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Welsh Organic Producer Survey 2011

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While every effort has been made to ensure the accuracy of the results presented in this report, responsibility for any errors rests with the authors and feedback is always welcome. However, the quantification of the scale of the Welsh organic sector is still an imprecise art and there are significant margins for error.

This report is necessarily a summary of a huge quantity of data. Readers wishing for information behind the tables and figures provided are welcome to contact Organic Centre Wales. Also, readers with suggestions for information which would be useful should contact us.

Summary

The 2011 Welsh organic producer survey was undertaken via a telephone survey during October and November 2011. Contact details for a total of 950 Welsh organic producers were identified, and over 700 producers were contacted, resulting in 627 completed surveys, a 66% response rate. Despite a change to a telephone only survey, the response rate was higher than in the previous three years of OCW producer surveys.

Welsh organic land and livestock

Land use data collected through the producer survey and organic certification data available through Defra, are summarised in Table A below. The survey collected data recorded approximately 75,000ha in total from 627 respondents. When these figures were multiplied up to estimate (using the overall survey response rate of 66%), it was estimated that the total Welsh land area under organic management (including woodland) comprised of approximately 114,000ha in 2011. The Defra certification data indicated closer to 122,000ha for 2010/11, which is equivalent to 8.3% of Welsh agricultural land. The main differences between Defra and the survey estimated data were the horticultural areas, which appeared to be smaller within the survey data than the certification statistics.

Table A Welsh 2011 organically managed land areas by enterprise and organic status

	Survey responses				Estimated Total 2011 (from survey data x 1.51)			2010 certified holdings (Defra)		
		Area(ha)			Area(ha)					
Enterprise	Holdings	Organic	In-conv.	Total	Organic	In-conv.	Total	Holdings**	Area(ha)	% Welsh agric.
Forage	-	64981	4484	69465	98500	6800	105300	993	111938	10.0%
Arable	67	3291	100	3391	5000	200	5100	268	6548	8.0%
Hort*	41	85	0	85	130	0	130	162	379	30.1%
Other	-	1878	152	2030	2800	200	3080	474	2227	3.7%
Total	627	70235	4736	74971	106430	7200	113610	1006	121093	8.3%

* Horticulture includes potatoes in this table

** Holding numbers total more than the sum of individual enterprises due to more than one enterprise per holding.

The number of Welsh organic livestock was also surveyed and is shown in Table B, below. Defra certification statistics were used to calculate survey responses for each sector to assist the calculation of estimated total Welsh organic livestock figures. As in the 2010 report, livestock figures were calculated using both the overall survey response rate and individual enterprise response rates. These data were then compared to Defra certification data and the 2010 producer survey estimates. The 2011 estimated figures appeared to be greater than Defra certification statistics for all classes except sows. In particular, the breeding sheep numbers were considerably greater than Defra's figures; with the survey recording greater sheep numbers than Defra statistics state exist in total.

Table B Welsh organically managed breeding livestock

	2011					2010	
	Survey recorded data	Estimate calculated by survey sector response %		Estimate calculated by overall survey response %		OCW Survey*	Defra**
Breeding Cattle	9556	69%	14200		14500	15000	11530
Breeding Sheep	216464	81%	271700		328000	240000	177062
Dairy cows	8055	56%	14300	66%	12200	12000	12478
Laying hens	18933	29%	66300		28700	65000	38405
Sows	71	31%	200		100	95	332

* Estimated total Welsh organic livestock from 2010 Producer Survey

** Defra 2010 certification body data

Sales

Welsh organic sales data shown in Table C indicated that in 2011 Welsh organic farms produced almost 7000 finished beef, 185,000 finished lambs and 66 million litres of milk, all greater than reported in 2010. However, 45% of fully organic finished lambs, 40% of store cattle, and around two thirds of store lambs were sold into the conventional supply chain. Although this was slightly lower than indicated in the 2010 survey, a further 37,000 lambs and 600 finished cattle were reported as sold non-organically due to being in-conversion in 2011: these livestock will enter the fully organic marketplace in 2012.

High conventional prices continue to be attractive to organic producers, with minimal loss of income due to low organic price premiums available for much of the year, but this presents a problem for organic lamb processors looking to maintain year-round supplies. Many organic lambs are still being sold into the conventional store lamb market in the autumn, resulting in an unbalanced supply and a shortage of finished organic lambs in the spring. It is hoped that the recent announcements by Graig Producers/Dunbia of a minimum price guarantee will raise confidence and hence a better balance of supply in 2012. The level of organic finished beef sold non-organically was 11% in 2011, down from 18% in 2010, with a further 10% currently in-conversion. Non-organic dairy and egg sales were minimal, whilst organic pig sales to the conventional market were quite high but within a very small market.

Table C Welsh organically managed livestock sales by enterprise and organic status, (survey recorded and estimated total Welsh organic sales at 66% response rate)

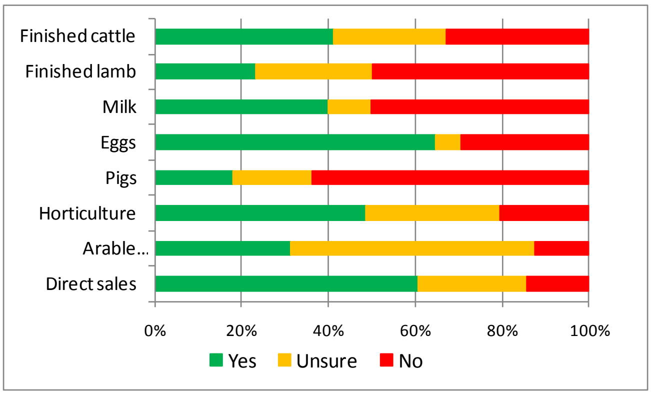
	Survey responses					Estimated sales data*			
	Organic	In-conv.	Other non-organic	Total	% other non-organic	Organic	In-conv.	Other non-organic	Estimated Total
Finished cattle	3686	409	434	4529	11%	5600	600	700	6900
Store cattle	2697	960	1779	5436	40%	4100	1500	2700	8300
Finished lambs	54206	24717	43560	122483	45%	82000	37000	66000	185000
Store lambs	8482	4081	17467	30030	67%	13000	6000	26000	45000
Milk (thou' litres)	42354	238	801	43392	2%	64000	400	1200	65600
Eggs (thou' doz.)	457	0	1	458	0%	700	0	0	700
Pigs (all classes)	264	306	100	670	27%	400	500	200	1100

*Estimated total calculated with overall survey response rate of 66%

Future intentions of producers

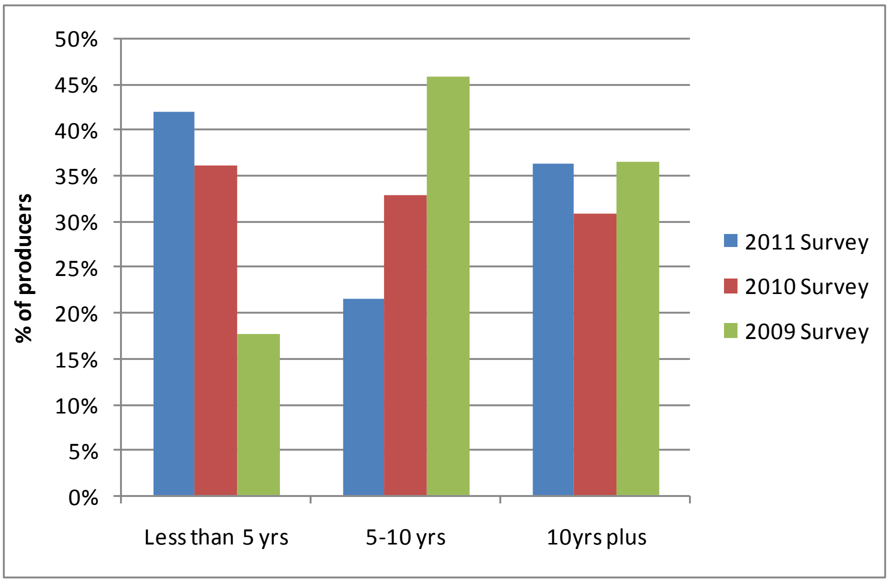
Figure A indicates that despite historically high lamb prices, only 23% of finished lamb producers felt current organic prices were high enough to maintain production: this probably indicates a feeling that the organic premium is insufficient reward for the organic management. Beef and dairy producers were more optimistic but still only 40% of producers felt prices were high enough. Egg and crop/horticulture producers were more confident than beef and lamb producers, but some producers still felt prices were too low compared to production costs.

