

Farm Viability

– A Teagasc National Farm Survey Analysis

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Overview

- *Focus on agriculture as a driver of performance*
- *Cathal O'Donoghue to focus on off-farm employment*

- **Methods & Definitions**
- **Background**
- **Results**
 - **Farm Viability, Sustainability, Vulnerability**
 - Historical overview
 - National overview
 - System overview
 - Regional imbalances
- **Conclusions & Implications**

Some Definitions to Start.....

National Farm Survey - background

- Operated by Teagasc since 1972
 - EU Statutory Requirement – official farm income statistics
- Sample of 939 farms - nationally representative of 80,000 farms
 - Not represented: pigs, poultry, horses, horticulture & very small farms
- Data provided voluntarily by farmers
- 12 Month detailed farm accounts

Classifying the farm population

- Three broad groups
 1. Economically viable
 - *This is where farm income is important*
 2. Not economically viable but 'sustainable'
 - *This is where off-farm employment is important*
 3. Vulnerable

Viability

A farm is economically viable if it can

(a) remunerate family labour at the average agricultural wage, and

*(b) provide a 5 per cent return on non-land assets,
(Frawley and Commins 1996).*

Part-time Farms

A farm is classified as part-time
if the farmer or the spouse or both are engaged
in employment off the farm
(Frawley and Commins 1996)

Viability versus Sustainability

- Economic viability of the farm as a business
- Farms may be non-viable but farmer and/or spouse may work off farm
- Off-farm income may make the household viable and therefore sustainable

Classifying the farm population

- Three broad groups
 1. Economically viable
 2. Not economically viable but 'sustainable'
 3. Transitional (farm not viable & neither farmer nor spouse working off farm)
- Some more sub-categories

BACKGROUND

Origins of concern regarding viability/sustainability/vulnerability

- Frawley & Commins (1996) – definition of the terms
- Almost 30 percent of the farming population only sustainable because of off-farm income, Hennessy (2004).
 - *'It is clear that the future viability and sustainability of a large number of farm households is dependent on farmers and their spouses' ability to secure employment off the farm'.*
- The Agri-Vision 2015 report concluded that
 - *'the number of economically viable farm businesses is in decline and that a large number of farm households are sustainable only because of the presence of off-farm income'.*
- Conclude that farm and off-farm factors are important

