

Aggregate agricultural output and income, 2015

This release provides forecast estimates of aggregate agricultural output and income in Wales for 2015, including Total Income from Farming. These results are produced using internationally agreed national accounting principles.

These forecast estimates for 2015 make use of information available up to February 2016. In the next annual release scheduled for February 2017 (provisional), the figures for both 2014 and 2015 will be revised to incorporate additional up-to-date information.

Headline results

In summary, the decrease seen in aggregate agricultural output in 2015 was offset by a similar decrease in intermediate consumption. The decrease in Total Income from Farming in 2015 then largely reflects the fall in agricultural subsidies.

Between 2014 and 2015, 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) decreased by £90 million (or 6%) to £1,495 million.
- **Intermediate consumption** (the goods and services consumed or used in the production process) decreased by £90 million (or 7%) to £1,110 million. This is, in effect, a reduction in costs.
- **Gross Value Added** (gross output less intermediate consumption) decreased by less than £1 million (less than 1%) to £385 million.
- **Total Income from Farming** (TIFF) decreased by £26 million (or 13%) to £175 million, although this remains 20% above the Total Income from Farming in 2012 (£147 million).

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

- The value of **milk and milk products** decreased by £65 million (or 12%) to £457 million. This reflects a large fall in the milk price and a small increase in production in 2015. Milk and milk products still represent just under one-third of the value of agricultural output in Wales.
- The value of output from **sheep** decreased by £16 million (or 6%) to £248 million. The value of output from **cattle** increased by £6 million (or 2%) to £370 million. In combination, gross output from cattle and sheep outputs represents 41% of the value of agricultural output in Wales.
- **Capital formation in livestock** decreased by £15 million (or 17%) to £73 million.
- **Machinery costs** decreased by £18 million (or 12%) to £134 million and **feeding stuffs** decreased by £56 million (or 14%) to £342 million. The lower price of fuel and oil contributed to these falls. Feeding stuffs remain the largest component of intermediate consumption (at just under a third).
- The value of **Other Subsidies** fell by £24 million (or 9%) to £236 million.

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Table 1: Aggregate Agricultural Account, 2013 to 2015

£ million	Calendar Years		
	2013	2014 Provisional	2015 Forecast
Outputs:			
1. Cereals	19	18	21
2. Other Crops	8	8	7
3. Potatoes	11	10	13
4. Horticulture	37	41	40
5. Livestock	690	702	689
<i>of which:</i>			
<i>Cattle</i>	373	363	370
<i>Sheep</i>	240	265	248
<i>Pigs</i>	6	7	6
<i>Poultry</i>	71	66	65
6. Livestock Products	565	583	517
<i>of which:</i>			
<i>Milk and Milk Products</i>	506	521	457
<i>Eggs</i>	48	48	48
<i>Clip Wool</i>	7	7	7
7. Capital Formation in Livestock	82	88	73
8. Other Agricultural Activities	75	86	86
9. Inseparable Secondary Activities	50	50	50
10. Gross Output (at market prices) (1+2+3+4+5+6+7+8+9)	1,537	1,586	1,495
11. <i>Total Subsidies on Product</i>	0	0	0
12. Gross Output at basic prices	1,537	1,586	1,495
Intermediate Consumption:			
13. Intermediate Consumption	1,207	1,200	1,110
<i>of which:</i>			
<i>Feeding stuffs</i>	427	398	342
<i>Veterinary and Medical Expenses</i>	58	62	62
<i>Fertilisers and Lime</i>	114	111	104
<i>Machinery Expenses</i>	151	152	134
<i>Farm Maintenance</i>	36	37	39
<i>Contract Work</i>	74	84	80
<i>Other Farming Costs</i>	324	329	321
14. FISIM (Financial Intermediation Services Indirectly Measured)	5	5	5
Value Added and Income:			
15. Gross Value Added at basic prices (12-13)	331	386	385
16. Gross Value Added at market prices (10-13)	331	386	385
17. Consumption of Fixed Capital	287	295	295
<i>of which</i>			
<i>Buildings and Works</i>	92	89	89
<i>Vehicles, Plant and Machinery</i>	132	137	142
<i>Livestock</i>	63	70	64
18. Net Value Added (at basic prices) (15-17)	44	90	91
19. Other Subsidies	308	260	236
20. Net Value Added (at factor cost) (18+19)	352	350	326
21. Compensation of Employees	97	107	107
22. Interest	15	18	20
23. Rent	26	24	24
24. Total Income from Farming (20-21-22-23)	214	201	175

