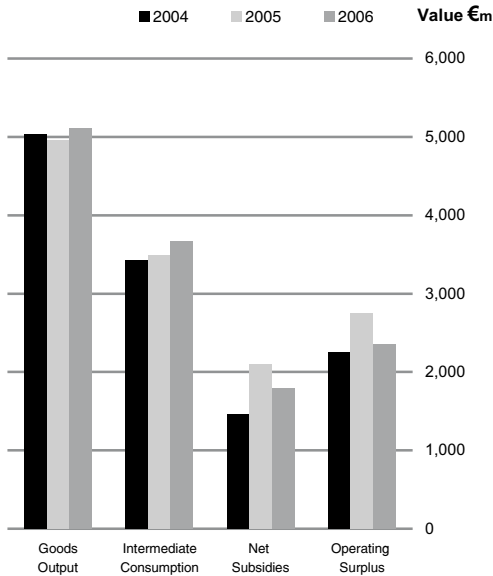




## Output, Input and Income in Agriculture 2006 - Preliminary estimate

**Selected Income Indicators**



	Goods Output	Intermediate Consumption	Net Subsidies	Operating Surplus
<b>2004</b>	€5,032m	€3,426m	€1,468m	€2,252m
<b>2005</b>	€4,964m	€3,488m	€2,099m	€2,745m
<b>2006</b>	€5,109m	€3,673m	€1,796m	€2,357m
<b>% change (2005 on 2004)</b>	-1.3%	+1.8%	+43.0%	+21.9%
<b>% change (2006 on 2005)</b>	+2.9%	+5.3%	-14.4%	-14.2%

### Agricultural income down 14.2%

The CSO's preliminary estimate of operating surplus in agriculture in 2006 shows an annual decrease of 14.2%. This follows a 21.9% increase in 2005. The estimate for 2006 is based on the data currently available for the year. *See Table 1.*

Comparing 2006 with 2005 we see that:

- ◆ The value of goods output by the agriculture sector increased by 2.9% in 2006.
- ◆ The value of cattle output increased by 4.7% or €66m. The price increase for cattle was accompanied by an estimated 5.0% increase in slaughterings in 2006.
- ◆ The value of sheep output decreased by 0.8% or €1.5m.
- ◆ The value of milk output decreased by 1.0% or €14m due to a drop in price.
- ◆ The value of cereals output increased by 29.7% or €37m due to an increase in both price and volume.
- ◆ Energy costs increased by 13.0% or €37m, due mainly to an increase in price.

The change to the single payment scheme and the timing of payments of subsidies (with a large amount of arrears paid in 2005) had a large influence on the figures.

The value of *subsidies less taxes on production* increased from €1,684m in 2005 to €1,813m in 2006. The value of *subsidies less taxes on products* fell from €415m in 2005 to a negative figure in 2006.

The EU figures on operating surplus in 2006 are given on page 4.

This release updates information published by the CSO in December 2006. The estimates for 2006 are provisional. Final estimates will be published in June 2007.

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**Table 1 Output, Input and Income in Agriculture, 2006***Preliminary estimate*

Description	Estimated Value			Change 2006/2005	
	2004	2005	2006	Value	Volume
	€m			Percent	
<b>Livestock</b> (incl. stock changes)	<b>2,215.1</b>	<b>2,274.3</b>	<b>2,377.5</b>	<b>4.5</b>	<b>-2.3</b>
of which: cattle	1,346.1	1,413.2	1,479.4	4.7	-3.8
pigs	297.4	292.1	311.6	6.7	-0.8
sheep	200.4	191.9	190.4	-0.8	-2.8
<b>Livestock Products</b>	<b>1,459.1</b>	<b>1,379.1</b>	<b>1,365.9</b>	<b>-1.0</b>	<b>3.7</b>
of which: milk	1,417.5	1,336.9	1,323.0	-1.0	3.7
<b>Crops</b> (incl. stock changes <sup>1</sup> )	<b>1,357.5</b>	<b>1,310.5</b>	<b>1,366.1</b>	<b>4.2</b>	<b>-3.5</b>
of which: cereals	181.4	125.7	163.0	29.7	15.4
forage plants	683.4	687.0	741.7	8.0	2.9
<b>Goods output at producer prices</b>	<b>5,031.7</b>	<b>4,964.0</b>	<b>5,109.5</b>	<b>2.9</b>	<b>-0.8</b>
Contract Work	261.1	270.1	278.7	3.2	-2.7
Subsidies less taxes on products	873.0	414.7	-17.4	-104.2	-102.8
<b>Agricultural output at basic prices</b>	<b>6,165.8</b>	<b>5,648.7</b>	<b>5,370.8</b>	<b>-4.9</b>	<b>-11.8</b>
<b>Intermediate consumption</b>	<b>3,425.6</b>	<b>3,488.0</b>	<b>3,673.4</b>	<b>5.3</b>	<b>2.2</b>
of which: feedingstuffs	903.9	875.7	942.3	7.6	6.5
fertilisers	358.0	363.3	379.9	4.6	-2.7
energy and lubricants	237.4	284.1	321.0	13.0	2.0
forage plants	673.1	676.9	730.6	7.9	2.8
contract work	261.1	270.1	278.7	3.2	-2.7
<b>Gross value added at basic prices</b>	<b>2,740.2</b>	<b>2,160.7</b>	<b>1,697.5</b>	<b>-21.4</b>	
Fixed capital consumption	654.1	669.0	689.1	3.0	
<b>Net value added at basic prices</b>	<b>2,086.1</b>	<b>1,491.7</b>	<b>1,008.4</b>	<b>-32.4</b>	
Other subsidies less taxes on production	594.9	1,684.3	1,813.4	7.7	
<b>Factor income</b>	<b>2,681.0</b>	<b>3,176.0</b>	<b>2,821.8</b>	<b>-11.2</b>	
Compensation of employees	428.8	430.8	465.2	8.0	
<b>Operating surplus<sup>2</sup></b>	<b>2,252.2</b>	<b>2,745.2</b>	<b>2,356.6</b>	<b>-14.2</b>	

