

## Farm incomes in Wales, 2013-14

- This release presents figures on farm incomes in Wales for 2013-14 based on three measures: Farm Business Income, Net Farm Income and Cash Income. Further information about each of these indicators is included in the 'Notes' section at the end of this release. The farm incomes figures presented here are on the basis of averages, and it should be noted that the data for individual farms may be very different, with farm-level factors influencing variations in production and costs.
- The farm income figures for 2013-14 are based on a farm classification typology using new 2010 standard output coefficients, which are now used in place of the previous 2007 standard output coefficients. Backdated estimates of farm income measures for 2012-13 are also presented on the basis of 2010 standard output coefficients for comparability. The results published on the basis of the 2010 standard output coefficients are not directly comparable with those published for earlier years. See the 'Farm Type Classification' note below for further information.

### Key Results

- Average farm business income per farm in Wales (at current prices) for the combined All Farm Types was around £29,300 in 2013-14, representing a rise of around 10 per cent since 2012-13.
- For Cattle & Sheep (LFA) farms average farm business income per farm decreased by around 11 per cent, to £19,200. Average farm business income per farm for Lowland Cattle & Sheep farms meanwhile increased, by 5 per cent, to £28,600. Dairy farms saw an increase in average farm business incomes of around 71 per cent, to £77,000, driven by increased milk prices compared to 2012-13.
- In real terms (at 2013-14 prices) average farm business income per farm in Wales increased by 8 per cent for All Farm Types between 2012-13 and 2013-14, rising by 68 per cent for Dairy and 3 per cent for Cattle & Sheep (Lowland) farms, but decreasing by around 13 per cent for Cattle & Sheep (LFA) farms.
- Average net farm income per farm (at current prices) for All Farm Types in Wales increased by 15 per cent between 2012-13 and 2013-14, to £17,700.
- Average net farm income per farm for Cattle & Sheep (LFA) farms decreased by 28 per cent over this period. For Cattle & Sheep (Lowland) farms average net farm income per farm increased by 10 per cent. The average net farm income per farm for Dairy farms increased by 99 per cent.

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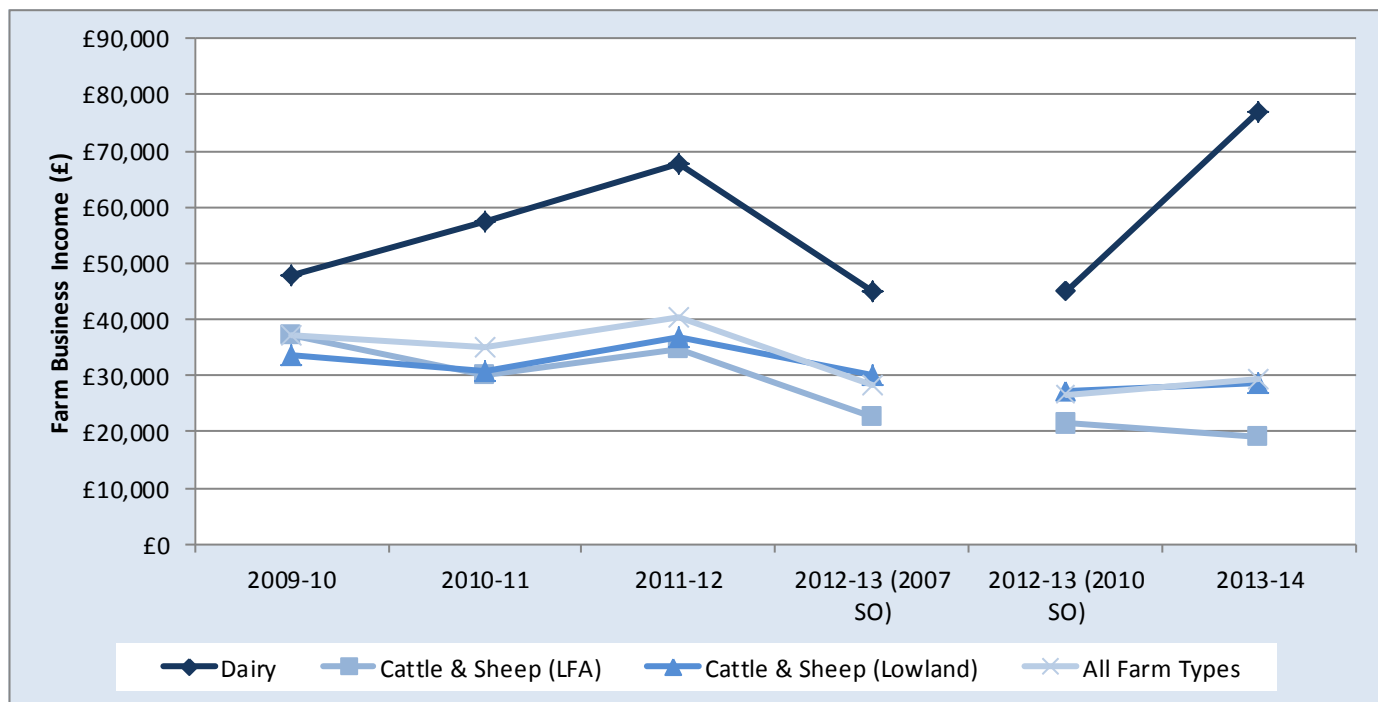
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- Between 2012-13 and 2013-14 average cash income per farm for All Farm Types increased by 10 per cent to £41,900, increasing by 41 per cent for Dairy farms, by 2 per per cent for Cattle & Sheep (LFA) farms and by 8 per cent for Cattle & Sheep (Lowland) farms.