In recent times

‘A tale of two halves

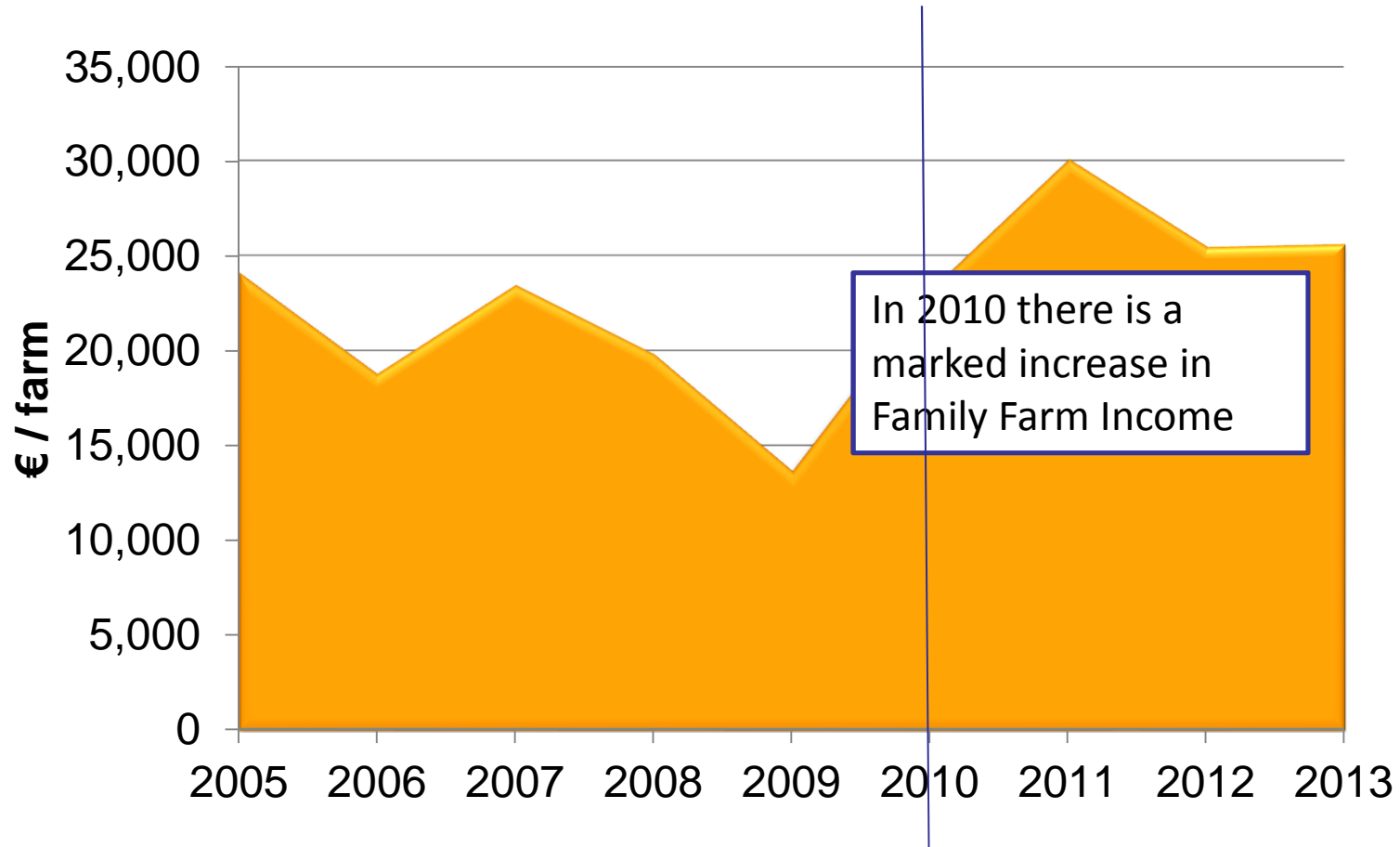
Family Farm Income (Farm factors):

