

Forecasts of farm incomes in Wales, 2013-14

This statistics release presents provisional forecasts of farm incomes in Wales for 2013-14. Figures are provided for farm business incomes and net farm incomes measures. Further information about these measures is included in the 'Notes' section at the end of this release. The actual farm incomes results for 2013-14 are provisionally scheduled to be published in November 2014. The release includes revised data for 2012-13, information on the scale of the revisions is included in the revisions notes.

The forecasts for 2013-14 are based on information available up to the middle of February 2014 and are intended as a broad indication of how incomes for each farm type are expected to move compared with 2012-13. The figures are subject to a margin of error, reflecting, in particular, the fact that farm income is derived as the relatively small difference between total output and total input so that small changes in either of these can result in large percentage changes in income. It should be noted that within each year there is a wide range in income across farms around the average figures published here.

Key Results

- These forecasts show average Farm Business Income (FBI) for 'All Farm Types' in Wales increasing by 32 per cent, from £28,200 in 2012-13 to £37,300 in 2013-14. This reverses the decrease in average FBI experienced in Wales in 2012-13.
- Average Farm Business Income on Dairy farms is forecast to increase by 88 per cent from £45,100 in 2012-13 to £84,700 in 2013-14. This large increase reflects higher producer milk prices during the period and increased production levels.
- Average Farm Business Income on Less Favoured Area (LFA) Cattle & Sheep farms is forecast to increase by 17 per cent from £22,700 in 2012-13 to £26,500 in 2013-14. The data on LFA Cattle & Sheep farms is further split between those in the Severely Disadvantaged Area (SDA) and those in the Disadvantaged Area (DA). Farm Business Income in 2013-14 in forecast to increase by 18 per cent on SDA farms and 15 per cent on DA farms.
- Farm Business Income is forecast to remain unchanged on Lowland Cattle & Sheep farms at £30,200, this is because increases in the value of output are expected to be offset by increasing input costs.

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Next update: November 2014 (provisional)

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

Average farm business income per farm (£ / farm)

Farm Type	2010-11	2011-12	2012-13 (revised)	2013-14 (provisional)	% Change 2012-13 to 2013-14
At current prices					
Dairy	57,300	67,800	45,100	84,700	88%
LFA Cattle & Sheep	30,100	34,700	22,700	26,500	17%
<i>SDA Cattle & Sheep</i>	32,700	35,900	24,200	28,400	18%
<i>DA Cattle & Sheep</i>	24,300	31,800	19,000	22,000	15%
Lowland Cattle & Sheep	30,900	36,700	30,200	30,200	0%
All Farm Types	35,100	40,500	28,200	37,300	32%
In real terms at 2013-14 prices					
Dairy	63,000	71,200	46,000	84,700	84%
LFA Cattle & Sheep	33,100	36,500	23,100	26,500	15%
<i>SDA Cattle & Sheep</i>	36,000	37,700	24,700	28,400	15%
<i>DA Cattle & Sheep</i>	26,700	33,400	19,400	22,000	13%
Lowland Cattle & Sheep	34,000	38,600	30,800	30,200	-2%
All Farm Types	38,600	42,600	28,800	37,300	29%

Table 2: Net Farm Income by Types of Farm in Wales

Average net farm income per farm (£ / farm)

Farm Type	2010-11	2011-12	2012-13	2013-14 (provisional)	% Change 2012-13 to 2013-14
At current prices					
Dairy	44,900	55,700	32,500	72,200	122%
LFA Cattle & Sheep	18,800	24,000	11,300	15,000	33%
<i>SDA Cattle & Sheep</i>	21,500	24,900	12,400	16,500	33%
<i>DA Cattle & Sheep</i>	12,500	22,100	8,700	11,500	32%
Lowland Cattle & Sheep	23,100	26,600	19,800	19,600	-1%
All Farm Types	24,000	30,000	16,500	25,400	54%
In real terms at 2013-14 prices					
Dairy	49,400	58,500	33,200	72,200	118%
LFA Cattle & Sheep	20,700	25,300	11,500	15,000	30%
<i>SDA Cattle & Sheep</i>	23,600	26,100	12,700	16,500	30%
<i>DA Cattle & Sheep</i>	13,700	23,200	8,800	11,500	29%
Lowland Cattle & Sheep	25,400	28,000	20,200	19,600	-3%
All Farm Types	26,400	31,000	16,900	25,400	51%

Notes

Farm Business Incomes 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.

The standard notation is used in this Statistical Release where:

- LFA: Less Favoured Area
- SDA: Severely Disadvantaged Area
- DA: Disadvantaged Area

Key Quality Information

The 2013-14 forecasts contained in this release are based on the Farm Business Survey (FBS) results for 2012-13, adjusted to reflect observed and forecast movements in key determinants of farm income such as commodity prices, subsidies, production costs and animal numbers during 2013-14. The information used to make these adjustments comes from a wide variety of sources, for example, agricultural surveys, livestock markets and producer organisations. The calculations include information available up to the middle of February 2014.

The forecast figures will be revised upon completion of the 2013-14 Farm Business Survey and published later this year (provisional publication date: November 2014).

The FBS is conducted on behalf of the Welsh Government by the Institute of Biological, Environmental and Rural Sciences at Aberystwyth University. The survey collects detailed physical and financial information from approximately 550 farm businesses across Wales and covers all types of Welsh livestock farm.

As all of the measures of farm income include an element relating to profits, they are more volatile than measures in other sectors which are defined purely in terms of income from wages.

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

Revisions

Farm Incomes in Wales, 2012-13 (SDR 7/2014) was released on 21st January 2014, since this release revisions have been made to the FBS dataset for 2012-13 to correct for the omission of some agri-environmental scheme codes in the calculated variables. These revisions affect Farm Business Income and the Cash Income measure reported in Farm Incomes in Wales 2012-13, but do not affect Net Farm

Income. The revisions result in very small changes to the Farm Business Income figures for 2012-13, as shown in Table 3 below.

Table 3: Comparison of Farm Business Income in Wales: Previous Estimates and Revised Figures

Average farm business income per farm

£ / farm

Farm Type	Previous estimates	Revised estimates	Level change	Percentage change
	2012-13	2012-13		
At current prices				
Dairy	45,100	45,100	0	0.0%
Cattle & Sheep (LFA)	22,900	22,700	-200	-0.9%
<i>SDA Cattle & Sheep</i>	24,400	24,200	-200	-0.8%
<i>DA Cattle & Sheep</i>	19,300	19,000	-300	-1.6%
Cattle & Sheep (Lowland)	30,200	30,200	0	0.0%
All Farm Types	28,400	28,200	-200	-0.7%

Further Information

The Department for Environment, Food and Rural Affairs (DEFRA) published provisional estimates of farm business income in England for 2013-14 on 30 January 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.