**Chart 1: Farm Business Income in Wales 2009-10 to 2013-14 (current prices)**



Source: Farm Business Survey

Note: Break in the line represents the change from 2007 SOs to 2010 SOs. See *Farm Type Classification* note below for further information.

**Table 1: Average Farm Business Income by Type of Farm in Wales**

Average farm business income per farm

£ / farm

Farm Type	2011-12	2012-13 (2007 SO)	2012-13 (2010 SO)	2013-14 (a)	% Change 2013-14 / 2012-13
<b>At current prices</b>					
Dairy	67,800	45,100	45,100	77,000	71%
Cattle & Sheep (LFA)	34,700	22,700	21,600	19,200	-11%
Cattle & Sheep (Lowland)	36,700	30,200	27,200	28,600	5%
All Farm Types	40,500	28,200	26,600	29,300	10%
<b>In real terms at 2013-14 prices</b>					
Dairy	70,200	45,900	45,900	77,000	68%
Cattle & Sheep (LFA)	35,900	23,100	22,000	19,200	-13%
Cattle & Sheep (Lowland)	38,000	30,800	27,700	28,600	3%
All Farm Types	42,000	28,800	27,100	29,300	8%

Source: Farm Business Survey

(a) Provisional

**Table 2: Net Farm Income by Type of Farm in Wales**

Average net farm income per farm

£ / farm

Farm Type	2011-12	2012-13 (2007 SO)	2012-13 (2010 SO)	2013-14 (a)	% Change 2013-14 / 2012-13
<b>At current prices</b>					
Dairy	55,700	32,500	32,500	64,700	99%
Cattle & Sheep (LFA)	24,000	11,300	10,800	7,800	-28%
Cattle & Sheep (Lowland)	26,600	19,800	17,500	19,300	10%
All Farm Types	29,500 (r)	16,500	15,400	17,700	15%
<b>In real terms at 2013-14 prices</b>					
Dairy	57,600	33,100	33,100	64,700	95%
Cattle & Sheep (LFA)	24,900	11,500	11,000	7,800	-29%
Cattle & Sheep (Lowland)	27,600	20,200	17,800	19,300	8%
All Farm Types	30,600	16,800	15,600	17,700	13%

Source: Farm Business Survey

(a) Provisional

(r) Revised

**Table 3: Cash Income by Type of Farm in Wales**

Average cash income per farm

£ / farm

Farm Type	2011-12	2012-13 (2007 SO)	2012-13 (2010 SO)	2013-14 (a)	% Change 2013-14 / 2012-13
<b>At current prices</b>					
Dairy	85,800	65,700	65,700	92,500	41%
Cattle & Sheep (LFA)	41,700	32,400	30,600	31,100	2%
Cattle & Sheep (Lowland)	39,400	37,400	35,100	37,900	8%
All Farm Types	49,100	40,200	38,100	41,900	10%
<b>In real terms at 2013-14 prices</b>					
Dairy	88,800	66,900	66,900	92,500	38%
Cattle & Sheep (LFA)	43,200	33,000	31,200	31,100	0%
Cattle & Sheep (Lowland)	40,800	38,100	35,800	37,900	6%
All Farm Types	50,900	40,900	38,800	41,900	8%

Source: Farm Business Survey

(a) Provisional

## Notes

The figures presented in this release cover the accounting years ending between 31<sup>st</sup> December 2013 and 31<sup>st</sup> March 2014 and as such reflect farming conditions between January 2013 and March 2014.

