

STATISTICAL PRESS RELEASE

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STATISTICAL NEWS RELEASE: NORTHERN IRELAND AGRICULTURAL INCOMES IN 2009

The Department of Agriculture and Rural Development (DARD) has published the provisional figures for farm incomes in 2009.

Aggregate income

Provisional figures indicate that the 'Total Income from Farming' (TIFF) in Northern Ireland increased by 4.5% (5.3% in real terms) from £232 million in 2008 to £243 million in 2009. The rise in TIFF is in large part due to an increase in the value of the Single Farm Payment which is estimated to have been worth £292 million in 2009 (a net increase of 14% compared with 2008).

TIFF represents the return on own labour, management input and own capital invested for all those with an entrepreneurial involvement in farming.

The value of Gross Output increased for all the main livestock sectors apart from the dairy sector. Dairying remained the largest contributor to total Gross Output despite the value of milk output falling by 21% to £353 million. The amount of raw milk produced by farms in Northern Ireland declined by 7% and although milk prices strengthened in the last few months of 2009, overall the average farmgate price of milk was 15% below 2008 levels.

The output value of all cattle increased by 1% to £328 million. This was due to a slight increase in prices. The value of Gross Output increased by 12% in the sheep sector to £56 million in 2009. This was due mainly to price increases.

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There were also gains in the value of outputs for the intensive livestock enterprises, with increases of 24% to £95 million, 8% to £198 million and 19% to £42 million for the pig, poultry and egg sectors, respectively. These increases can be attributed to increases in both producer prices and volumes of output.

The output value for field crops decreased in 2009 by 7% to £61 million. This was predominantly as a result of reduced producer prices. In 2009, annual average producer prices for barley, wheat and oats decreased by 24% and 17% and 19%, respectively. There were decreases in the value of barley output of 19% to £15 million, in wheat of 35% to £9 million and in oats of 19% to £1.3 million. In contrast, the value of output of potatoes increased by 7% in 2009 to £22 million as a result of an increase of 9% in production combined with a 2% fall in producer price..

The total value of the Single Farm Payment estimated to have accrued in 2009 was £292 million, representing a net increase of 14% compared with 2008. This reflects an increase in the value of Single Farm Payments due to a more favourable exchange rate between Sterling and the Euro which more than offset higher modulation reductions (12% in 2009 compared with 11% in 2008).


Total input costs fell by 3% in 2009 to £1.04 billion. Feedstuff costs, which account for 50% of the gross input figure, fell by 1% in 2009 to £518 million. A 2% rise in the volume of feedstuff purchased was more than offset by a 3% fall in the price per tonne.

There was a continuation of the trend of recent years towards lower fertiliser usage on Northern Ireland farms, with a fall of 25% in the total volume purchased. The total cost of fertiliser (excluding lime) input fell by 37% to

£52m as a result of both the fall in volume and a 16% reduction in the price per tonne.

Total machinery expenses decreased by 3% to £118 million in 2009. The reduction was due to a 10% fall in the costs of fuel and oils which was partially offset by a 5% increase in machinery repair costs.

The cost of borrowings in agriculture was £41 million in 2009, 24% lower than 2008. In 2009, interest rates fell sharply but this was partly offset by an 8% increase in the level of borrowings.

A detailed pdf document covering the period 2005 – 2009 and containing all the key figures used to derive TIFF in Northern Ireland can be downloaded from the [DARD website](#) .

Figures for the United Kingdom, also released today, indicate that UK Total Income from Farming decreased by 6.7% in 2009 to £4.07 billion, a fall of 6.2% in real terms. The increase in Northern Ireland compared with the decrease in the UK is due largely to a 25 per cent or £800 million decrease in the gross output of cereals in the UK as a whole, as a result of a decrease in the volume of production and the fact that the average price for cereals fell in 2009 compared with 2008. The cereals sector is relatively small in Northern Ireland accounting for only 2 per cent of output and therefore a decline in the cereals sectors has less impact on the aggregate income position.

Farm level incomes

Farm Business Income by type of farm for 2008/09 and forecasts for 2009/10 are presented in Table 1, below. These income results are based on farm accounts collected for the Northern Ireland Farm Business Survey (FBS). This is a representative sample of all Northern Ireland farms larger than 0.5

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Standard Labour Requirements. The income figures presented are for accounting years with an average ending date of mid February.

Average Farm Business Income measured across all farm types is expected to increase from £27,195 in 2008/09 to £28,923 in 2009/10, i.e. an increase of £1,728 or 6% per farm. At the individual farm type level, the results show that Farm Business Income is expected to increase between 2008/09 and 2009/10 on Cattle and Sheep (LFA), Cattle and Sheep (Lowland), Pigs and Mixed farms. For these farms, the increase in incomes resulted from a combination of higher product prices and increased Single Farm Payments in the 2009/10 accounting year. The results also show that Farm Business Income is expected to fall on Cereal, General Cropping, and Dairy Farms for 2009/10 when compared with the previous year. The downturn in incomes for these farms is mainly the result of lower product prices in the 2009/10 accounting year.