- Dairy and other
- West and Border versus other

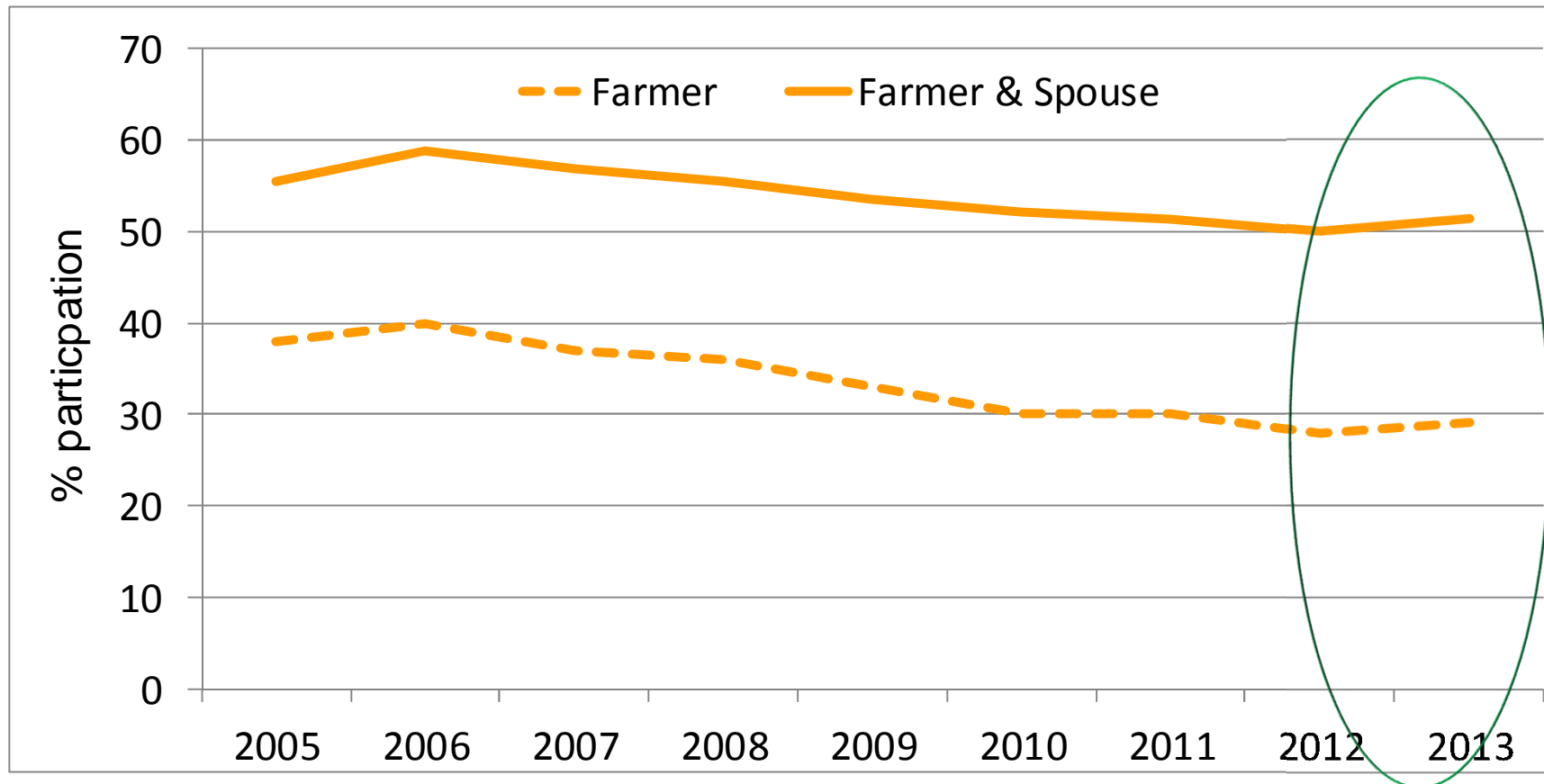
Off farm Employment (Non Farm factors)

