

Estimates of Farm Incomes in Wales, 2012-13

This statistics release presents provisional estimates of farm incomes in Wales for 2012-13. 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 2012/13 are provisionally scheduled to be published in November 2013.

Key Results

These forecasts show average Farm Business Income (FBI) for 'All Farm Types' in Wales decreasing by 29 per cent, from £41,100 in 2011-12 to £29,000 in 2012-13. This reverses the increase in average FBI experienced in Wales in 2011-12.

The factors behind the expected decrease in income in 2012-13 are higher input costs and reduced output, particularly sheep output. In addition, changes in the £/€ exchange rate resulted in lower Single Payment receipts – down around 8 per cent on 2011-12.

On Dairy farms, a small increase in the value of output is offset by an increase in input costs and a reduction in the average Single Payment, resulting in a 21 per cent drop in average Farm Business Income from £66,100 in 2011-12 to £52,400 in 2012-13.

On LFA Cattle and Sheep farms, lower lamb prices and a reduction in the number of animals marketed has resulted in a fall in the value of output. This, coupled with rising input costs and the reduced Single Payment receipts, has resulted in a 37 per cent drop in average Farm Business Income from £34,600 in 2011-12 to £21,700 in 2012-13.

The same factors have impacted on average incomes on Lowland Cattle and Sheep farms. Average FBI on Lowland Cattle and Sheep farms is forecast to decrease 34 per cent from £35,300 in 2011-12 to £23,200 in 2012-13.

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

Average farm business income per farm (£ / farm)

Farm Type	2009-10	2010-11	2011-12	2012-13 (provisional)	% Change 2011-12 to 2012-13
At current prices					
Dairy	48,600	56,800	66,100	52,400	-21%
LFA Cattle & Sheep	36,600	29,800	34,600	21,700	-37%
<i>SDA Cattle & Sheep</i>	37,200	32,500	36,100	21,600	-40%
<i>DA Cattle & Sheep</i>	34,400	23,300	30,700	21,900	-29%
Lowland Cattle & Sheep	31,700	30,300	35,300	23,200	-34%
All Farm Types	36,800	35,700	41,100	29,000	-29%
In real terms at 2012-13 prices					
Dairy	55,200	61,500	68,200	52,400	-23%
LFA Cattle & Sheep	41,600	32,300	35,700	21,700	-39%
<i>SDA Cattle & Sheep</i>	42,200	35,100	37,200	21,600	-42%
<i>DA Cattle & Sheep</i>	39,100	25,300	31,700	21,900	-31%
Lowland Cattle & Sheep	35,900	32,700	36,300	23,200	-36%
All Farm Types	41,700	38,600	42,300	29,000	-31%

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

Average net farm income per farm (£ / farm)

Farm Type	2009-10	2010-11	2011-12	2012-13 (provisional)	% Change 2011-12 to 2012-13
At current prices					
Dairy	36,200	44,600	54,300	40,300	-26%
LFA Cattle & Sheep	26,700	18,600	23,800	10,500	-56%
<i>SDA Cattle & Sheep</i>	27,400	21,300	24,800	10,000	-60%
<i>DA Cattle & Sheep</i>	24,100	11,700	21,200	12,000	-43%
Lowland Cattle & Sheep	23,600	22,700	25,400	12,900	-49%
All Farm Types	26,600	24,600	29,900	17,600	-41%
In real terms at 2012-13 prices					
Dairy	41,100	48,200	56,000	40,300	-28%
LFA Cattle & Sheep	30,300	20,100	24,600	10,500	-57%
<i>SDA Cattle & Sheep</i>	31,000	23,100	25,600	10,000	-61%
<i>DA Cattle & Sheep</i>	27,300	12,700	21,900	12,000	-45%
Lowland Cattle & Sheep	26,700	24,600	26,100	12,900	-51%
All Farm Types	30,200	26,600	30,900	17,600	-43%

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 2012-13 forecasts contained in this release are based on the Farm Business Survey (FBS) results for 2011-12, adjusted to reflect observed and forecast movements in key determinants of farm income such as commodity prices, subsidies, production costs and animal numbers during 2012-13. 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 2013.

The forecast figures will be revised upon completion of the 2012-13 Farm Business Survey and published later this year (provisional publication date: November 2013).

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.

Further Information

The Department for Environment, Food and Rural Affairs (DEFRA) published provisional estimates of farm business income in England for 2012-13 on 31 January 2013.

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.