Figure A Are current prices high enough to continue organic production?



Despite a lack of optimism in some sectors, in the short term, only around 3% of producers intended to cease organic farming in 2011, (the same as in 2010). However, when asked how long they intended to farm organically, 42% said they intended to leave within 5 years. This may relate to the ending of the current Rural Development Plan period and hence their existing organic support agreements. Figure B below indicates that this figure has risen over the last three years, whilst the number of producers intending to farm organically for 10 years plus has remained relatively stable.

Figure B When do producers anticipate ceasing organic production? (2011 to 2009 surveys)



The holding data for the producers intending to cease organic farming were collated, and figures in Table D below indicate that up to 50% of breeding cows and sheep could revert to non-organic, whilst 83% of laying hens and almost 50% of organic arable land could also be lost from organic production.

Table D Potential losses to the Welsh organic sector within the next 5 years

	Livestock no.s/crop area	% of livestock/crop area
Beef cows	3967	42%
Breeding sheep	108552	50%
Dairy cows	613	8%
Laying hens	15800	83%
Sows	10	14%
Horticulture (ha)	0	0%
Arable (ha)	595	46%

Producers indicated a number of factors that were contributing to their intention to cease organic farming within 5 years, but the main reasons were; lower agri-environment (Glastir) payments in the future (26%), poor organic prices/low premiums (20%) and general financial considerations e.g. feed prices (20%). Producers were asked if the revision of Glastir payments for organic farmers had made them reconsider applying for Glastir: 20% said it had, of which half said this had made them more likely to stay organic, whilst 80% said the changes had not made them reconsider their decision.

In conclusion, the 2011 producer survey indicated the Welsh organic sector to be stable with similar land area and livestock figures to 2010, except for numbers of laying hens that appeared to have fallen. Sales figures indicated that the majority of output is now fully organic with only a few producers still in-conversion, whilst the percentage of output sold into an organic supply chain appears to have risen for beef and lamb, despite increases in total organic livestock entering the market.

In the short term the Welsh organic sector appears likely to remain stable, but with 42% of producers stating an intention to revert to non-organic farming, the sector is in danger. The main reasons for wishing to revert are connected, as together they contribute to the overall profitability of the farm. Producers felt organic farming limits their output, through lower stocking rates/lower external input use, whilst they pay higher prices for feed and at present receive only a small premium for their organic product. Their concern is that the Glastir payments will not compensate them for what they perceive to be their loss in profitability due to farming organically, especially where they are currently participating in multiple agri-environment schemes.

In addition to financial considerations, questions concerning the technical issues that producers are facing within their organic farming system also indicated that some producers may be struggling with some technical issues necessary to farm productively with organic methods. For example, some producers stated that they were having issues with forage production (e.g. 29% of dairy producers) or health (20% of lamb producers).

Therefore, to maintain an efficient productive Welsh organic sector it may be necessary to review organic support payments, whilst providing technical advice to ensure producers are maximising returns from their organic system.

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Introduction

The 2011 Organic Centre Wales (OCW) Producer Survey report continues on from the series of Farming Connect funded reports, from 2007 to 2010. This report aims to provide the Welsh organic sector with annual, comparable statistical information and provide data that are otherwise not available from other sources. The survey also aims to provide a means for producers to relay their views on the current state of organic farming to Organic Centre Wales and policy makers. This report was funded through a Welsh Government contract with Organic Centre Wales.

Methods

The survey was carried out by Organic Centre Wales with support from staff of the Institute of Biological, Environmental and Rural Sciences (IBERS), Aberystwyth University. The survey questions were developed during September and October 2011, in consultation with industry stakeholders and the Welsh Government. Data supplied to Defra from organic certification bodies indicated that there were 1006 registered producers in Wales, but some producers had requested not to be contacted and others have multiple holdings, so the final list of producers to contact comprised 950 producers.

The survey comprised of an opening section to capture producers' general views about organic farming, a land area and livestock data section and then sections specific to each enterprise, e.g. beef, sheep etc. In previous years the survey was conducted via post and follow up phone calls, for 2011 it was decided that the survey would be conducted entirely via telephone. This approach allowed for a considerable saving in paper and mailing costs. All producers on the contact list were sent a letter outlining the reasons for the survey and the type of questions to be asked before the phone calls commenced. The survey phone calls commenced on Monday 31st October and concluded by Thu 24th November 2011.

Data collation and analysis was carried out using the same methodology used in previous years. All survey data were transferred into individual MS Excel survey workbooks (with personal data protected by encryption). These data were then extracted to form a database of results, for analysis, from which the results within this summary are presented. Where possible, data from the previous year are presented alongside for comparison, though due to slight changes in the survey questions results may not be directly comparable.

Survey collected data are useful, but to fully understand the implications of the data collected, it is valuable to have figures for the whole organic sector in Wales. Therefore it is necessary to multiply up the survey collected figures to try to present a 100% response level, to give estimated results for the whole Welsh organic sector. In the past and for this report the response rate is used to multiply data up to full Welsh level. This is achieved by dividing the actual survey data by the response percentage. The survey response rate per enterprise was calculated by dividing the number of each enterprise survey responses divided by the number of enterprises present within the Defra certification data (see appendix 1). However, some of the livestock numbers within the 2009 Defra certification data were provisional so the overall survey response rate was also used to calculate data and are shown for comparison. Although this methodology is subject to error and caution should be used when using these data, it does allow for improved interpretation of the figures. For the 2011 report, estimates of the 100% organic data are shown via both overall survey response and enterprise response rates to allow comparison with previous data.

Defra organic certification statistics (collected during 2010)

Organic Centre Wales receives certification data from Defra on an annual basis (see appendix 1). These data are collected annually from producers by the organic certification bodies (now known as Control Bodies, or CBs) during annual inspection visits and are reported to Defra as an EU legal requirement under organic legislation. From these data, OCW carries out a detailed analysis to provide an estimate of the area of organic and in-conversion land and numbers of livestock within Wales. The OCW classification system has remained the same since 2006 to ensure comparability between years, despite varying classification systems used by the UK certifying bodies.

OCW has compiled these statistics into working data for estimating the number and type of Welsh organic holdings, shown in Table 1. Based on certification data collected during 2010 and Welsh agricultural data released by the Welsh Government (2009 is the latest detailed data available), the figures show a slight decrease in the Welsh organic land area in 2011, to 121,093 hectares: equivalent to 8.3% of Welsh agricultural land.

Table 1 Welsh certified organic and in-conversion holdings and land use, 2006 to 2010

		Defra Welsh organic certification data						All Wales 2009*	2010 organic share of Welsh agric. land*
		end 2006	end 2007	end 2008	end 2009	end 2010	*09-10 Change*		
Certified holdings	No.	710	857	1048	1013	1006	*-1%*	23884	4.2%
Total Area	Ha	78973	95865	114393	123623	121093	*-2%*	1454700	8.3%
Cereals	Ha	2144	2361	3002	3591	3193	*-11%*	49951	6.4%
Other arable/fodder crops	Ha	1557	1618	3164	3428	3317	*-3%*	29024	11.4%
Potatoes	Ha	99	96	99	45	38	*-15%*	2554	1.5%
Horticulture (excl. potatoes)	Ha	244	322	362	432	379	*-12%*	1259	30.1%
Tillage	Ha	4044	4397	6627	7495	6928	*-8%*	83584	8.3%
Temp grass	Ha	10564	11286	10125	9904	9474	*-4%*	88052	10.8%
Arable (inc temp. grass)	Ha	14608	15683	16752	17399	16402	*-6%*	171636	9.6%
Perm. grass/rough grazing	Ha	63103	78976	95961	104024	102464	*-1%*	1026867	10.0%
Woodland/other	Ha	1262	1206	1679	2200	2227	*1%*	60831	3.7%

* All Wales data for 2009 (Welsh Government)

Welsh organic livestock data from certification bodies are shown in Table 2, opposite. The table highlights that numbers of livestock in some sectors had increased in 2010, such as beef cows and breeding ewes, but dairy cow and laying hen numbers had both fallen. The 2009 Defra statistics indicated large decreases in sheep and beef cow numbers and were provisional, but the 2010 confirmed these figures despite the significant change between 2008 and 2009.

