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Aggregate agricultural output and income, 2018

Both Gross Value Added and Total Income from Farming were lower in 2018 than the previous year, by 2% and 12% respectively. Although aggregate agricultural output increased in 2018, this was offset by the large increase in intermediate consumption. The 2018 forecast is still at a high level from 2017 following low Total Income from Farming in 2015 and 2016.

Between 2017 and 2018, 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) rose by £84 million (or 5%) to £1,677 million.
- **Intermediate consumption** (the goods and services consumed or used in the production process) increased by £97 million (or 9%) to £1,178 million. This is, in effect, an increase in costs.
- **Gross Value Added** (aggregate agricultural output, less intermediate consumption) fell by £12 million (or 2%) to £498 million.
- **Total Income from Farming** (TIFF: see [Notes](#)) decreased by £43 million (or 12%) to £308 million.

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

- The value of **milk and milk products** rose by £50 million (or 10%) to £568 million, driven by a large rise in farm gate milk prices in the UK. Milk and milk products represent just over a third of the value of agricultural output in Wales.
- The value of output from **cattle** fell slightly by £3 million (or 1%) to £404 million. The value of output from **sheep** increased by £14 million (or 7%) to £278 million. In combination, gross output from cattle and sheep represents 41% of the value of agricultural output in Wales.
- **Feeding stuffs** increased by £47 million (or 13%) to £396 million, just above the £395 million seen in 2014. Feeding stuffs are the largest component of intermediate consumption, at around a third.
- **Other farming costs** also increased by £33 million (or 11%) to £343 million and represent almost 30% of intermediate consumption.
- The value of **other subsidies** increased slightly by £2 million (or 1%) to £298 million.

About this release

This release provides forecast estimates of aggregate agricultural output and income at the Wales level for 2018, including Total Income from Farming. These results are produced using internationally agreed national accounting principles.

These forecast estimates for 2018 make use of information available up to March 2019. In the next annual release scheduled for March 2020 (provisional), the figures for both 2017 and 2018 will be revised to incorporate additional up-to-date information.

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Table 1: Aggregate Agricultural Account, 2015 to 2018

£ million	Calendar Years			
	2015	2016	2017 Provisional	2018 Forecast
Outputs:				
1. Cereals	21	21	22	25
2. Other Crops	7	8	8	8
3. Potatoes	13	17	16	20
4. Horticulture	42	52	54	56
5. Livestock	686	696	721	733
<i>of which:</i>				
<i>Cattle</i>	372	376	407	404
<i>Sheep</i>	257	267	264	278
<i>Pigs</i>	5	5	6	6
<i>Poultry</i>	52	47	45	45
6. Livestock Products	499	438	578	637
<i>of which:</i>				
<i>Milk and Milk Products</i>	440	381	517	568
<i>Eggs</i>	43	41	46	52
<i>Clip Wool</i>	6	5	3	5
7. Capital Formation in Livestock	79	63	62	66
8. Other Agricultural Activities	77	76	78	79
9. Inseparable Secondary Activities	51	51	52	54
10. Gross Output (at market prices) (1+2+3+4+5+6+7+8+9)	1,475	1,421	1,592	1,677
11. Total Subsidies on Product	0	0	0	0
12. Gross Output at basic prices	1,475	1,421	1,592	1,677
Intermediate Consumption:				
13. Intermediate Consumption	1,057	1,044	1,082	1,178
<i>of which:</i>				
<i>Feeding stuffs</i>	338	334	350	396
<i>Veterinary and Medical Expenses</i>	59	58	60	61
<i>Fertilisers and Lime</i>	94	92	95	95
<i>Machinery Expenses</i>	125	123	127	137
<i>Farm Maintenance</i>	38	38	39	40
<i>Contract Work</i>	75	74	76	78
<i>Other Farming Costs</i>	305	301	310	343
14. FISIM (Financial Intermediation Services Indirectly Measured)	5	6	7	8
Value Added and Income:				
15. Gross Value Added at basic prices (12-13)	418	376	511	498
16. Gross Value Added at market prices (10-13)	418	376	511	498
17. Consumption of Fixed Capital	301	301	306	327
<i>of which</i>				
<i>Buildings and Works</i>	91	91	93	94
<i>Vehicles, Plant and Machinery</i>	141	146	153	163
<i>Livestock</i>	69	63	60	69
18. Net Value Added (at basic prices) (15-17)	118	76	205	171
19. Other Subsidies	236	270	296	298
20. Net Value Added (at factor cost) (18+19)	353	346	501	469
21. Compensation of Employees	119	119	104	113
22. Interest	23	27	25	28
23. Rent	21	22	20	20
24. Total Income from Farming (20-21-22-23)	190	178	351	308

