

23 March 2017
SFR 28/2017

Aggregate agricultural output and income, 2016

In summary, the decrease in aggregate agricultural output and rise in intermediate consumption seen in 2016 were partly offset by the increase in agricultural subsidies. Total Income from Farming was then around 12 per cent lower than the previous year.

Between 2015 and 2016, the following changes are **estimated** in the headline measures of aggregate agricultural output and income in Wales:

- The value of **aggregate agricultural output** (gross output) fell by £33 million (or 2%) to £1,447 million.
- **Intermediate consumption** (the goods and services consumed or used in the production process) increased by £18 million (or 2%) to £1,092 million. This is, in effect, an increase in costs.
- **Gross Value Added** (aggregate agricultural output, less intermediate consumption) decreased by £51 million (or 13%) to £355 million.
- **Total Income from Farming** (TIFF: see [Notes](#)) fell by £20 million (or 12%) to £157 million, after a fall of £54 million (or 23%) between 2014 and 2015. Total Income from Farming in 2016 remained above the figure for 2012 (£147 million).

Driving factors for these **estimated** changes in headline measures were:

- The value of **milk and milk products** fell by £35 million (or 8%) to £413 million. This reflects another fall in the milk price in 2016 and an expected small decrease in production. Milk and milk products still represent just under one-third of the value of agricultural output in Wales.
- The value of output from **sheep** increased by £10 million (or 4%) to £267 million. The value of output from **cattle** increased by £5 million (or 1%) to £376 million. In combination, gross output from cattle and sheep outputs represents 44% of the value of agricultural output in Wales. **Capital formation in livestock** fell by £16 million (or 21%) to £61 million.
- **Feeding stuffs** increased by £8 million (or 3%) to £346 million, although this was considerably lower than £395 million seen in 2014. Feeding stuffs are the largest component of intermediate consumption (at just under a third).
- The value of **Other Subsidies** increased by £31 million (or 13%) to £267 million. This largely reflects the expected higher Basic Farm Payment (17% increase), due to the fall in the value of the pound and therefore the weaker exchange rate when payment rates in sterling were determined at end September 2016.

About this release

This release provides forecast estimates of aggregate agricultural output and income at the Wales level for 2016, including Total Income from Farming. These results are produced using internationally agreed national accounting principles.

These forecast estimates for 2016 make use of information available up to March 2017. In the next annual release scheduled for March 2018 (provisional), the figures for both 2015 and 2016 will be revised to incorporate additional up-to-date information.

In this release

Aggregate agricultural output and income	2
Notes	3
Key quality information	4

Table 1: Aggregate Agricultural Account, 2014 to 2016

£ million	Calendar Years		
	2014	2015 Provisional	2016 Forecast
Outputs:			
1. Cereals	18	21	21
2. Other Crops	8	7	8
3. Potatoes	10	13	17
4. Horticulture	41	41	45
5. Livestock	709	686	696
<i>of which:</i>			
Cattle	363	372	376
Sheep	272	257	267
Pigs	7	5	5
Poultry	67	52	47
6. Livestock Products	610	506	470
<i>of which:</i>			
Milk and Milk Products	549	448	413
Eggs	48	43	41
Clip Wool	7	6	5
7. Capital Formation in Livestock	89	77	61
8. Other Agricultural Activities	84	77	78
9. Inseparable Secondary Activities	49	51	52
10. Gross Output (at market prices) (1+2+3+4+5+6+7+8+9)	1,619	1,479	1,447
11. Total Subsidies on Product	0	0	0
12. Gross Output at basic prices	1,619	1,479	1,447
Intermediate Consumption:			
13. Intermediate Consumption	1,201	1,074	1,092
<i>of which:</i>			
Feeding stuffs	395	338	346
Veterinary and Medical Expenses	61	59	61
Fertilisers and Lime	108	94	84
Machinery Expenses	149	125	128
Farm Maintenance	37	37	39
Contract Work	83	75	75
Other Farming Costs	324	305	318
14. FISIM (Financial Intermediation Services Indirectly Measured)	23	22	23
Value Added and Income:			
15. Gross Value Added at basic prices (12-13)	417	406	355
16. Gross Value Added at market prices (10-13)	417	406	355
17. Consumption of Fixed Capital	298	302	298
<i>of which</i>			
Buildings and Works	92	92	93
Vehicles, Plant and Machinery	137	141	146
Livestock	70	69	58
18. Net Value Added (at basic prices) (15-17)	119	104	57
19. Other Subsidies	262	235	267
20. Net Value Added (at factor cost) (18+19)	381	339	324
21. Compensation of Employees	108	122	125
22. Interest	15	18	20
23. Rent	25	21	21
24. Total Income from Farming (20-21-22-23)	232	178	157

Notes

Total income from farming is income generated by production within the agriculture industry, including subsidies. It represents business profits plus remuneration for work done by owners and other unpaid workers. It excludes changes in the value of assets, including stocks, due to price changes. It includes non-agricultural activities such as further processing or tourist activities where these cannot be separated from the agricultural business. It is the preferred measure of aggregate income, conforming to internationally agreed national accounting principles, required by both UK National Accounts and by Eurostat.

Financial Intermediation Services Indirectly Measured (FISIM) is an estimate of the value of the services provided by financial intermediaries, such as banks, for which no explicit charges are made; instead these services are paid for as part of the margin between rates applied to savers and borrowers. The supposition is that savers would receive a higher interest rate and borrowers pay a lower interest rate if all financial services had explicit charges. In these accounts, the amounts of interest paid and received are adjusted and the amount of FISIM is recorded with intermediate consumption.