Table 2 Welsh certified organic and in-conversion livestock numbers, 2006 to 2010

	Defra Welsh certification data						All Wales	2010 organic share of Welsh agric. livestock*
	end 2006	end 2007	end 2008	end 2009	end 2010	*09-10 Change*	2009*	
Beef cows	8470	8985	12119	9627	11530	*20%*	236690	4.9%
Dairy cows	9346	11069	11372	13670	12478	*-9%*	274412	4.5%
Other cattle	23796	25042	30790	26091	28032	*7%*	618866	4.5%
Ewes	148935	179122	262639	143510	177062	*23%*	3457744	5.1%
Other sheep	130426	188475	268570	150420	181038	*20%*	4779993	3.8%
Laying hens	45823	28102	57135	51409	38405	*-25%*	1072666	3.6%
Table birds	80018	83750	99400	104667	104667	*0%*	5568433	1.9%
Other poultry	28059	8837	109112	109676	109446	*0%*	609499	18.0%
Sows	16	82	49	338	332	*-2%*	3010	11.0%
Other pigs	194	649	173	412	359	*-13%*	19798	1.8%
Other livestock	1047	1712	1831	1784	2452	*37%*	no data	-

* All Wales data for 2009 (WG)

Survey response rates

In contrast to previous years, the 2011 survey was conducted entirely via telephone. However, Table 3 below indicates that the survey achieved an overall response rate of 66%, a higher response rate than in the last few years (61%, 65% 62% for 2008,’09,’10 respectively). The table also indicates that 74% of producers on the contact list were spoken to, with a small percentage of declines, and there were others who had given up or reverted to non-organic farming during the last year.

Table 3 Survey response and method of completion

	Number	%
Organic producer survey contact list	950	
Producers contacted	701	74%
Declines	47	5%
Given up farming	6	1%
Reverted to non-organic	21	2%
Survey completed	627	66%

Twenty eight percent of respondents elected to complete the survey in Welsh. The age structure of respondents was: 10% under 40 years, 61% were between 40 and 60, and 30% were over 60.

Table 4 indicates that the number of farm enterprise survey sections completed was similar when compared to last year’s, with beef, sheep and dairying the most common enterprises.

From the number of enterprise/sector survey sections completed it is possible to estimate the total Welsh organic land areas and numbers of organic livestock, to compare with the certification data. To calculate the survey response rate by different enterprises, the number of completed enterprise sections is divided by the number of enterprises identified from the Defra certification data (see Table 1 and Table 2 above).

In Table 4 the survey completion rate column for 2011 shows that although the completion percentage for beef and sheep producers was very high, that other sectors were generally lower, but that most sectors were covered adequately. The lowest completion rates were for arable cropping and horticulture, possibly due to variance in classification of arable between this survey and certification data.

As discussed previously, due to the 2009 certification data being provisional at the time of the 2010 survey, both enterprise response rate and overall survey response rates were used to estimate figures for the whole Welsh organic sector.

Table 4 Completed survey sections compared to enterprises identified from certification data

Enterprise type	2011 survey	2010 survey	2010 Defra certification	Survey completion rate	
				2011	2010
	n	n	n	%	%
Beef	339	317	488	69%	77%
Sheep	399	369	491	81%	92%
Dairy	63	61	112	56%	60%
Pigs	12	13	39	31%	37%
Eggs	18	24	63	29%	42%
Fruit & Vegetables	39	45	162	24%	27%
Grains & Pulses	69	86	268	26%	30%
Direct sales	57	68	n/a	n/a	n/a

For many types of enterprise the number of producers indicating that they had an enterprise within the farm data section was higher than the number completing the enterprise section e.g. 414 producers indicated they had sheep within the farm data section, but only 399 sheep enterprise sections were completed. This is possibly due to a reduced interest whilst completing the later stages of the survey or possibly due to producers having non-commercial livestock/land for their own use.

Horticulture, and to a lesser extent arable cropping, present surveying difficulties, as data for a range of crops and possible marketing routes are required for accurate industry feedback, but producer time to respond to inevitably lengthy questions is limited. The 2011 survey form was amended to make the process simpler for arable and horticultural producers, but due to the large number of potential crops and variance in the size of producers these enterprises remain difficult to survey.

Welsh organic and in-conversion farms

Land area

The organic certification data supplied to Defra was collected over a 12 month period; therefore the data are always out of date by the time of release, therefore the 2011 survey continued to request producers to provide basic information about their land, its use and the land's organic status. The compiled land data shown in Table 5 provides information for both aggregate land types and individual crops in 2010/11. Land data collected through the survey has then been multiplied up to give an indication of estimated Welsh totals for the various categories (based on the overall response rate).

The data for fully organic land shows the majority of land (ca. 93%) is forage with the arable area (including fodder and cereal crops) accounting for most of the remainder. The Welsh horticultural sector forms a small, but intensive part of the picture. As in previous years, the in-conversion land indicated a higher proportion as forage, with lower segments of arable and horticulture. The higher incidence of forage on new converter farms is still likely to be due to the prevalence of beef and sheep producers in conversion. Overall, although some of the data are not directly comparable to Defra statistics,

Table 5 shows that the survey collected data relate reasonably well with Defra data, 'though horticulture is fairly dissimilar, possibly due to the small sample size.

Table 5 Organic and in-conversion land area (ha) in Wales (survey results, multiplied up estimates and end of 2010 Defra certification data)

Crop Type	2011 survey recorded data						Calculated total Welsh areas*			Defra 2010 data
	Fully organic		In-conversion		% conversion split					
	Area ha	% land	Area ha	% splint	Organic %	In-conv %	Organic ha	In-conv ha	Total ha	Total ha
Forage	64981	92.5%	4484	94.7%	93.5%	6.5%	98500	6800	105300	111938
Arable	3291	4.7%	100	2.1%	97.1%	2.9%	5000	200	5100	6510
Horticulture	85	0.1%	0	0.0%	99.6%	0.4%	130	0	130	417
Other	1878	2.7%	152	3.2%	92.5%	7.5%	2800	200	3080	2227
Totals	70235		4736		94%	6%	106430	7200	113610	121093
Grassland	64981	92.5%	4484	94.7%	94%	6%	98500	6800	105300	111938
Fodder crops	914	1.3%	26	0.6%	97%	3%	1400	0	1400	-
Arable forage	1127	1.6%	30	0.6%	97%	3%	1700	0	1800	-
Arable crops (grain)	1250	1.8%	43	0.9%	97%	3%	1900	100	2000	3193
Potatoes	4	0.0%	0	0.0%	100%	0%	10	0	10	38
Horticulture (exc. Potatoes)	81	0.1%	0	0.0%	100%	0%	120	0	120	379
Other	1878	2.7%	152	3.2%	93%	7%	2800	200	3100	2227

*Calculated using survey overall response rate of 66%

Livestock numbers

Producers were asked to provide details of organic and in-conversion livestock retained on their holdings at 31st October 2011, shown in Table 6, below. Although the overall survey response rate was similar in 2011 to 2010: beef, sheep and dairy livestock numbers were higher, though laying hen numbers were substantially reduced.

Table 6 Survey recorded organic/in conversion breeding stock retained in 2011 and 2010

	Organic 2011		In-conversion 2011		2011 Total	2010 Total
	Head	*n*	Head	*n*	Head	Head
Breeding Cattle	8520	*294*	1036	*35*	9556	9136
Growing Cattle	14859	*308*	1639	*34*	16498	12156
Replacement Beef Heifers	1395	*162*	126	*23*	1521	1473
Breeding Sheep	193411	*356*	23053	*50*	216464	148862
Growing Sheep	29663	*220*	4545	*27*	34208	39398
Ewe Lamb Replacements	34002	*307*	5749	*46*	39751	32697
Dairy cows	8037	*66*	18	*1*	8055	7619
Dairy heifers	5192	*68*	0	*0*	5192	4190
Laying hens	18933	*21*	0	*0*	18933	43632
Sows	64	*18*	7	*2*	71	58

From the survey collected data an estimate can be made of the total Welsh organic livestock. As in the 2010 report this calculation has been carried out by calculating the response rate per enterprise type, as well as by using the overall survey response rate calculated total. Table 7 (estimates from sector-specific response rates) and Table 8 (estimates from overall survey response rate), below indicate the estimated total Welsh retained organic and in-conversion stock numbers.