Farm Business Income was introduced in 2008 as the headline measure of farm income following consultation by DARD in 2006-07. In light of views expressed during the consultation, it was decided that the previous headline measure, Net Farm Income, would continue to be published for an interim period, but as a secondary measure. Therefore, average Net Farm Income by farm type for 2008/09, along with forecasts for 2009/10 are presented in Table 2, below.

A detailed analysis of farm incomes by type and size of farm in 2008/09 will appear in the report 'Farm Incomes in Northern Ireland 2008/09' which will be published on the [DARD website](#) in March 2010.

Table 1: Average Farm Business Income by type of farm (£ per farm)

Farm Type	2008/09	2009/10 (forecast)	% change
Cereals	14,613	14,083	-4
General Cropping	79,336	65,083	-18
Dairy	37,520	26,327	-30
Cattle & Sheep (LFA)	20,229	28,350	+40
Cattle & Sheep (lowland)	17,200	22,485	+31
Pigs	30,961	55,089	+78
Mixed	35,467	47,020	+33
All types	27,195	28,923	+6



Table 2: Average Net Farm Income by type of farm (£ per farm)

Farm Type	2008/09	2009/10 (forecast)	% change
Cereals	5,856	3,625	-38
General Cropping	67,900	50,854	-25
Dairy	31,583	20,928	-34
Cattle & Sheep (LFA)	12,093	19,784	+64
Cattle & Sheep (lowland)	11,235	16,744	+49
Pigs	32,016	57,029	+78
Mixed	20,011	30,334	+52
All types	19,910	21,563	+8

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Notes for Editors

1. Provisional aggregate income figures for the UK were also issued today by a News Release on the [DEFRA website](#) .
2. The Northern Ireland estimates, released to coincide with the publication of the UK figures, were prepared using provisional figures and are subject to revision when more complete data become available.
3. 'Total Income from Farming' measures the return to farmers, partners and directors, their spouses and other family workers for their labour, management input and own capital invested. It therefore represents the total income of all those with an entrepreneurial involvement in farming.
4. The Single Farm Payment was introduced in 2005 and as a decoupled subsidy it is not included in the individual commodities output as previously occurred with previous direct payments linked to production.
5. Income estimates by farm type are based on the Department's Farm Business Survey, for which the account year ends on average in mid February, whereas the aggregate income estimates are compiled on a calendar year business.
6. Following consultation in 2006-07, DARD decided that from January 2008 Farm Business Income will replace Net Farm Income as the headline indicator of farm incomes in statistical releases and publications. DARD's consultation document on the new income measure and the response to the consultation can be found on the [DARD website](#) .
7. Farm Business Income was also introduced in England, Scotland and Wales and is used for UK farm income statistics. It is closely aligned to the main EU measure of farm incomes Family Farm Income and therefore allows easier comparison between Northern Ireland and other Member States.

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8. Farm Business Income is the return to all unpaid labour (farmer, spouses and others with an entrepreneurial interest in the farm business) and to their capital invested in the farm business which includes land and buildings. Farm Business Income differs from Net Farm Income in the following ways:
 - It represents the return to all unpaid labour, not just the farmer and spouse. Therefore no notional deduction is made for any unpaid labour.
 - It treats the tenure of farms as it is: tenants as tenants, owner occupiers as owner occupiers and those with both types of tenure as mixed.
9. Net Farm Income (NFI) represents the return to the farmer and spouse for their manual and managerial labour and on the tenant-type capital in the farm business. It is intended as a consistent measure of the profitability of tenant-type farming. NFI is not a proxy either for farm business income or for farm household income.
 - To represent the return to farmer and spouse alone, a notional deduction is made for any unpaid labour provided by non-principal partners and directors, their spouses and by others; this unpaid labour is valued at average local market rates for manual agricultural work.
 - To confine the measure to the tenant type activities and assets of the business, an imputed rent is deducted for owner occupied land and buildings and for landlord-type improvements made by the tenant; no deduction is made for interest payments on any farming loans, overdrafts or mortgages and any interest earned on financial assets is also excluded.
10. In previous years, Cash Income was also presented as a measure of farm income. Cash Income is revenue less total cash costs. The costs, therefore, exclude any imputed costs and depreciation charges. Cash income also excludes valuation changes.

11. Average Cash Income measured across all farm types is forecast to increase from £38,751 in 2008/09 to £43,534 in 2009/10, which is an average increase of £4,783 per farm.
12. The '*Statistical Review of Northern Ireland Agriculture, 2009*', due to be issued on 25 March 2010, will contain details of the output, input and income estimates for 2009, as well as information on livestock numbers, crop areas and yields, farm structure, employment and farm business performance.

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