ystadegau ar gyfer cymru statistics for wales

Statistical First Release

Llywodraeth Cymru Welsh Government

Aggregate agricultural output and income, 2017

22 March 2018
SFR 21/2018

In summary, the large increase in aggregate agricultural output seen in 2017 was only partly offset by an increase in intermediate consumption. Both Gross Value Added and Total Income from Farming were higher than the previous year, by 22% and 56% respectively. Following two years when Total Income from Farming was particularly low, the 2017 forecast is more in line with the figure seen in 2014.

Between 2016 and 2017, 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 £174 million (or 12%) to £1,594 million.
- **Intermediate consumption** (the goods and services consumed or used in the production process) increased by £93 million (or 9%) to £1,138 million. This is, in effect, an increase in costs.
- **Gross Value Added** (aggregate agricultural output, less intermediate consumption) rose by £81 million (or 22%) to £457 million.
- **Total Income from Farming** (TIFF: see Notes) increased by £99 million (or 56%) to £276 million.

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

- The value of **milk and milk products** rose by £134 million (or 35%) to £515 million, driven by a large rise in farm gate milk prices in the UK. Milk and milk products represent just under a third of the value of agricultural output in Wales.
- The value of output from **cattle** increased by £30 million (or 8%) to £407 million. The value of output from **sheep** fell slightly by £3 million (or 1%) to £264 million. In combination, gross output from cattle and sheep represents 42% of the value of agricultural output in Wales.
- **Feeding stuffs** increased by £45 million (or 13%) to £379 million, although this remained below the £395 million seen in 2014. Feeding stuffs are the largest component of intermediate consumption (at around a third).
- The value of **Other Subsidies** increased by £26 million (or 10%) to £296 million. This reflects a 54% increase in the total spend on agri-environment payments. It also reflects the expected higher Basic Farm Payment (5% increase), due to a fall in the value of the pound and therefore the weaker exchange rate when payment rates in sterling were determined at end September 2017.

About this release

This release provides forecast estimates of aggregate agricultural output and income at the Wales level for 2017, including Total Income from Farming. These results are produced using internationally agreed national accounting principles.

These forecast estimates for 2017 make use of information available up to March 2018. In the next annual release scheduled for March 2019 (provisional), the figures for both 2016 and 2017 will be revised to incorporate additional up-to-date information.

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Table 1: Aggregate Agricultural Account, 2015 to 2017

£ million	Calendar Years		
	2015	2016 Provisional	2017 Forecast
Outputs:			
1. Cereals	21	21	22
2. Other Crops	7	8	8
3. Potatoes	13	17	16
4. Horticulture	42	51	51
5. Livestock	686	696	722
of which:			
Cattle	372	376	407
Sheep	257	267	264
Pigs	5	5	6
Poultry	52	47	45
6. Livestock Products	499	438	581
of which:			
Milk and Milk Products	440	381	515
Eggs	43	41	52
Clip Wool	6	5	3
7. Capital Formation in Livestock	79	63	63
8. Other Agricultural Activities	77	76	78
9. Inseparable Secondary Activities	51	51	52
10. Gross Output (at market prices) (1+2+3+4+5+6+7+8+9)	1,475	1,420	1,594
11. Total Subsidies on Product	0	0	0
12. Gross Output at basic prices	1,475	1,420	1,594
Intermediate Consumption:			
13. Intermediate Consumption	1,057	1,044	1,138
of which:			
Feeding stuffs	338	334	379
Veterinary and Medical Expenses	59	58	60
Fertilisers and Lime	94	92	92
Machinery Expenses	125	123	133
Farm Maintenance	38	38	39
Contract Work	75	74	76
Other Farming Costs	305	301	333
14. FISIM (Financial Intermediation Services Indirectly Measured)	5	6	7
Value Added and Income:			
15. Gross Value Added at basic prices (12-13)	418	375	457
16. Gross Value Added at market prices (10-13)	418	375	457
17. Consumption of Fixed Capital	301	301	306
of which			
Buildings and Works	91	92	93
Vehicles, Plant and Machinery	141	146	152
Livestock	69	63	61
18. Net Value Added (at basic prices) (15-17)	117	74	151
19. Other Subsidies	236	270	296
20. Net Value Added (at factor cost) (18+19)	353	344	447
21. Compensation of Employees	119	119	123
22. Interest	23	27	26
23. Rent	21	22	22
24. Total Income from Farming (20-21-22-23)	190	176	276

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, 2016 and 2017.
- Agri-environment payments (including Glastir, and legacy schemes such as Tir Mynydd and Tir Gofal).
- Animal disease compensation (predominantly bovine TB) for 2015 to 2017.
- 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 2017 forecast is based on an estimate of the total value that will be paid as a result of applications made in 2017. In other words, the 2017 forecast includes all basic payments made to date **and** an estimate of the value of payments that will be made throughout 2018 (for applications made in 2017).

Differently for agri-environment payments, the 2017 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 2018.

Figures for previous years are regularly revised to include up-to-date information. Table 2 below shows revisions to figures for 2015 and 2016 that have been made in this edition of the release.

Table 2: Revisions made to the 2015 and 2016 aggregate agricultural account in this release

£ million

		Published 23 March 2017	Published 22 March 2018	Actual change	% change
2015	Gross Output	1,479	1,475	-4	-0.3%
2015	Intermediate Consumption	1,074	1,057	-17	-1.5%
2015	Gross Value Added	406	418	12	3.0%
2015	Net Value Added (at factor cost)	339	353	14	4.0%
2015	Total Income from Farming	178	190	12	6.6%
2016	Gross Output	1,447	1,420	-27	-1.9%
2016	Intermediate Consumption	1,092	1,044	-47	-4.3%
2016	Gross Value Added	355	375	20	5.7%
2016	Net Value Added (at factor cost)	324	344	20	6.2%
2016	Total Income from Farming	157	176	19	11.9%

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 2017-18. Any revisions to the 2017 agricultural output and income figures will be published alongside 2018 forecast estimates in March 2019 (provisional). In line with the above, the figures for agricultural output and income in 2015 and 2016 have been revised to incorporate up-to-date information. Figures for 2016 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:
http://gov.wales/statistics-and-research/aggreagate-agricultural-output-income/?lang=en

Useful links

The statistical release "Farm income forecasts for Wales, 2017-18" is also published on 22 March 2018.

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 2017 on 3 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 31 May 2018 on GOV.UK.

The Scottish Government published Total Income from Farming Estimates for Scotland for 2017 on 31 January 2018.

Northern Ireland agricultural income (provisional) figures for 2017 were published by the Department of Agriculture, Environment and Rural Affairs (DAERA) on 30 January 2018.

Next update

March 2019 (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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