

Forecasts of Farm Incomes in Wales, 2014-15

This statistics release presents forecasts of farm incomes in Wales for 2014-15. Figures are provided for farm business income and net farm income measures. Further information about these measures is included in the 'Notes' section at the end of this release. The actual farm income results for 2014-15 are scheduled to be published in November 2015.

The forecasts for 2014-15 are based on information available up to the middle of February 2015 and are intended to provide a broad indication of how the farm incomes for each farm type are expected to move compared with 2013-14. 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 farm income. It should be noted that across each year there is a wide range of farm incomes around the average figures published here.

Key Results

- Average farm business income for the combined 'All Farm Types' in Wales is forecast to decrease from £29,300 in 2013-14 to £22,200 in 2014-15, a decline of around 24%.
- The total input costs for reported farm types are forecast to decline during this period, reflecting factors such as reduced total feed costs. However, this is expected to be outweighed by the fall in the value of total farm output, due to lower prices for a range of farm outputs, and reductions in the value of the Single Farm Payment.
- For dairy farms, average farm business income is forecast to decrease by around 23 per cent from £77,000 in 2013-14 to £59,300 in 2014-15, though remaining above the corresponding figure of £45,100 for 2012-13.
- Average farm business income on Cattle and Sheep (LFA) farms is forecast to decrease by 22 per cent from £19,200 in 2013-14 to £15,000 in 2014-15, and on Cattle and Sheep (Lowland) farms to decrease from £28,600 to £23,100 over the same period.
- Average net farm income for 'All Farm Types' is forecast to decline by around 37% between 2013-14 and 2014-15, to around £11,200, with average net farm income for Dairy, Cattle and Sheep (LFA) and Cattle and Sheep (Lowland) farms in Wales forecast to fall by 28%, 41% and 24%, respectively.

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

Average farm business income per farm				£ / farm
Farm Type	2012-13	2013-14	2014-15 (provisional)	% Change 2014-15 / 2013-14
At current prices				
Dairy	45,100	77,000	59,300 (p)	-23%
Cattle & Sheep (LFA)	21,600	19,200	15,000 (p)	-22%
Cattle & Sheep (Low land)	27,200	28,600	23,100 (p)	-19%
All Farm Types	26,600	29,300	22,200 (p)	-24%
In real terms at 2014-15 prices				
Dairy	46,800	78,600	59,300 (p)	-25%
Cattle & Sheep (LFA)	22,400	19,600	15,000 (p)	-23%
Cattle & Sheep (Low land)	28,200	29,100	23,100 (p)	-21%
All Farm Types	27,600	29,900	22,200 (p)	-26%

(p) Provisional

Source: Farm Business Survey

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

Average net farm income per farm				£ / farm
Farm Type	2012-13	2013-14	2014-15 (provisional)	% Change 2014-15 / 2013-14
At current prices				
Dairy	32,500	64,700	46,900 (p)	-28%
Cattle & Sheep (LFA)	10,800	7,800	4,600 (p)	-41%
Cattle & Sheep (Low land)	17,500	19,300	14,700 (p)	-24%
All Farm Types	15,400	17,700	11,200 (p)	-37%
In real terms at 2014-15 prices				
Dairy	33,700	66,100	46,900 (p)	-29%
Cattle & Sheep (LFA)	11,200	7,900	4,600 (p)	-43%
Cattle & Sheep (Low land)	18,200	19,700	14,700 (p)	-26%
All Farm Types	15,900	18,100	11,200 (p)	-38%

(p) Provisional

Source: Farm Business Survey

Notes

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.

The standard notation is used in this Statistical Release where LFA refers to Less Favoured Area.

Key Quality Information

The 2014-15 forecasts contained in this release are based on the Farm Business Survey (FBS) results for 2013-14, adjusted to reflect observed and forecast movements in key determinants of farm income such as commodity prices, subsidies, production costs and animal numbers during 2014-15. 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 2015.

The forecast figures will be revised upon completion of the Farm Business Survey for 2014-15 and published later this year (provisional publication date: November 2015).

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.

Related Statistics for Other UK Countries

The Department for Environment, Food and Rural Affairs (DEFRA) published forecasts of farm business income in England for 2014-15 on the 29th January 2015.

The Department of Agriculture and Rural Development (DARD) also published forecasts of farm business income in 2014-15 for Northern Ireland on the 29th January 2015.

Further Information

The statistics release Aggregate Agricultural Output and Income, 2014, will also be published on the 26th February 2015.

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.

We actively encourage feedback from our users. If you have comments on any issues relating to this statistical release please email Kathryn.Keane@wales.gsi.gov.uk

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