Farm Business Income represents the return to all unpaid labour (farmers, spouses, non-principal partners, family workers and others with an entrepreneurial interest in the farm business) and to all their capital invested in the farm business including land and farm buildings.

In essence, Farm Business Income is the same as *Net Profit*, which as a standard financial accounting measure of income is used widely within and outside agriculture. Using the term *Farm Business Income* rather than *Net Profit* gives an indication of the measure's farm management accounting rather than financial accounting origins and accurately describes its composition.

Net Farm Income is defined as the return to the principal farmer and spouse for their manual and managerial labour and on the tenant-type capital of the business. It makes allowances for rent (on a notional basis if the farmer is an owner-occupier) and for depreciation of assets. Interest payments, net of interest received, are included as a cost, as is hired labour. Crop and livestock valuation changes are excluded.

Cash Income is defined as the cash return to the group of people with an entrepreneurial interest in the business for their manual and managerial labour and on all their investment in the business.

The figures in this release have been rounded to the nearest hundred pounds.

Throughout this Statistical Release the following standard notation is used:

- LFA: Less Favoured Area;
- SDA: Severely Disadvantaged Area; and
- DA: Disadvantaged Area.

### *Farm type classification*

The classification of farm 'types' within the UK and EU is based on the application of 'standard output' coefficients for individual farm enterprises (e.g. per head of livestock and per hectare of crops). These coefficients have been updated within all Member States and will be used to classify farms from 2013 onwards. Given the threshold for inclusion within the Farm Business Survey in Wales (a minimum 25,000 euros of standard output), changes to standard output coefficients will have an effect on both the survey population as well as the classification of farms.

The Standard Output (SO) of an agricultural product is the average monetary value of the agricultural output per unit at farm-gate prices. Within EU Member States SO coefficients are updated periodically. In the UK these are calculated for each NUTS1 region so Wales is calculated as one region. Averages are taken over a period of a number of years to reduce the impact of annual price fluctuations; those previously in use are averaged over the period 2005-2009 (referred to as 2007 SOs). Standard Outputs have now been recalculated for the period 2008-2012 (referred to as 2010 SOs). The effect of this change is reflected in the difference between the two sets of estimates for 2012-13 presented in the tables above.

The classification of farms for 2013-14 is based on 2010 standard output coefficients with backdated figures for 2012-13 shown for comparison. The results based on 2010 standard output coefficients published here are not directly comparable with those published in earlier years based on 2007 standard output coefficients.

## Key Quality Information

The data used in this statistics release originate from the annual Farm Business Survey (FBS) which is conducted on behalf of the Welsh Government by the Institute of Biological, Environmental and Rural Sciences (IBERS) at Aberystwyth University. Statistics produced from the same data by IBERS may differ in some respects from those in this statistics release. The differences arise largely from differing definitions of inter-year identical samples.

The FBS collects detailed physical and financial information from approximately 550 farm businesses across Wales and covers all types of Welsh livestock farm. Only those farm types where there are 15 or more representative holdings in the survey sample are reported in this statistics release.

The sample for the Farm Business Survey is predominantly drawn from those farm businesses in Wales with a Standard Output (SO) of at least €25,000. The results reported here will not therefore be representative of very small and part-time holdings.

Farm income measures exhibit some degree of volatility across years, influenced by prevailing market conditions. As all the measures of farm income include an element relating to profits, they are therefore more volatile than measures in other sectors which are defined purely in terms of income from wages.



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## Further Information

The Department for Environment, Food and Rural Affairs (DEFRA) published comparable data on Farm Business Income by type of farm in England, 2013-14, on 30<sup>th</sup> October 2014.

More detailed statistics for agriculture in Wales can be found on the statistics pages of the Welsh Government website. The address for the statistics home page is shown on the front page of this statistics release.