



NORTH EAST SCOTLAND AGRICULTURE ADVISORY GROUP BULLETIN – 24 APRIL 2019

FARM BUSINESS INCOME REPORT 2017-18

1 Recommendation

1.1 It is recommended that the Group notes this report

2 Discussion

- 2.1 On 26 March 2019, Scottish Government published its most recent estimate of Farm Business Income (FBI) in Scotland, for the 2017-18 period.
<https://www.gov.scot/publications/scottish-farm-business-income-estimates-2017-18/>
- 2.2 FBI represents the total income available to all unpaid labour and their capital invested in the business but excludes income from diversified business activities. The Scottish Government's Chief Statistician noted the Scottish farming sector's continuing reliance on subsidy payments. Farms engaging in diversified activities continue to perform better than non-diversified enterprises by around £19,600 per annum.
- 2.3 While the FBI figures for 2017-2018 showed an increase of 19% in the estimated average commercial farm income to £35,400, the highest for six years, over 60% of the farms surveyed would nevertheless have been loss-making without CAP subsidy (£7,400 on average). Losses before subsidy payments were highest on Less Favoured Area (LFA) livestock units, typically of the order of £27,400. The 22% increase in the price of liquid milk over the survey period saw average estimated dairy enterprise incomes rise the most to £73,100.
- 2.4 Agricultural businesses which do not receive subsidies (eg pigs, poultry and horticulture) are not represented in the FBI survey. The FBI data is a stark reminder of the challenges faced by Scottish agriculture post-Brexit. Indeed the report notes that only 60% of farmers are earning enough to pay themselves the minimum agricultural wage.

3 Scheme of Governance

NESAAG is able to consider this item in terms of its remit to provide a NE Scotland focus to enable issues and concerns across the agricultural and related sectors to be addressed. This includes strengthening economic development links across the wider land-based sector and food industry, contributing to regional and local priorities, improving links between industry, the environment and biodiversity and contributing to policy development and consultations.

4 Implications and Risk

- 4.1 There are no equality impact implications arising from this report
- 4.2 There are no staffing and financial implications for the council arising from this report.
- 4.3 No risks arising from this report have been identified for the council at Corporate Level
- 4.4 No issues have been identified in relation to the Town Centre First Principle

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Report prepared by Derek McDonald, industry Support Executive (Rural & Maritime)
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