NFS Method changes

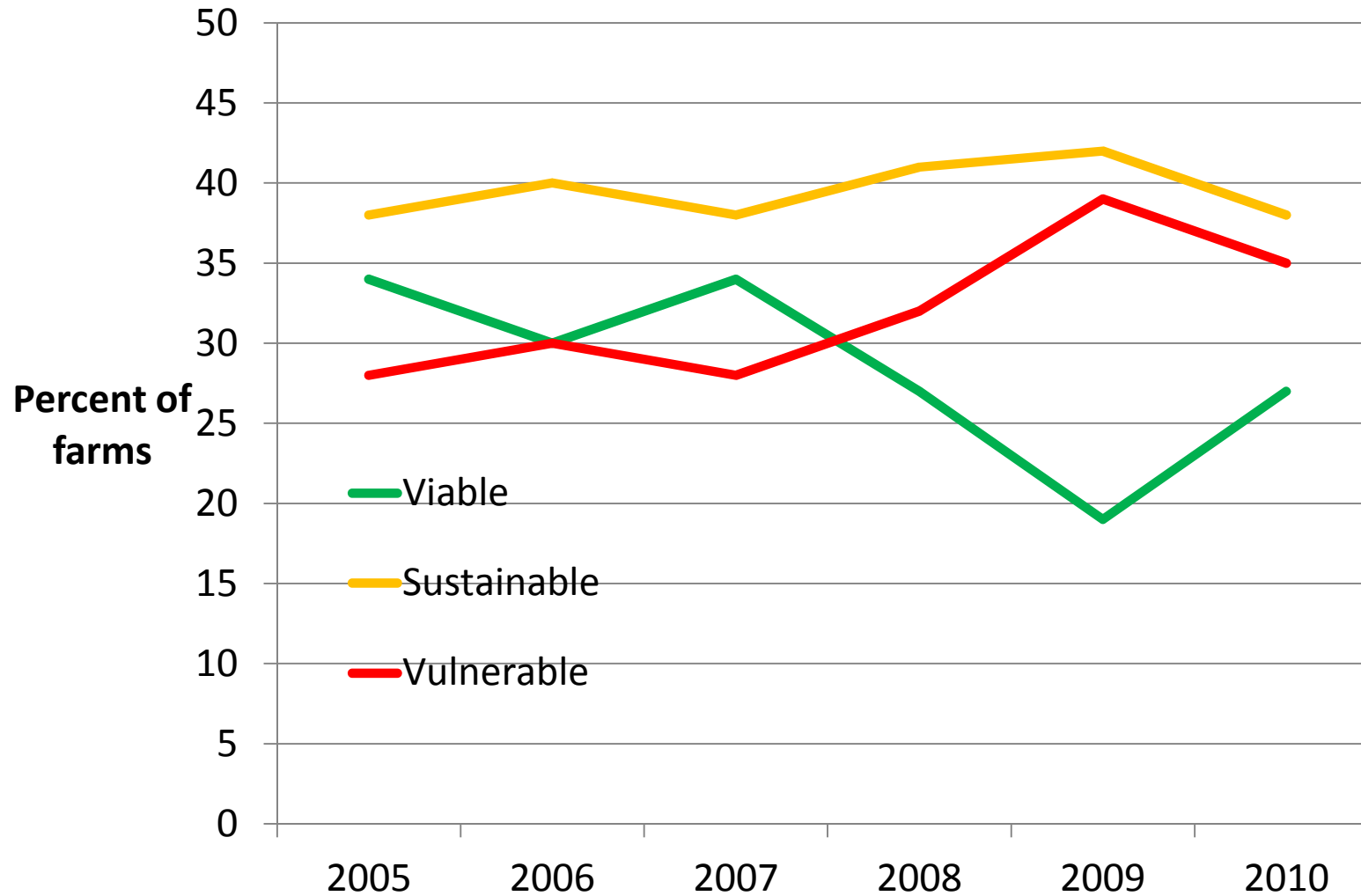
Family Farm Income: 2005 to 2013



Off-farm employment: 2005 to 2013

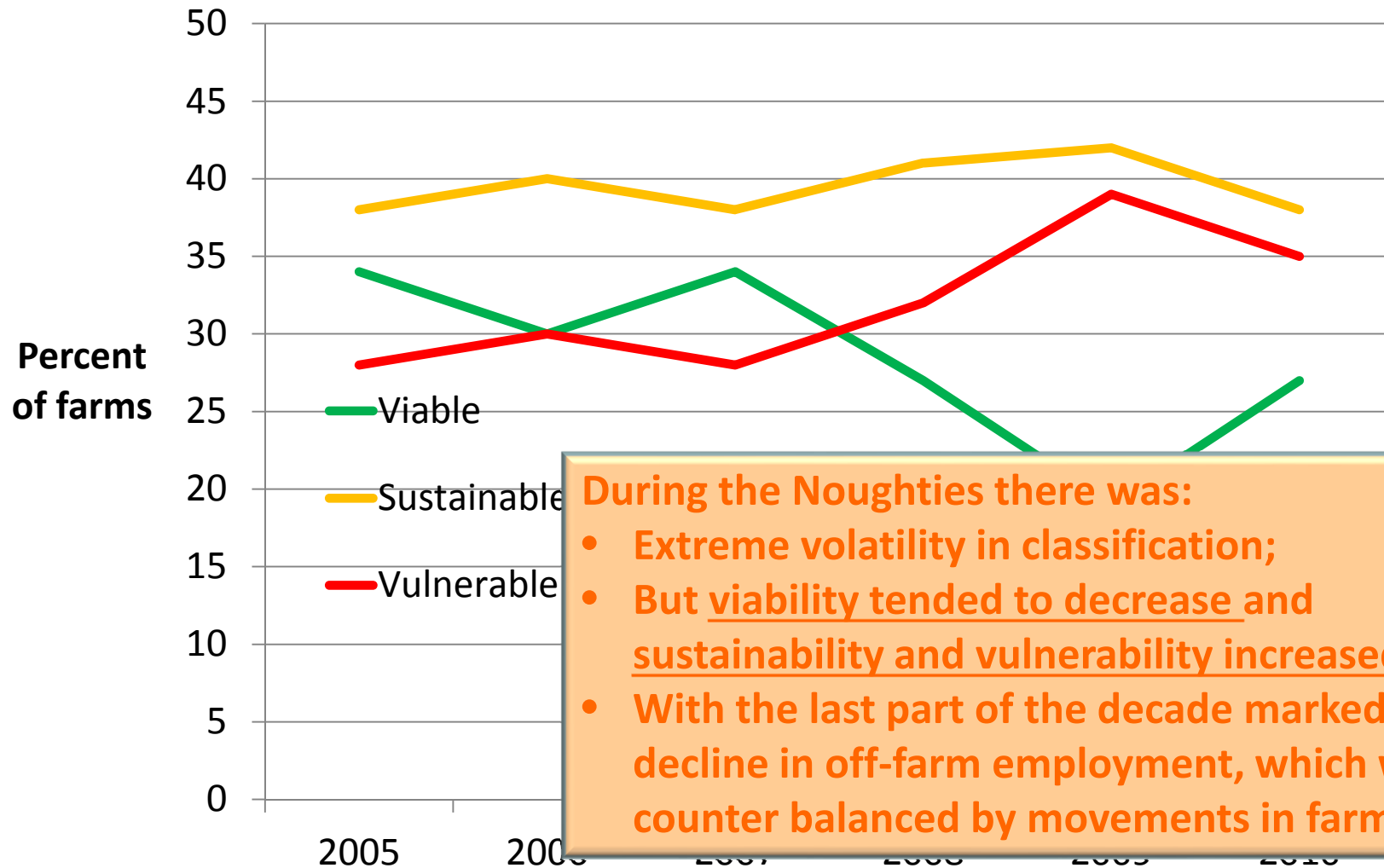