Other subsidies

Included in Other Subsidies (line 19 of the account) are the following:

- Single Payment Scheme for 2014, and the Basic Payment Scheme for 2015 and 2016.
- Agri-environment payments (including Glastir, and legacy schemes such as Tir Mynydd and Tir Gofal).
- Animal disease compensation (predominantly bovine TB) for 2014 to 2016.
- Payments to Welsh dairy farmers from the EU Dairy Package (£3.2 million in 2015), and the EU Milk Reduction Fund (£1.1 million for 2016, although this will actually be paid in 2017).

These subsidies are not included in agricultural output since they are decoupled from production, but they are included in Total Income from Farming (TIFF) in accordance with National Accounting conventions.

The Single Payment Scheme was introduced in 2005, and was replaced by the Basic Payment Scheme in 2015. Basic Payment Scheme information included in the 2016 forecast is based on an estimate of the total value that will be paid as a result of applications made in 2016. In other words, the 2016 forecast includes all basic payments made to date **and** an estimate of the value of payments that will be made throughout 2017 (for applications made in 2016). Similarly for agri-environment payments, the 2016 forecast includes Glastir payments made to date **and** an estimate of the value of payments that will be made throughout 2017 (for 2016 Glastir contracts). All of these estimates will be revised in future publications when final figures become available.

Rounding

The figures shown in this release have been rounded to the nearest million pounds. Calculations (such as percentage or actual change) have been applied on unrounded figures.

Key quality information

The Aggregate Agricultural Account is compiled using data from a wide variety of sources, for example, agricultural surveys, livestock markets, marketing organisations and the Department for Environment, Food and Rural Affairs (DEFRA). This release contains information available up to March 2017.

Figures for previous years are regularly revised to incorporate up-to-date information. Table 2 below shows revisions to figures for 2014 and 2015 that have been made in this edition of the release.

Table 2: Revisions made to the 2014 and 2015 aggregate agricultural account in this release

		<i>£ million</i>			
		Published 25 February 2016	Published 23 March 2017	Actual change	% change
2014	Gross Output	1,586	1,619	33	2.1%
2014	Intermediate Consumption	1,200	1,201	1	0.1%
2014	Gross Value Added	386	417	32	8.2%
2014	Net Value Added (at factor cost)	350	381	31	8.7%
2014	Total Income from Farming	201	232	31	15.5%
2015	Gross Output	1,495	1,479	-16	-1.1%
2015	Intermediate Consumption	1,110	1,074	-37	-3.3%
2015	Gross Value Added	385	406	21	5.4%
2015	Net Value Added (at factor cost)	326	339	13	4.0%
2015	Total Income from Farming	175	178	3	1.5%

The figures in this release will be revised in the future to include up-to-date information from sources such as the Farm Business Survey for 2016-17. Any revisions to the 2016 agricultural output and income figures will be published alongside forecast estimates for 2017 in March 2018 (provisional). In line with the above, the figures for agricultural output and income in 2014 and 2015 have been revised to incorporate up-to-date information. Figures for 2015 remain provisional.

Methodological and terminological changes were made in 1998 to conform to the requirements of both the 1993 System of National Accounts (SNA) and the UK National Accounts.

Well-being of Future Generations Act (WFG)

The Well-being of Future Generations Act 2015 is about improving the social, economic, environmental and cultural well-being of Wales. The Act puts in place seven well-being goals for Wales. These are for a more equal, prosperous, resilient, healthier and globally responsible Wales, with cohesive communities and a vibrant culture and thriving Welsh language. Under section (10)(1) of the Act, the Welsh Ministers must (a) publish indicators (“national indicators”) that must be applied for the purpose of measuring progress towards the achievement of the Well-being goals, and (b) lay a copy of the national indicators before the National Assembly. The 46 national indicators were laid in March 2016.

Information on indicators and associated technical information - [How do you measure a nation's progress? - National Indicators](#)

Further information on the [Well-being of Future Generations \(Wales\) Act 2015](#).

The statistics included in this release could also provide supporting narrative to the national indicators and be used by public services boards in relation to their local well-being assessments and local well-being plans.

Further details

This statistical release is available at:

<http://gov.wales/statistics-and-research/aggregate-agricultural-output-income/?lang=en>

Useful links

The statistical release "[Farm income forecasts for Wales, 2016-17](#)" is also published on 23 March 2017.

More detailed statistics for agriculture in Wales can be found on our [farming statistics page](#).

DEFRA are scheduled to publish first estimates of Total Income from Farming in the United Kingdom for 2016 in April 2017 (provisional) on [GOV.UK](#). All official statistics on Total Income from Farming in the UK and constituent countries are considered by Defra as "Fully Comparable at level C" of the [UK Countries Comparability Scale](#) across countries.

Agriculture in the United Kingdom 2016 will be published by DEFRA on 25 May 2017 on [GOV.UK](#).

The Scottish Government published [Total Income from Farming Estimates for Scotland](#) for 2016 on 31 January 2017.

Northern Ireland [agricultural income \(provisional\) figures for 2016](#) were published by the Department of Agriculture, Environment and Rural Affairs (DAERA) on 31 January 2017

Next update

March 2018 (provisional)

We want your feedback

We welcome any feedback on any aspect of these statistics which can be provided by email to stats.agric@wales.gsi.gov.uk.

Open Government Licence

All content is available under the [Open Government Licence v3.0](#), except where otherwise stated.