Table 7 Estimated total Welsh organic and in-conversion livestock, (data calculated from individual sector response rates), 2011 and 2010

	Survey response rate	Organic 2011	In-conversion 2011	2011 Total	2010 Estimate*
		Head	Head	Head	Head
Breeding Cattle	69%	12300	2000	14200	15000
Growing Cattle		21400	3100	24500	20000
Replacement Beef Heifers		2000	200	2200	2500
Breeding Sheep	81%	238000	33600	271700	240000
Growing Sheep		36500	6600	43100	63000
Ewe Lamb Replacements		41800	8400	50200	52000
Dairy cows	56%	14300	>1	14300	12000
Dairy heifers		9200	0	9200	6700
Laying hens	29%	66300	0	66300	65000
Sows	31%	200	>1	200	100

* 2010 estimate used a 62% survey overall response rate

Table 8 Estimated total Welsh organic and in-conversion livestock, (data calculated from the overall survey response rate of 66%), 2011 and 2010

	Survey response rate	Organic 2011	In-conversion 2011	2011 Total	2010 Estimate*
		Head	Head	Head	Head
Breeding Cattle	66%	12900	1600	14500	15000
Growing Cattle		22500	2500	25000	20000
Replacement Beef Heifers		2100	200	2300	2500
Breeding Sheep	66%	293000	35000	328000	240000
Growing Sheep		44900	6900	51800	63000
Ewe Lamb Replacements		51500	8700	60200	52000
Dairy cows	66%	12200	>1	12200	12000
Dairy heifers		7900	0	7900	6700
Laying hens	66%	28700	0	28700	65000
Sows	66%	100	>1	100	100

* 2010 estimate used a 62% survey overall response rate

Organic and in conversion livestock numbers are summarised in Table 9, showing survey collected numbers and estimated Welsh totals, together with figures from the 2010 OCW survey and 2010 certification data from Defra for comparison. Due to the different response rates, the estimated total Welsh organic figures vary considerably between calculation methods and in comparison to OCW and Defra data, especially for laying hen numbers.

For cattle the figures calculated per sector are generally similar to the Defra figures. The sheep sector statistics indicate large differences between the Defra certification figures and survey collected data, as the survey recorded over 215,000 breeding sheep, Defra reported approximately 175,000. When the sheep data are calculated up to 100% level the difference is possibly in excess of 100,000 sheep. Dairy cow estimates are more similar, but hen numbers vary considerably between the two calculation methods and Defra data.

Estimated livestock data

Due to the variance between calculation methods, final estimated livestock numbers are likely to be somewhere between the two values, i.e. 14,350 breeding cattle, 300,000 breeding sheep, 13,250 dairy cows, 43,500 laying hens and 150 sows. Due to small numbers of producers, the number of hens and sows is less reliable than the ruminant species.

Table 9 Survey collected (2011), and estimated total Welsh organically managed livestock data, with 2010 OCW survey and Defra certification data for comparison

	2011			2010	
	Actual survey data	Calculated by survey sector-specific response %	Calculated at overall survey response 66%	OCW Survey*	Defra**
Breeding Cattle	9556	14200	14500	15000	11530
Growing Cattle	16498	24500	25000	20000	
Replacement Beef Heifers	1521	2200	2300	2500	
Breeding Sheep	216464	271700	328000	240000	177062
Growing Sheep	34208	43100	51800	63000	
Ewe Lamb Replacements	39751	50200	60200	52000	
Dairy cows	8055	14300	12200	12000	12478
Dairy heifers	5192	9200	7900	6700	
Laying hens	18933	66300	28700	65000	38405
Sows	71	200	100	95	332

* Estimated total Welsh organic livestock from 2010 Producer Survey

** Defra 2010 certification body data

In previous years there were a large number of producers still in-conversion, but Table 10 indicates that numbers are now very low. Due to the reduction in the number of new organic conversions, Table 10 indicates that the majority of producers currently in-conversion will have fully certified organic produce by the end of 2012.

Table 10 Percentage of in-conversion producers reaching full organic status

	2012	2013	2014+	Responses
	%	%	%	*n*
Finished cattle	73%	18%	9%	*22*
Store cattle	70%	27%	3%	*37*
Finished lambs	77%	18%	5%	*56*
Store lambs	69%	19%	12%	*26*

Farm diversification

As indicated in previous producer survey reports, farm diversification continues to be a significant source of income for many organic farms. Table 11 indicates that in 2011, 27% of organic and in-conversion farms had a diversified enterprise, slightly down on 31% in 2010. The individual diversification enterprise data appears to indicate a reduction in the percentage of holdings participating in some diversified activities e.g. on farm retailing and educational activities, possibly as a result of the current economic climate, though this cannot be assumed.

Table 11 Reported level of diversification within Welsh organic and converting farm businesses, 2011

	2011		2010	
	%	*n*	%	*n*
Farm has a diversified enterprise	27%	*168*	31%	*186*
On farm processing	3%	*18*	3%	*21*
On farm retailing	5%	*29*	6%	*37*
Educational activities	1%	*6*	3%	*21*
Tourism activities (with food)	2%	*11*	11%	*68*
Tourism activities (without food)	9%	*54*		
Agricultural contracting	6%	*37*	6%	*35*
Renewable energy	3%	*16*	4%	*23*
Other	4%	*27*	5%	*29*
Multiple diversification enterprises	3%	*18*	8%	*49*

Sales

Livestock sales

Livestock sales recorded through the producer survey are presented in Table 12, (with 2010 survey data for comparison). Sales were split into those sold to an organic certified market, those sold as in-conversion and as non-organic sales for another reason e.g. sold through livestock market.

Survey recorded data indicated that total sales were higher for all sectors except egg sales, though this may be due in part to varying sample sizes between year. Sales to an organic market were also higher, for all but eggs which were considerably lower. In-conversion sales continued to fall for most sectors as less producers remain in-conversion, but non-organic sales for other reasons, such as the lack of an organic market have remained similar or were higher for most sectors in 2011.

Table 12 Reported livestock sales 2011 (with 2010 data for comparison)

	Recorded survey data									
	Organic		Non-organic sales				Total		Responses	
			In-conversion		Other reason				*n*	
	2011	2010	2011	2010	2011	2010	2011	2010	*2011*	*2010*
Finished cattle	3686	2486	409	623	434	534	4529	3643	*146*	*138*
Store cattle	2697	2185	960	1046	1779	1593	5436	4824	*238*	*223*
Finished lambs	54206	39804	24717	31843	43560	37731	122483	109378	*338*	*318*
Store lambs	8482	5770	4081	7520	17467	14394	30030	27684	*165*	*142*
Milk (thou' litres)	41859	35740	238	1270	801	765	42897	37775	*63*	*61*
Eggs (thou' doz.)	457	1218	0	0	1	0	458	1219	*18*	*24*
Pigs (all classes)	264	289	306	30	100	112	745	431	*12*	*15*

As with the retained livestock data (see Table 6), the actual livestock sales recorded by the survey have been multiplied up to estimate sales from the whole of the Welsh organic sector. As with the previous estimates, these values have been calculated by two methods. Table 13 shows data multiplied up by the individual sector response rates; Table 14 shows data multiplied up by the overall survey response rate of 66%.

The total figures presented in Table 13 are higher than the totals calculated for 2010, with higher organic sales for all but the egg sector. Table 14 indicates higher total sales for all sectors, except for eggs. The two tables show close agreement for the beef, sheep and dairy sectors, but where the response rates vary e.g. eggs and pigs, the difference is much larger: their small sample sizes impacts on the likely accuracy of their total output predictions.

Table 13 Estimated total Welsh produced organic livestock sales (based on sector specific response rates)

	Survey response rate	Organic		Non-organic sales				Total	
				In conversion		Other non-organic			
		2011	2010	2011	2010	2011	2010	2011	2010
Finished cattle	69%	5300	3200	600	800	600	700	6500	4700
Store cattle	69%	3900	2800	1400	1400	2600	2100	7800	6300
Finished lambs	81%	67000	43000	30000	34000	54000	41000	151000	118000
Store lambs	81%	10000	6000	5000	8000	21000	16000	37000	30000
Milk (thou' litres)	56%	75000	60000	400	2100	1400	1300	77100	63200
Eggs (thou' doz.)	29%	1600	2900	0	0	0	0	1600	2900
Pigs (all classes)	31%	900	800	1000	100	300	300	2400	1200

Table 14 Estimated total Welsh produced organic livestock sales (based on the 66% survey response rate)

	Survey response rate	Organic		Non-organic sales				Total	
				In conversion		Other non-organic			
		2011	2010	2011	2010	2011	2010	2011	2010
Finished cattle		5600	4000	600	1000	700	900	6900	5800
Store cattle		4100	3500	1500	1700	2700	2600	8200	7700
Finished lambs		82000	64000	37000	51000	66000	61000	186000	175000
Store lambs	66%	13000	9000	6000	12000	26000	23000	46000	44000
Milk (thou' litres)		64000	57000	400	2000	1200	1200	65700	60600
Eggs (thou' doz.)		700	2000	0	0	0	0	700	2000
Pigs (all classes)		400	500	500	0	200	200	1100	700

Table 15 shows the survey recorded non-organic sales to identify the reasons producers did not/were not able to sell their organic output to an organic market, with a fuller discussion for each sector below.

