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Aggregate agricultural output and income, 2019

Both gross value added and total income from farming were lower in 2019 than the previous year, by 18% and 31% respectively. Aggregate agricultural output decreased by 5% in 2019 and against this was an increase in intermediate consumption. The 2019 forecast is still at a higher level than pre-2017 following low total income from farming in 2015 and 2016.

Between 2018 and 2019, 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 £83 million (or 5%) to £1.6 billion.
- Intermediate consumption (the goods and services consumed or used in the production process) increased by £23 million (or 2%) to £1.1 billion. This is, in effect, an increase in costs.
- Gross value added (aggregate agricultural output, less intermediate consumption) fell by £106 million (or 18%) to £469 million.
- Total income from farming decreased by £118 million (or 31%) to £261 million. (see [notes](#) for an explanation of TIFF)

Driving factors for these estimated changes in headline measures were:

- The value of milk and milk products fell by £45 million (or 8%) to £522 million, due to a proportionately larger drop in production in Wales than England and prices approximately 2.5p per litre lower. Milk and milk products represent almost a third of the value of agricultural output in Wales.
- The value of output from cattle fell by £24 million (or 6%) to £380 million due to market prices falling. The value of output from sheep fell by £11 million (or 4%) to £271 million. In combination, gross output from cattle and sheep represents 41% of the value of agricultural output in Wales.
- Feeding stuffs increased by £13 million (or 3%) to £376 million, the highest value since 2014 when it was £395 million. Feeding stuffs are the largest component of intermediate consumption, at around a third.
- Other farming costs also increased by £4 million (1%) to £320 million and represent 28% of intermediate consumption.
- The value of other subsidies fell by £5 million (2%) to £294 million.

About this release

This release provides forecast estimates of aggregate agricultural output and income at the Wales level for 2019, including total income from farming. These results are produced using internationally agreed national accounting principles.

These forecast estimates for 2019 make use of information available up to March 2020. In the next annual release scheduled for April 2021 (provisional), the figures for both 2018 and 2019 will be revised to incorporate additional up-to-date information.

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Table 1: Aggregate Agricultural Account, 2015 to 2019

£ million	Calendar Years				
	2015	2016	2017	2018 Provisional	2019 Forecast
Outputs:					
1. Cereals	21	21	22	25	26
2. Other Crops	7	8	8	8	8
3. Potatoes	13	17	16	20	13
4. Horticulture	42	52	53	52	49
5. Livestock	686	696	721	736	715
<i>of which:</i>					
Cattle	372	376	407	404	380
Sheep	257	267	264	281	271
Pigs	5	5	6	5	6
Poultry	52	47	44	45	59
6. Livestock Products	499	438	578	637	583
<i>of which:</i>					
Milk and Milk Products	440	381	517	568	522
Eggs	43	41	46	53	49
Clip Wool	6	5	3	5	3
7. Capital Formation in Livestock	79	63	62	74	74
8. Other Agricultural Activities	77	76	78	79	80
9. Inseparable Secondary Activities	51	51	52	54	54
10. Gross Output (at market prices) (1+2+3+4+5+6+7+8+9)	1,475	1,421	1,592	1,685	1,602
11. Total Subsidies on Product	0	0	0	0	0
12. Gross Output at basic prices	1,475	1,421	1,592	1,685	1,602
Intermediate Consumption:					
13. Intermediate Consumption	1,057	1,044	1,081	1,111	1,133
<i>of which:</i>					
Feeding stuffs	338	334	350	363	376
Veterinary and Medical Expenses	59	58	60	61	62
Fertilisers and Lime	94	92	95	97	99
Machinery Expenses	125	123	127	129	131
Farm Maintenance	38	38	39	40	41
Contract Work	75	74	76	78	79
Other Farming Costs	305	301	310	316	320
14. FISIM (Financial Intermediation Services Indirectly Measured)	5	6	6	7	8
Value Added and Income:					
15. Gross Value Added at basic prices (12-13)	418	376	511	574	469
16. Gross Value Added at market prices (10-13)	418	376	511	574	469
17. Consumption of Fixed Capital	301	301	305	335	339
<i>of which</i>					
Buildings and Works	91	91	93	95	97
Vehicles, Plant and Machinery	141	146	153	163	168
Livestock	69	63	60	77	74
18. Net Value Added (at basic prices) (15-17)	118	76	205	239	130
19. Other Subsidies	236	270	296	299	294
20. Net Value Added (at factor cost) (18+19)	354	346	501	537	423
21. Compensation of Employees	119	119	104	113	115
22. Interest	23	27	27	28	30
23. Rent	21	22	20	17	17
24. Total Income from Farming (20-21-22-23)	190	178	350	379	261

Notes

Total income from farming (TIFF)

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)

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.

Included in other farming costs (line 13 of the account under intermediate consumption) are items such as pesticides, seeds, utilities, insurance, rates, banking fees and other general costs.

Included in other subsidies (line 19 of the account) are the following:

- The Basic Payment Scheme for 2015 to 2019.
- Agri-environment payments (including Glastir, and legacy schemes such as Tir Mynydd and Tir Gofal).
- Animal disease compensation (predominantly bovine TB) for 2015 to 2019.
- 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 2019 forecast is based on an estimate of the total value that will be paid as a result of applications made in 2019. In other words, the 2019 forecast includes all basic payments made to date **and** an estimate of the value of payments that will be made throughout 2020 (for applications made in 2019).

Differently for agri-environment payments, the 2019 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 2020.

Figures for previous years are regularly revised to include up-to-date information. Table 2 below shows revisions to figures for 2017 and 2018 that have been made in this edition of the release.

Table 2: Revisions to the 2017 and 2018 aggregate agricultural account in this release

		<i>£ million</i>			
		Published 11 April 2019	Published 2 April 2020	Actual change	% change
2017	Gross Output	1,592	1,592	-1	0.0%
2017	Intermediate Consumption	1,082	1,081	-1	-0.1%
2017	Gross Value Added	511	511	0	0.1%
2017	Net Value Added (at factor cost)	501	501	0	0.1%
2017	Total Income from Farming	351	350	-1	-0.4%
2018	Gross Output	1,673	1,685	12	0.7%
2018	Intermediate Consumption	1,178	1,111	-68	-5.8%
2018	Gross Value Added	495	574	80	16.1%
2018	Net Value Added (at factor cost)	466	537	72	15.4%
2018	Total Income from Farming	305	379	74	24.4%

The figures for 2017 compare the provisional figures published in April 2019 with the final figures published in April 2020; the comparison is stable. As we would expect, the changes are larger for 2018 when comparing the forecast published in 2019 with the provisional figures published in 2020.

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 2019-20.

Any revisions to the 2019 agricultural output and income figures will be published alongside 2020 forecast estimates in April 2021 (provisional). In line with the above, the figures for agricultural output and income in 2017 and 2018 have been revised to incorporate up-to-date information. Figures for 2018 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, 2019-20](#)” is due to be published on 30 April 2020.

DEFRA are scheduled to publish first estimates of Total Income from Farming in the United Kingdom for 2019 in May 2020 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 2019 is due to be published by DEFRA in June 2020 on [GOV.UK](#).

The Scottish Government published [agricultural survey results](#) for 2019 on 17 March 2020.

Department of Agriculture, Environment and Rural Affairs (DAERA) published [provisional agricultural income figures](#) for Northern Ireland on 30 January 2020.

Next update

April 2021 (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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