<sup>1</sup>Principally cereals and potatoes<sup>2</sup>This is calculated before deduction of interest payments on borrowed capital and land rental paid by farmers to landowners. The estimates for these items are:

Interest:- 2004, €278.5m; 2005, €302.4m; 2006, €375.8m

Land rental:- 2004, €171.8m; 2005, €159.5m; 2006, €151.4m

## Background notes

- Introduction** This release contains preliminary estimates of agricultural accounts for 2006. Three estimates are prepared in each 12-month period for the agricultural accounts. The first or advance estimates are generally released in early December of the reference year for which the accounts are prepared. In February of the year following the reference year preliminary estimates are prepared. These update the first estimates using the results of the December Livestock Survey and other updated data sources. In June of the year following the reference year the final estimates of the agricultural accounts are prepared. The estimates are based on a methodology arising from the revision of the System of National Accounts in 1995. For details of this methodology see the “Output, Input and Income in Agriculture” release of 2 July 2002. For details of data sources see the corresponding release of 24 June 2004.
- Producer price** This is the price received by the farmer. It is sometimes referred to as the farm-gate or ex-farm price. It excludes VAT.
- Subsidies and taxes on products** Subsidies and taxes on products are those paid or levied per unit on a good or service produced or imported. The subsidy or tax is typically a specific amount of money per unit of quantity of a good or service. Examples of subsidies on products are compensatory aid for arable crops and the special beef premium. The bovine disease eradication levy is an example of a tax on products. These subsidies and taxes are included in the calculation of output.
- Other subsidies and taxes on production** Other subsidies on production are subsidies other than those on products. Examples are the single payment scheme, the rural environmental protection scheme and the area based compensatory allowance scheme. Taxes on production consist of VAT over-/under-compensation from farmers who have opted for the flat rate VAT system, and motor taxation paid by farmers. Other subsidies less taxes on production are not included in the calculation of output, but are included in the calculation of operating surplus.
- Net subsidies** Net subsidies are subsidies on products plus subsidies on production less taxes on products and taxes on production.
- Basic price** The basic price corresponds to the producer price plus any subsidies directly linked to a product minus any taxes on products. VAT is excluded.
- Valuation of stock changes** For each category, the difference between closing year stocks and opening year stocks is valued at the average price for the year.
- Forage plants** The production of forage plants is valued as part of output. Silage and hay are the main items in this category. Direct sales of cereals between farms and use of cereals within farms are also included under forage plants. These items are also treated as intermediate consumption with minor exceptions, such as sales of straw to racing stables.
- Contract work** Activities performed by agricultural contractors directly linked to the production of agricultural products (for example harvesting) are an integral part of agriculture. The value of such work is included as output and also as intermediate consumption. Estimates of the input costs incurred by agricultural contractors in the provision of their agricultural service are included under the appropriate intermediate consumption categories, as well as in the compensation of employees figure.
- Fixed capital consumption** This relates to the foreseeable wear and tear and obsolescence of fixed capital goods. It is calculated on the basis of the probable economic life of the asset. It is not calculated for breeding livestock or for non-produced assets such as land.
- Compensation of employees** This includes remuneration in cash and in kind. It does not include the remuneration for work undertaken by the farmer or by non-salaried family farm members.
- Operating surplus** The operating surplus figure is comprised of the operating surplus earned by farmers and that earned by agricultural contractors. The part earned by farmers is an approximation for the income indicator used under the old agriculture accounts methodology. It is calculated before deductions for interest payments on borrowed capital and before deductions for land annuities and for rent paid by farmers to landowners for the use of their land.

**Volume indices** These are calculated by applying base year prices (2000) to current year quantities. The volume index for 2006 is calculated by comparing the total value in 2006 at average 2000 prices against the total value in 2000 at average 2000 prices.

### Operating Surplus, 2005 - 2006

				€ m
Country	2005	2006	% change	
<b>European Union 25<sup>1</sup></b>	<b>89,419</b>	<b>91,805</b>	<b>2.7%</b>	
<b>European Union 15<sup>2</sup></b>	<b>81,433</b>	<b>83,498</b>	<b>2.5%</b>	
Austria	1,925	2,047	6.3%	
Belgium	1,597	1,601	0.2%	
Cyprus	67	82	23.2%	
Czech Republic	388	400	3.2%	
Denmark	1,457	1,560	7.1%	
Estonia	147	133	-9.3%	
Finland	1,226	1,109	-9.6%	
France	13,692	15,226	11.2%	
Germany	8,204	8,621	5.1%	
Greece	6,222	6,451	3.7%	
Hungary	1,572	1,573	0.0%	
Ireland	2,745	2,357	-14.2%	
Italy	12,327	11,660	-5.4%	
Latvia	273	293	7.4%	
Lithuania	359	374	4.2%	
Luxembourg	82	85	2.9%	
Malta	57	56	-2.5%	
Netherlands	3,440	4,349	26.4%	
Poland	4,730	5,020	6.1%	
Portugal	1,918	1,976	3.0%	
Slovak Republic	73	66	-9.5%	
Slovenia	322	310	-3.6%	
Spain	19,950	19,876	-0.4%	
Sweden	905	906	0.1%	
United Kingdom	5,743	5,675	-1.2%	

Source: Eurostat

<sup>1</sup> European Union states from 1 May 2004

<sup>2</sup> European Union states before 1 May 2004