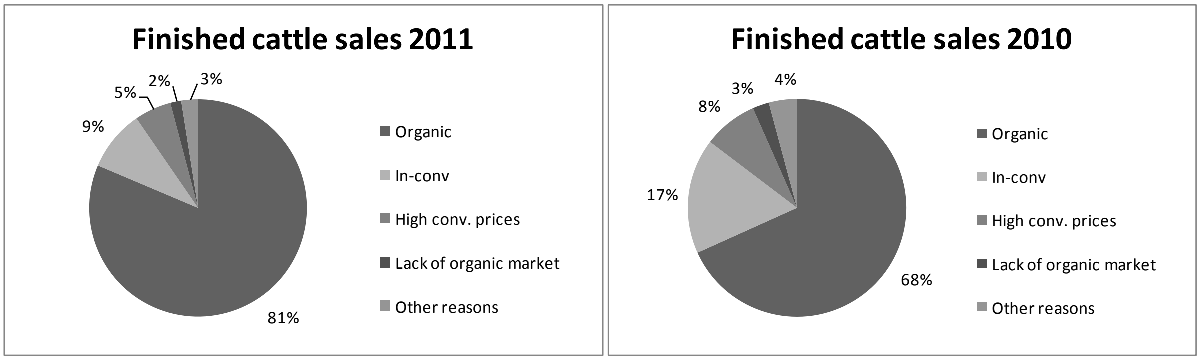
Table 15 Non-organic livestock produce sales (actual sales split by reason for a lack of organic market)

	Actual survey data non-organic sales							
	Due to in-conversion status		Due to finishing spec/high conv. prices		Due to lack of organic market		Due to other reasons	
	2011	2010	2011	2010	2011	2010	2011	2010
Finished cattle	409	623	248	293	73	89	113	152
Store cattle	960	1046	1046	1003	306	190	427	400
Finished lambs	24717	31843	31868	26441	7371	6019	4321	5271
Store lambs	4081	7520	11168	9801	2945	2106	3354	2487
Milk (thou' litres)	238	1270	-	-	801	686	0	79
Eggs (thou' doz.)	0	0	-	-	0	0	1	0

Cattle sales

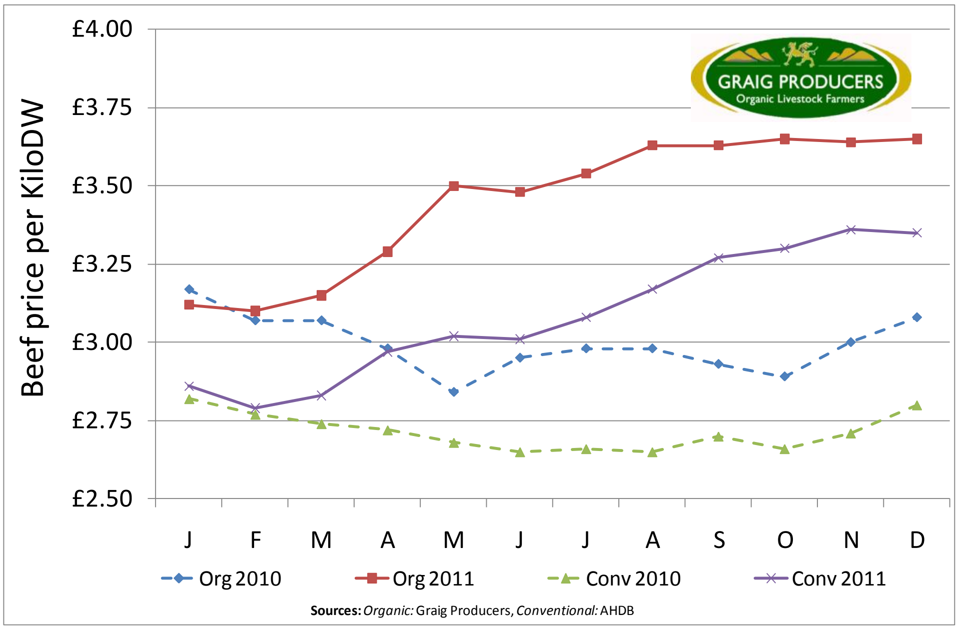
Finished cattle sales were characterised by a lower percentage of in-conversion sales in 2011. Figure 1 indicates that the percentage of sales to the organic market was to 81% in 2011 up 13% compared with 2010 results. In-conversion sales decreased by 8% to only 9% of total sales, with reductions in other non-organic sales as well. The finished cattle price graph indicates higher organic and conventional prices in 2011, but also a slight improvement in the level of organic price premium available for much of the summer.

Figure 1 Finished cattle sales 2011 and 2010



Store cattle sales reflected the pattern of finished cattle sales, with lower levels of in-conversion and non-organic sales due to organic finishing specification, but higher levels of non-organic sales due to a lack of organic market and similar levels of sales for other reasons.

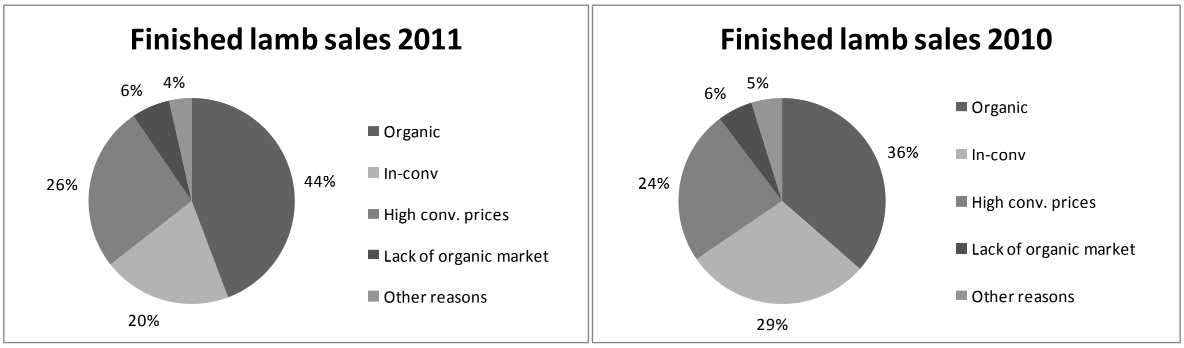
Figure 2 Finished cattle prices 2011 and 2010 (organic and conventional)



Sheep sales

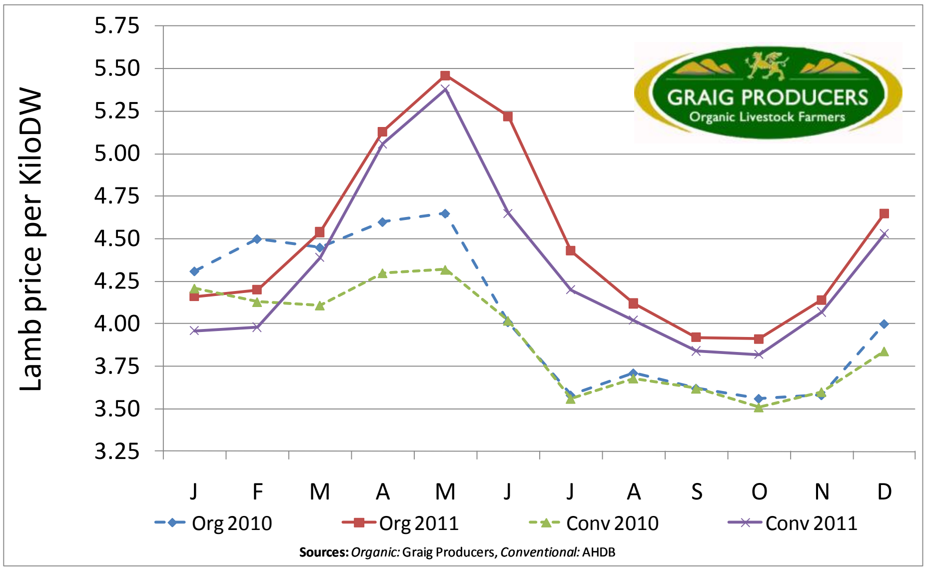
The percentage of total organic finished lambs sold organically increased in 2011, and the percentage of in-conversion sales fell to 20% of total sales. The percentage of non-organic sales (excluding livestock in-conversion) was similar to 2010 at 36%. Figure 4 indicates an overall improvement in lamb prices in 2011, but the premium for organic lamb was minimal for much of the year. The recent announcement by Graig producers and Dunbia Ltd which guarantees a 10p/kg organic price premium, and a minimum price guarantee for the winter months, will hopefully go some way to avoid losses of organic lambs into the conventional lamb market next year.

