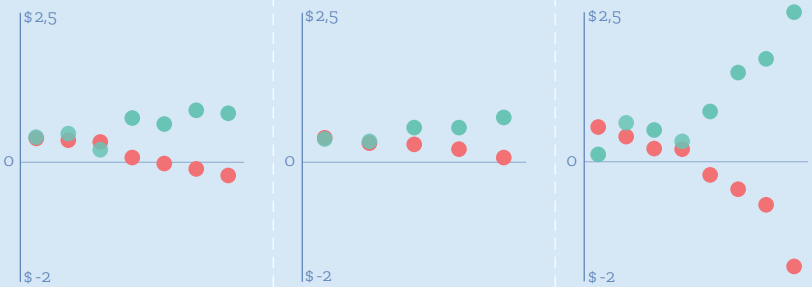
median cost of goods sold per oyster



PROFITABILITY

- breakeven price per oyster
- net farm income per oyster

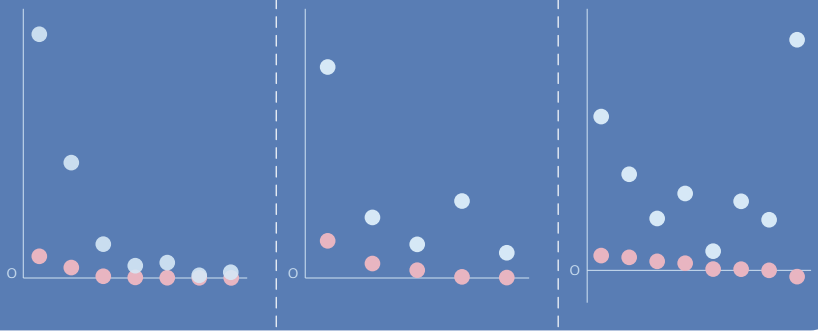
every aligned pair of bullets represent 1 analyzed farm

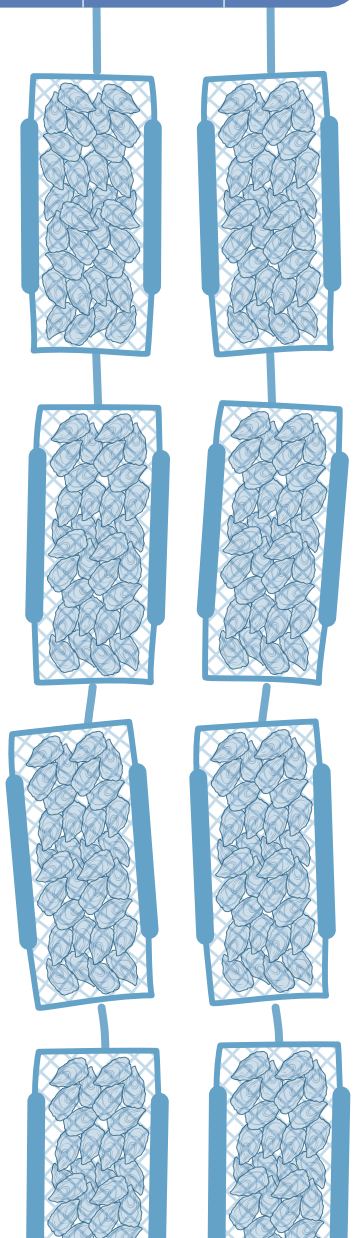


FINANCIAL

- harvested oysters per farm
- working capital per farm

every aligned pair of bullets represent 1 analyzed farm





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Questions? Email christian@maineaqua.org