Viability, Sustainability Vulnerability pre 2010



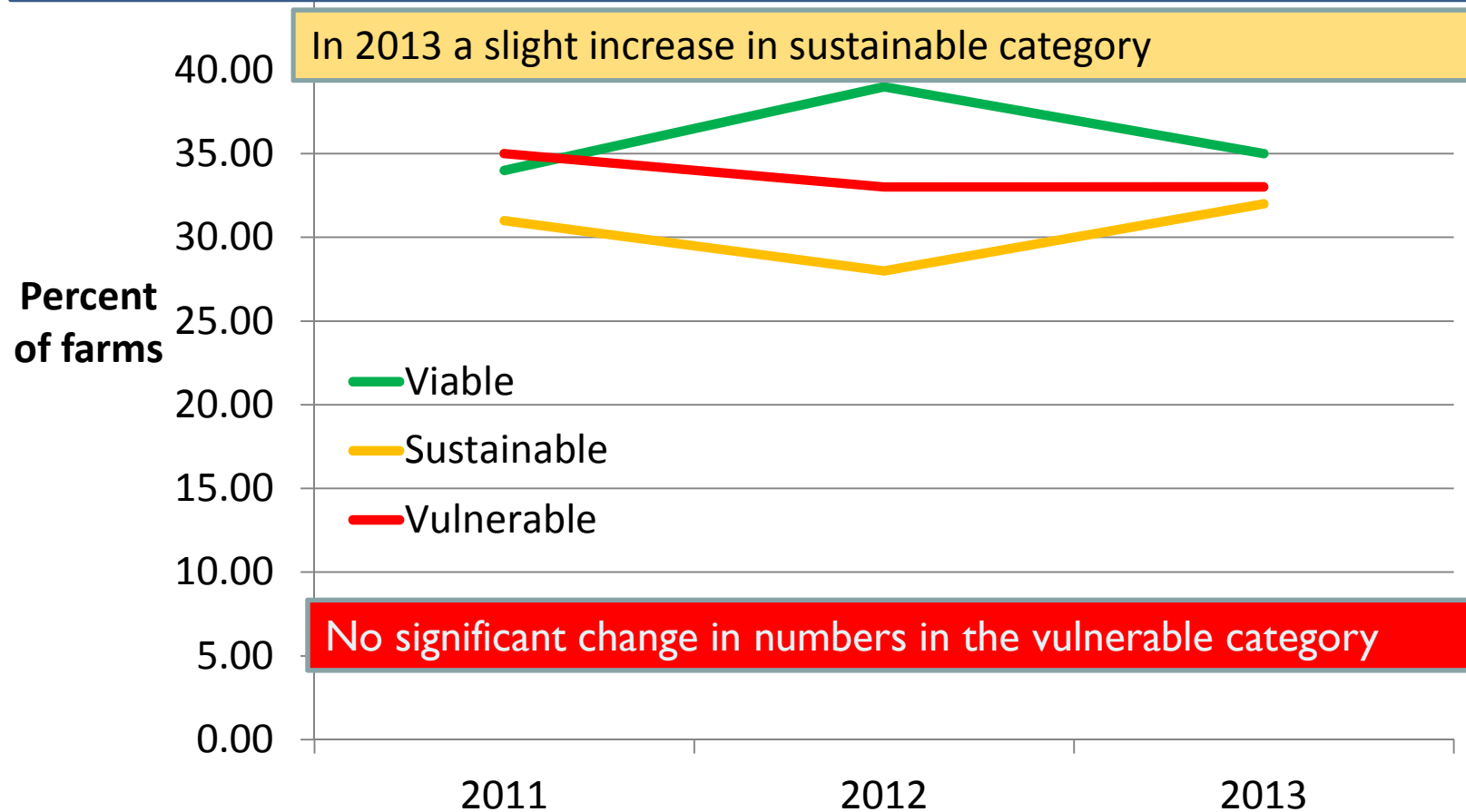
HISTORICAL OVERVIEW

Viability, Sustainability Vulnerability pre 2010



Viability, Sustainability Vulnerability post 2010