Figure 3 Finished lamb sales 2011 and 2010



Store lamb sales showed a similar pattern to finished sales, with an increase in the proportion sold organically and a decrease in in-conversion sales. However, organic store sales still only accounted for 28% of sales, with the majority being sold into conventional markets due to high conventional lamb prices.

Figure 4 Finished lamb prices 2011 and 2010 (organic and conventional)



Milk sales

Milk sales data indicates that overall organic milk sales were similar or slightly higher in 2011, with minimal non-organic sales. Due to commercial sensitivities organic milk price data are still not readily available, but surveyed producers indicated that they received an average of 29.7ppl for milk sold organically, up 7% on 2010.

Egg sales

Organic egg sales appear to be lower in 2011 than 2010, though the small number of large producers in Wales makes the estimates less reliable. In terms of price, the average received was £2.34 per dozen, but this varied greatly between producers selling in bulk or direct to the public.

Pig sales

Organic pig sales were higher in than in 2010, though the number of producers is very small in Wales, which will affect the accuracy of estimates.

Livestock marketing routes

Sales from beef and sheep livestock enterprises were recorded by their marketing route, indicating the sales split between different marketing routes.

Table 16 Marketing route of organically produced beef and sheep sales

	Finished sales (%)				Store sales (%)			
	Cattle		Lamb		Cattle		Lamb	
	2011	2010	2011	2010	2011	2010	2011	2010
Direct to abattoir	69	53	57	49	n/a	n/a	n/a	n/a
Producer group	14	21	6	9	2	9	4	2
Livestock mart.	7	17	34	36	70	68	73	78
Direct to public	11	8	3	5	n/a	n/a	n/a	n/a
Direct to another producer	n/a	n/a	n/a	n/a	28	28	22	20
n	*150*	*177*	*376*	*372*	*246*	*229*	*166*	*155*

There was an increase in the percentage of finished stock that was sold direct to an abattoir in both finished beef and lamb in 2011. Finished beef sold direct has risen from 53% in 2010 to 69% in 2011, whilst finished lamb sold direct rose to 57% in 2011 from 49%. Sales via producer groups appear to have fallen by a third. The percentage of finished cattle sales via livestock markets have also fallen, though there was no change for lamb, whilst the percentage sold direct to the public fell for both beef and lamb. The marketing route for both cattle and lamb stores was almost unchanged from 2010.

Livestock feed & fodder

As also identified in previous years, much of the beef sector's feed requirements were sourced as straight cereals with compound feed comprising of about 36% of total requirements, up on 2010 levels. Whilst the beef sector used less concentrated feed in 2011, the sheep sector usage was very similar, and this year the organic sheep sector appears to have used slightly more feed in total than the beef sector, with compound feed making up around 70% of the total, reflecting a different approach to feeding. The organic dairy sector used in excess of 9500t, with compound feed accounting for around 75% of the total concentrate fed.

Based on the overall response rate for the survey (66%), it can be estimated that total organic ruminant concentrate feed requirements for Wales were around 21,000 tonnes, 3000t lower than in 2010.

The proportion of home-grown ruminant feed varied between an (un-weighted) average of 76% for cereals and only 17% for protein, similar to 2010. Compound and cereal prices were similar across the ruminant enterprises, compound feed averaging at around £328 per tonne, slightly higher than £307 in 2010. Cereals fed to ruminants averaged at about £219/tonne, almost identical to 2010 prices. Protein prices were more variable, ranging from an average of £459 for dairy up to £868 per tonne for sheep enterprises.

The pig and poultry sectors were more reliant on bought-in compound feed, averaging at £413 per tonne, 18% higher than in 2010, and considerably more expensive than ruminant feed. Estimating the total organic feed requirements for pig and poultry sectors is difficult to calculate due to small sample sizes.

Table 17 Organic livestock concentrate feed use, proportion bought-in, prices and availability

		Concentrate feed used tonnes	n	Source Home-grown	Bought-in	n	Prices £/t	n	Feed availability* rating	n
Beef	Cereal	1306	*64*	79%	21%	*65*	201	*14*	1.8	*33*
	Protein	48	*20*	7%	93%	*14*	646	*17*	1.6	*16*
	Compound	753	*124*				340	*122*	1.6	*102*
Sheep	Cereal	559	*49*	69%	31%	*49*	204	*14*	1.9	*27*
	Protein	57	*28*	5%	95%	*21*	868	*28*	1.5	*25*
	Compound	1535	*220*				367	*217*	1.7	*185*
Dairy	Cereal	2225	*23*	79%	21%	*26*	251	*6*	1.6	*10*
	Protein	232	*7*	39%	61%	*7*	459	*4*	1.8	*6*
	Compound	7111	*57*				328	*55*	1.5	*46*
Total for ruminants	Cereal	4091	*136*	76%	24%	*140*	219	*34*	1.8	*70*
	Protein	337	*55*	17%	83%	*42*	658	*49*	1.6	*47*
	Compound	9398	*401*				345	*394*	1.6	*333*
Pigs & Eggs	Cereal	100	*9*	59%	41%	*10*	229	*3*	1.5	*5*
	Protein	-	*1*	-	-	*0*	-	*1*	-	*1*
	Compound	899	*23*		0	*0*	413	*23*	2.3	*20*

* Feed availability rated from 1=Good, 2=Sufficient, 3=Difficult, 4=Poor, 0=Don't know/no view

Livestock technical issues

Table 18 highlights the technical issues identified by producers within their organic livestock production system. The beef sector identified forage production as their main concern, with 16% of producers struggling to produce enough forage of sufficient quality, and 10% identified health issues, with TB in particular. Other concerns were often economic, but also included having difficulties finding high quality organic store cattle or breeding replacements.

The primary concern for lamb producers was health, with internal and external parasite control, including fluke control identified as a problem. Similarly to the beef sector, forage production was highlighted, with quantity the main issue.

For organic milk producers forage production was the primary concern, with low forage production and weed control, particularly due to slurry spreading weed seeds was identified. Health was also an issue, with TB being the main concern.

For egg and pig producers, there were some health concerns but, although not a technical issue, the cost of feed was their main difficulty identified.

Table 18 Technical issues identified with organic livestock production

	Beef	Lamb	Milk		Eggs	Pigs
Forage	16%	13%	29%		0	0
Concentrates (energy or protein)	4%	8%	10%		3	0
Health/Biosecurity	10%	21%	11%		2	1
Breeding	5%	5%	2%		1	0
Infrastructure	3%	1%	8%		1	0
Other	15%	11%	10%		4	6
Proportion of respondents	*52%*	*57%*	*75%*	*n=*	*11*	*7*

The long withdrawal periods (approx. 140 days) associated with the use of the injectable anthelmintic, (Moxidectin) for sheep scab control had previously been identified as a potential issue for organic sheep farmers. Table 19 indicates that around 28% of sheep producers responding to this question had used a product containing Moxidectin, and of them 35% felt that the long withdrawal period had affected their ability to market stock. Many of the comments confirmed that producers primarily used this drug within the breeding flock, so marketing issues were less of a problem, but some concern was expressed at the fear of sheep contracting scab and therefore having to treat ewes or store lambs during winter finishing.

Table 19 The use of injectable anthelmintic and its effect on marketing of stock

Sheep injectable used?	Yes	No	*n*
	28%	72%	*389*
Affected stock marketing?	Yes	No	*n*
	35%	65%	*104*

Horticulture and arable cropping

Horticulture

Data collection within the horticultural sector proved difficult again due to the small number of producers and the large variety of crops, as well as the varying markets supplied. Table 20 indicates the areas of differing horticultural crop types and the average marketing route for that crop type. It was not possible to quantify output due to the high number of crops and varying scale of operations.

Holdings producing mixed market crops, field vegetables and fruit were the most prevalent, with a high percentage of produce sold direct to the public and minimal bulk sales.

Table 20 Horticulture production, prices and market split

	Area (ha)	Marketing routes			
		Direct to public	Wholesale	Bulk	*n*
Mixed market garden	8.7	74%	26%	0%	*15*
Potatoes	19.7	-	-	-	*4*
Field veg	27.0	69%	23%	8%	*20*
Fruit	21.1	59%	41%	0%	*10*
Other crops	17.7	-	-	-	*4*
Total	94.2				
n	*41*				

- data not shown as sample <5

Table 21 indicates that nearly a third of horticultural growers experienced difficulties in controlling weeds during the 2011 growing season, with some having seed issues and a variety of other factors also affecting many producers, including disease, machinery and adapting to changing weather and climate pattern problems.