Notes

Total Income from Farming (TIFF) 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:

- The Basic Payment Scheme for 2015 to 2018.
- Agri-environment payments (including Glastir, and legacy schemes such as Tir Mynydd and Tir Gofal).
- Animal disease compensation (predominantly bovine TB) for 2015 to 2018.
- Payments to Welsh dairy farmers from the:
 - EU Dairy Package: £3.2 million in 2015.
 - EU Conditional Aid Benchmarking Scheme: £3.2 million recorded against 2016, although this was actually paid out in 2017.
 - EU Milk Reduction Fund: £1.1 million recorded against 2016, although this was actually paid out 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.

Basic Payment Scheme information included in the 2018 forecast is based on an estimate of the total value that will be paid as a result of applications made in 2018. In other words, the 2018 forecast includes all basic payments made to date **and** an estimate of the value of payments that will be made throughout 2019 (for applications made in 2018).

Differently for agri-environment payments, the 2018 forecast includes Glastir payments made during the year, regardless of when Glastir contracts were actually signed.

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 made 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 2019.

Figures for previous years are regularly revised to include up-to-date information. Table 2 below shows revisions to figures for 2016 and 2017 that have been made in this edition of the release.

Table 2: Revisions to the 2016 & 2017 aggregate agricultural account in this release

		<i>£ million</i>			
		Published 22 March 2018	Published 11 April 2019	Actual change	% change
2016	Gross Output	1,420	1,421	1	0.1%
2016	Intermediate Consumption	1,044	1,044	0	0.0%
2016	Gross Value Added	375	376	1	0.2%
2016	Net Value Added (at factor cost)	344	346	2	0.5%
2016	Total Income from Farming	176	178	2	1.0%
2017	Gross Output	1,594	1,592	-2	-0.1%
2017	Intermediate Consumption	1,138	1,082	-56	-4.9%
2017	Gross Value Added	457	511	54	11.8%
2017	Net Value Added (at factor cost)	447	501	54	12.2%
2017	Total Income from Farming	276	351	75	27.3%

The figures for 2016 compare the provisional figures published in March 2018 with the final figures published in April 2019. The comparison is reasonably stable. As we would expect, the changes are larger for 2017 when comparing the forecast published in 2018 with the provisional figures published in 2019.

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 2018-19. Any revisions to the 2018 agricultural output and income figures will be published alongside 2019 forecast estimates in March 2020 (provisional). In line with the above, the figures for agricultural output and income in 2016 and 2017 have been revised to incorporate up-to-date information. Figures for 2017 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 the indicators, along with narratives for each of the well-being goals and associated technical information is available in the [Well-being of Wales report](#).

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:

<https://gov.wales/aggregate-agricultural-output-and-income>

Useful links

More detailed statistics for agriculture in Wales can be found on the [Welsh Government Statistics and Research page](#).

The statistical release "[Farm income forecasts for Wales, 2018-19](#)" will be published on 2 May 2019.

DEFRA are scheduled to publish first estimates of Total Income from Farming in the United Kingdom for 2018 on 2 May 2018 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 2017 will be published by DEFRA on 30 May 2019 on [GOV.UK](#).

The Scottish Government published [Total Income from Farming Estimates for Scotland](#) for 2018 on 29 January 2019.

Northern Ireland [agricultural income \(provisional\) figures for 2018](#) were published by the Department of Agriculture, Environment and Rural Affairs (DAERA) on 29 January 2019.

Next update

March 2020 (provisional)

We want your feedback

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

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