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 2013 and 2014, and the Basic Payment Scheme for 2015.
- Agri-environment payments (including Glastir, and legacy schemes such as Tir Mynydd and Tir Gofal).
- Animal disease compensation (predominantly for bovine TB for 2013 to 2015).
- The EU Dairy Package payment of £3.2 million to Welsh dairy farmers in 2015.

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 2015 forecast is based on an estimate of the total value that will be paid as a result of applications made in 2015. In other words, the 2015 forecast includes all basic payments made to date **and** an estimate of the value of payments that will be made throughout 2016 (for applications made in 2015). 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, producer organisations and the Department for Environment, Food and Rural Affairs (DEFRA). This release contains information available up to February 2016.

Table 2 overleaf shows revisions to figures for 2013 and 2014 that have been made in this edition of the release.

Table 2: Revisions made to the 2013 and 2014 aggregate agricultural account in this release

£ million

		Published 26 February 2015	Published 25 February 2016	Actual change	% change
2013	Gross Output	1,535	1,537	2	0.2%
2013	Intermediate Consumption	1,210	1,207	-3	-0.2%
2013	Gross Value Added	325	331	5	1.6%
2013	Net Value Added (at factor cost)	358	352	-5	-1.5%
2013	Total Income from Farming	222	214	-8	-3.8%
2014	Gross Output	1,551	1,586	34	2.2%
2014	Intermediate Consumption	1,177	1,200	23	1.9%
2014	Gross Value Added	374	386	11	3.1%
2014	Net Value Added (at factor cost)	355	350	-5	-1.3%
2014	Total Income from Farming	212	201	-11	-5.1%

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 2015-16. Any revisions to the 2015 agricultural output and income figures will be published alongside forecast estimates for 2016 in February 2017 (provisional). In line with the above, the figures for agricultural output and income in 2013 and 2014 have been revised to incorporate up-to-date information. Figures for 2014 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.

Further Information

The statistical release "Farm income forecasts for Wales, 2015-16" is also published on 25th February 2016 at the website below.

<http://gov.wales/statistics-and-research/farm-incomes/?lang=en>

More detailed statistics for agriculture in Wales can be found below on the statistics pages of the Welsh Government website.

<http://gov.wales/statistics-and-research/?subtopic=Farming&lang=en>

DEFRA are scheduled to publish first estimates of Total Income from Farming in the United Kingdom for 2015 on 28th April 2016 at the website below.

<https://www.gov.uk/government/collections/aggregate-agricultural-accounts>

Agriculture in the United Kingdom 2015 will be published by DEFRA in May 2016 at the website below.

<https://www.gov.uk/government/collections/agriculture-in-the-united-kingdom>

The Scottish Government published Total Income from Farming Estimates for Scotland for 2015 on 26th January 2016 at the website below.

<http://www.gov.scot/Topics/Statistics/Browse/Agriculture-Fisheries/ResultsTIFFBFI>

Northern Ireland agricultural incomes (provisional) figures for 2015 were published by the Department of Agriculture and Rural Development (DARD) on 28th January 2016.

<https://www.dardni.gov.uk/articles/ni-agricultural-incomes>

Feedback and contact details

We actively encourage feedback from users of these statistics. If you have comments on any issues relating to this statistical release or require any further information, please contact:

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