Table 21 Percentage of horticultural producers experiencing difficulties with various factors

Difficulty	% respondents
Weeds	29%
Seeds/variety choice	5%
Disease	2%
Access to labour	10%
Climate /weather	5%
Access to machinery	2%
Other	17%
Producers identifying technical problems	*71%*

Producers were asked about any marketing difficulties they had experienced, with 21 stating a difficulty. Of those, 48% indicated a lack of market, 10% had logistical problems, 5% felt the organic price was insufficient and 38% had other issues such as needing marketing assistance or assistance with processing facilities.

Arable cropping

Table 22 indicates that in 2011 the largest arable crop areas were barley, wheat and oats, with the majority being produced for home-grown feed. Average prices obtained by producers varied between £218 and £247 per tonne.

Table 22 Arable production, prices and marketing route (2011 harvest)

	Area (ha)	Total prod. (t)	Sales vol. (t)	Price (£/t)	Marketing routes			
					n	Direct to a farmer	Whole-sale	Bulk
Wheat	212	925	396	247	*10*	58%	13%	30%
Barley	378	1678	196	218	*12*	86%	0%	14%
Oats	195	807	252	244	*11*	71%	20%	9%
Triticale	140	576	-	-	*4*	-	-	-
Peas or beans	55	258	-	-	*1*	-	-	-
Cereal/legume	-	-	-	-	*1*	-	-	-
Other crops	-	-	-	-	*1*	-	-	-
Total	981	4243	7292	89				
n	*102*	*99*	*34*	*36*				

- data not shown due to small sample size

Table 23 indicates that over 40% of arable respondents experienced difficulties in controlling weeds during the 2011 growing season, with other factors also affecting some producers, including machinery and changing climate and weather concerns problems.

Table 23 Percentage of arable producers experiencing difficulties with various factors

Difficulty	% respondents
Weeds	42%
Seeds	9%
Disease	0%
Labour	0%
Climate change	4%
Machinery	0%
Other	15%
Producers identifying technical problems.	*70%*

Producers were asked about any marketing difficulties they had experienced, with 20 stating difficulties. Around 40% of these said there was a lack of market, whilst 60% had other issues such as the weather made marketing difficult or changes in cow rations by dairy farmers moving between straights and concentrates made planning difficult.

Direct sales

Fifty seven respondents indicated they were involved in some form of selling direct to the public (9% of survey respondents). Table 24 shows that meat and vegetables were the most widely directly sold products.

Table 24 Main type of produce sold

	% of direct sellers
Meat	44%
Dairy	9%
Eggs	7%
Vegetables	23%
Fruit	5%
Mixed Content	12%
n	*57*

Table 28 indicates the high importance of direct sales to the majority of the producers involved in direct sales, with almost 50% relying on direct sales for over 80% of their turnover.

Table 25 Percentage of total business turnover from direct sales

	%
0-20%	27%
20-40%	8%
40-60%	10%
60-80%	7%
80-100%	48%

In 2011, an increased number of producers selling directly to the public (67%) felt that their sales had not changed in the last 12 months, with only 21% stating that their direct sales had increased.

Table 26 Direct sales changes during the previous 12 months

	2011	2010
Up by 10%+	7%	20%
Up by 1-10%	14%	13%
No change	67%	50%
Down by 1- 10%	5%	9%
Down by 10%+	7%	8%
n	*58*	*64*

Future intentions of producers and market development

Future intentions of organic producers

In 2011 over three quarters of organic respondents intended to continue organic production without change in the next 12 months, which is similar to results from 2010 and 2009 of 79% and 75% respectively (see Table 27). Around 9% of producers indicated that they planned to intensify production, with another 2% looking to buy or rent more organic land. Only 2% were looking to reduce production, another 2% were planning to revert to non-organic production, and another 1% planning to give up farming completely.

Table 27 Welsh organic producers' organic farming intentions for the next 12 months (data for 2007 – 2011)

	2011	2010	2009	2008	2007
No change	77%	79%	75%	63%	70%
Buy/rent more land	2%	3%	15%	14%	19%
Intensify production	9%	8%	-	-	-
Reduce production	3%	2%	4%	11%	-
Give up farming completely	1%	1%	1%	1%	-
Revert to conventional farming	2%	3%	1%	2%	-
Change enterprises	1%	2%	-	-	-
Other	5%	2%	5%	9%	11%
n	*570*	*536*	*560*	*366*	*405*

- *option not asked*

Producers were asked for their views on whether the current (2011) prices for products were high enough to continue producing organically (shown in Table 28). Beef producers were more positive in 2011 with 41% of finished beef producers considering that current prices are high enough, compared to 15% in 2010, but 39% of finished beef producers thought the current price was insufficient. The sheep sector showed similar results to 2010, though producers were slightly less negative about prices. The organic dairy sector was more positive with 40% of producers believing prices to be high enough, but 40% still thought prices were too low. Egg producers had similar views to last year but pig producers were less confident, with only 18% thinking prices are high enough compared to 27% in 2010. Both horticulture and arable producer views were similar overall to 2010 figures. Producers undertaking direct organic sales were also similar to 2010, with 61% indicating prices were high enough to continue operating organically.

Table 28 Are current (2011) prices for products sufficiently high to continue producing them organically?

	Definitely		Probably		Not Sure		Probably Not		Definitely Not		2011
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	*n*
Finished cattle	2%	2%	39%	13%	26%	34%	21%	32%	11%	20%	*192*
Store cattle	2%	1%	31%	17%	28%	31%	26%	33%	13%	18%	*241*
Finished lamb	2%	3%	21%	20%	27%	21%	30%	32%	20%	23%	*338*
Store lamb	1%	2%	16%	14%	37%	27%	25%	34%	20%	23%	*207*
Milk	8%	7%	32%	24%	10%	17%	18%	28%	32%	24%	*60*
Eggs	0%	25%	65%	29%	6%	17%	12%	13%	18%	17%	*17*
Pigs	0%	0%	18%	27%	18%	36%	18%	9%	45%	27%	*11*
Horticulture	15%	3%	33%	40%	31%	33%	13%	18%	8%	8%	*39*
Arable cropping	2%	7%	29%	28%	56%	52%	6%	12%	6%	2%	*48*
Direct sales	18%	19%	43%	46%	25%	16%	11%	16%	4%	3%	*56*
Average (weighted)	3%	4%	28%	20%	29%	28%	24%	30%	16%	19%	

In the previous two Welsh producer surveys the percentage of producers indicating they intend to cease organic farming in the next five years has increased from 18% in 2009, to 36% in 2010, and data in Table 29 indicates this has risen to 42% in 2011. There appears to be around a third of producers who have a long term commitment to organic farming, but the number committed for 5-10 years has fallen, with more intending to quit organic farming sooner.

Table 29 Length of time producer intends to remain organic

Year	2011	2010	2009
Less than 5 yrs	42%	36%	18%
5-10 yrs	22%	33%	46%
10yrs plus	36%	31%	36%
n	*561*	*531*	*565*

When these data are directly linked to farm enterprise data for each holding they indicate that almost 50% of organic sheep enterprises, 40% of beef, pigs and arable could have disappeared by 2016. When the holdings potentially affected are matched to their stock data they indicate that 83% of laying hens, 50% of breeding sheep, 46% of arable land and 42% of beef cows could be lost from current Welsh organic levels.

Table 30 Potential losses within the Welsh organic sector in the next 5 years

Enterprise	% of holdings	*Number of holdings*	Livestock/area of holdings at risk	% of livestock /area at risk
Beef	40%	*134*	3967	42%
Sheep	48%	*190*	108552	50%
Milk	21%	*13*	613	8%
Eggs	26%	*5*	15800	83%
Pigs	42%	*5*	10	14%
Horticulture	20%	*8*	0	0%
Arable	39%	*26*	595	46%
Direct	12%	*7*	*#N/A*	*#N/A*

Producers were asked an open question on their main reason(s) for considering ceasing organic farming within the next five years: their results were classified into seven categories displayed in Table 31, below. The main concerns were identified as lower agri-environment payments for organic farming through the Glastir scheme and uncertainty of CAP reform in general; the price of organic output/lack of organic price premium and general financial concerns about the high cost of organic feed and paperwork and cost requirements of certification. The overall consensus from producer comments was that they feel future organic support payments are unlikely to financially compensate them for what they perceive as lost income as a result of higher feed costs, a minimal organic price premium and lower stocking rates.

Table 31 Producer reasons for considering leaving organic farming within five years

	2011	2010
Age/retirement/family	8%	11%
Paperwork with AE	0%	3%
Inspection/org cert	8%	14%
Market prices	20%	28%
Glastir	26%	22%
Financial	20%	16%
General	18%	5%
n	*274*	*261*

Producer organic farming intentions were also cross-referenced with their age to understand if there was a link to age e.g. due to retirement plans: 8% indicate retirement or family reasons for withdrawal (above). However, Table 32 shows that although only 25 respondents (11%) of those intending to cease organic production within five years were aged under 40, this represented 44% of producers in that age category. Although 32% of producers aged over 60 intend to cease organic production within five years, 42% of 40-60 year olds also intend to cease organic production. Therefore it can be assumed that the decision of the majority of farmers is not related to their age.

Table 32 The age of producers intending to cease organic farming within 5 years

	% split by age	% of age group	*n*
Less than 40	11%	44%	*25*
Between 40-60	65%	42%	*148*
Over 60	24%	32%	*55*

Agri-Environment Scheme Participation (including Glastir)

Welsh organic farmers have historically participated in agri-environment (AE) schemes, as reflected in Table 33 below. Unsurprisingly most are participating in one of the Organic Farming Schemes and 49% are in Tir Gofal.

Table 33 Agri-environment scheme participation

Scheme	%	*n*
OFS	89%	*561*
Tir Mynydd	65%	*405*
Tir Cynnal	20%	*125*
Tir Gofal	49%	*307*
Other e.g. ESA	0%	*2*

Due to high levels of participation, the loss of the Tir Gofal income and the lack of guarantee of access to, and payment rates within, the Targeted Element will have a disproportionate impact on organic farmers. The need to replace what has been seen as a major enterprise may explain why, despite previous involvement in existing AE schemes, only around 27% of organic producers have applied to join the All Wales Glastir element with 55% definitely not applying (see Table 34). Although the Targeted Element of Glastir is by invitation, only 5% of producers have applied.

Table 34 Glastir intentions

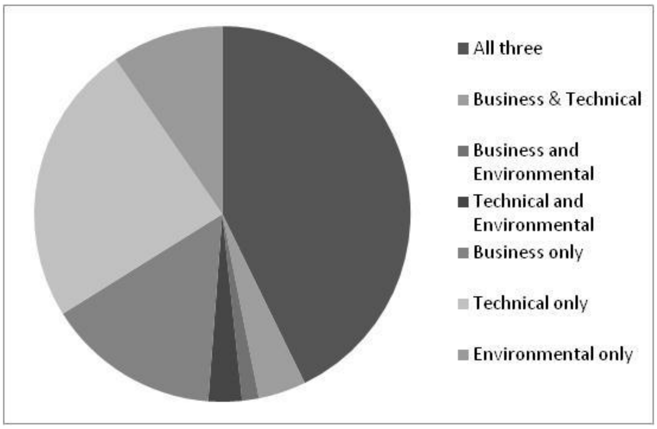
Glastir Scheme	Applied?	2011		2010
		%	*n*	%
All Wales	Yes	27%	*154*	26%
	No	55%	*313*	29%
	Unsure	18%	*105*	45%
Views influenced by recent change?		19%	*100*	n/a
Targeted	Yes	5%	*27*	13%
	No	72%	*377*	32%
	Unsure	23%	*123*	55%

When producers were asked if the recent amendments to the Glastir scheme (to include an organic maintenance payment) had affected their decision of whether to remain organic; only 14% of the 535 producers who responded said it had affected their decision. Producers were also asked if they had applied for the ACRES (a carbon reduction capital payment scheme, however only 1% of the 514 producers who answered said they had applied, with 23% currently unsure if they would apply.

Farming Connect support

Producers were asked what type of support they would like through Farming Connect and given the options of business, technical or environmental. Two thirds of organic producers responded to the question, of which 63% requested business support, 74% technical and 57% environmental support.

Figure 5 Organic business Farming Connect support requirements



Conclusions

Despite a change to the survey methodology, good response rates were achieved from the telephone survey. The majority of respondents chose to respond through the language of English, whilst 28% answered in Welsh. The age of respondents was largely in the 40-60 age bracket but 10% of farmers were under 40, although over 40% of this age group suggested they may leave organic farming within five years.

The 2011 producer survey indicated the Welsh organic sector to be stable with similar land area and livestock figures to 2010, except for numbers of laying hens that appeared to have fallen. Sales figures indicated that the vast majority of output is now fully organic with only a few producers with livestock or land still in-conversion. The percentage of output sold into an organic supply chain appears to have risen for beef and lamb, despite increases in total organic livestock entering the market.

In the short term the Welsh organic sector appears likely to remain stable: producers of organic cattle, milk and eggs are more confident than last year that the price being achieved justifies continued organic production. Horticulture producers were slightly more optimistic but arable producers were slightly less optimistic than 2010. Lamb producers had not changed their views greatly: only 23% considered the price adequate to continue organic production.

However, with 42% of producers expressing some intention to revert to non-organic farming, the sector is in danger. The main reasons for wishing to revert are connected, as together they contribute to the overall profitability of the farm. Producers felt organic farming limits their output, through lower stocking rates/lower external input use, whilst they pay higher prices for feed and at present receive only a small premium for their organic product. The consensus from producer comments was that they felt future organic support payments were unlikely to financially compensate them for what they perceive as lost income as a result of higher feed costs, a minimal organic price premium and lower stocking rates.

This financial concern was particularly true where producers were currently participating in multiple agri-environment schemes: 49% of respondents were participants in Tir Gofal, and they made up 61% of respondents that identified that low Glastir payments were a reason for reverting to conventional farming.

In addition to financial considerations, questions concerning the technical issues that producers are facing within their organic farming system also indicated that some producers may be struggling with technical aspects necessary to farm productively with organic methods. For example, producers stated that technical constraints included forage production (e.g. 29% of dairy producers) and health (20% of lamb producers).

To maintain an efficient, productive, Welsh organic sector it may be necessary to provide confidence in future organic support payments, but also to support producers to ensure they have productive, sustainable systems and are maximising returns from their organic system.

Appendix 1 – Defra Certification Body Data (end of 2010)

		Defra Welsh certification data					Change
		end 2006	end 2007	end 2008	end 2009	end 2010	
Holdings	Number	710	857	1048	1013	1006	-1%
Land use	Hectares						
Area	Hectares	78973	95865	114393	123623	121093	-2%
Cereals	Hectares	2144	2361	3002	3591	3193	-11%
Other arable	Hectares	1557	1618	3164	3428	3317	-3%
Potatoes	Hectares	99	96	99	45	38	-15%
Horticulture	Hectares	244	322	362	432	379	-12%
Tillage	Hectares	4044	4397	6627	7495	6928	-8%
Temp grass	Hectares	10564	11286	10125	9904	9474	-4%
Arable land (inc temp grass)	Hectares	14608	15683	16752	17399	16402	-6%
Permanent grass/rough grazing	Hectares	63103	78976	95961	104024	102464	-1%
Woodland/other	Hectares	1262	1206	1679	2200	2227	1%
Livestock numbers (excluding non-organic stock on organic farms)							
All cattle	Head	41612	45096	54281	49388	52040	5%
Dairy cows	Head	9346	11069	11372	13670	12478	-9%
Est. milk output	Million lits	50	61	63	75	69	-9%
Beef cows	Head	8470	8985	12119	9627	11530	20%
Est. finished cattle	Head	8000	8500	11500	9250	11000	19%
All sheep	Head	279361	367597	531209	293930	358100	22%
Ewes	Head	148935	179122	262639	143510	177062	23%
Lambs/yearlings	Head	129359	185762	266908	148917	179516	21%
Other sheep	Head	1067	2713	1662	1503	1522	1%
Poultry	Head	153800	120689	265647	265752	252518	-5%
Laying hens	Head	45823	28102	57135	51409	38405	-25%
Est. eggs	Million dz.	1.1	0.7	1.3	1.2	0.9	-25%
Table birds	Head	80018	83750	99400	104667	104667	0%
Est. finished chickens	Thousand	280	293	348	350	350	0%
Other poultry	Head	28059	8837	109112	109676	109446	0%
Sows	Head	16	82	49	338	332	-2%
Other pigs	Head	194	649	173	412	359	-13%
Goats	Head	35	28	23	17	25	47%
Camelids	Head	318	323	330	215	285	33%
Horses/donkeys	Head	214	390	447	316	34	-89%
Deer	Head	342	426	399	329	348	6%
Other	Head	138	545	632	907	1760	94%