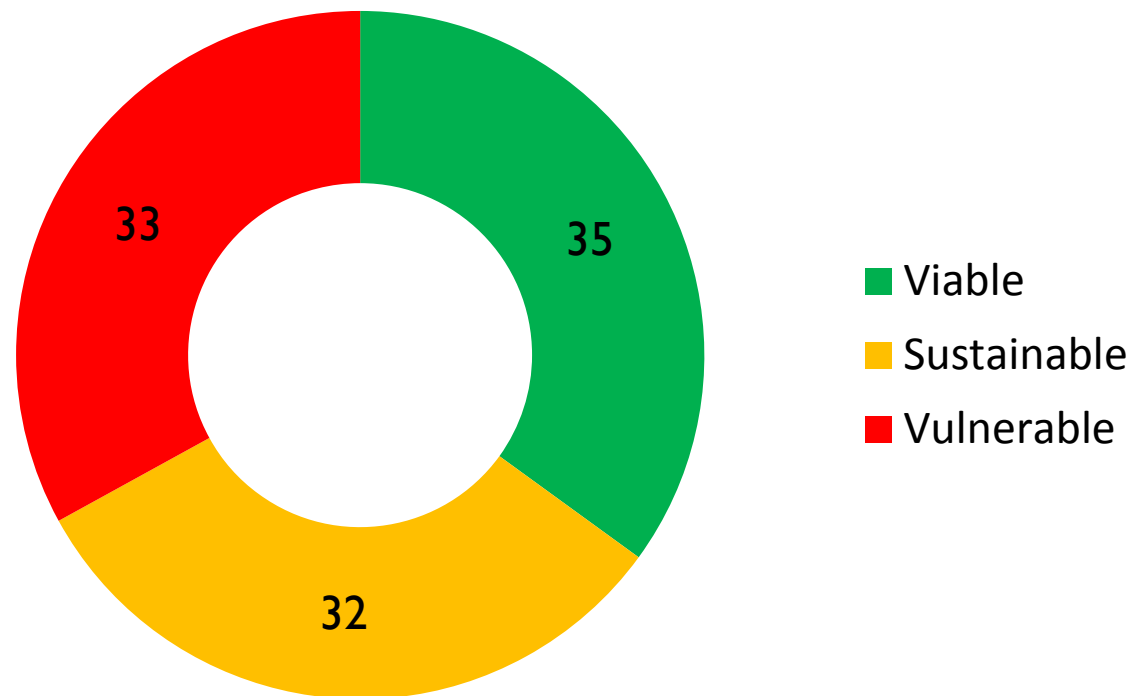
After 2010 farm economics changed resulting in a increase in viable farms
About 1/3 of farms now viable



Classifications of the Farm Population 2013

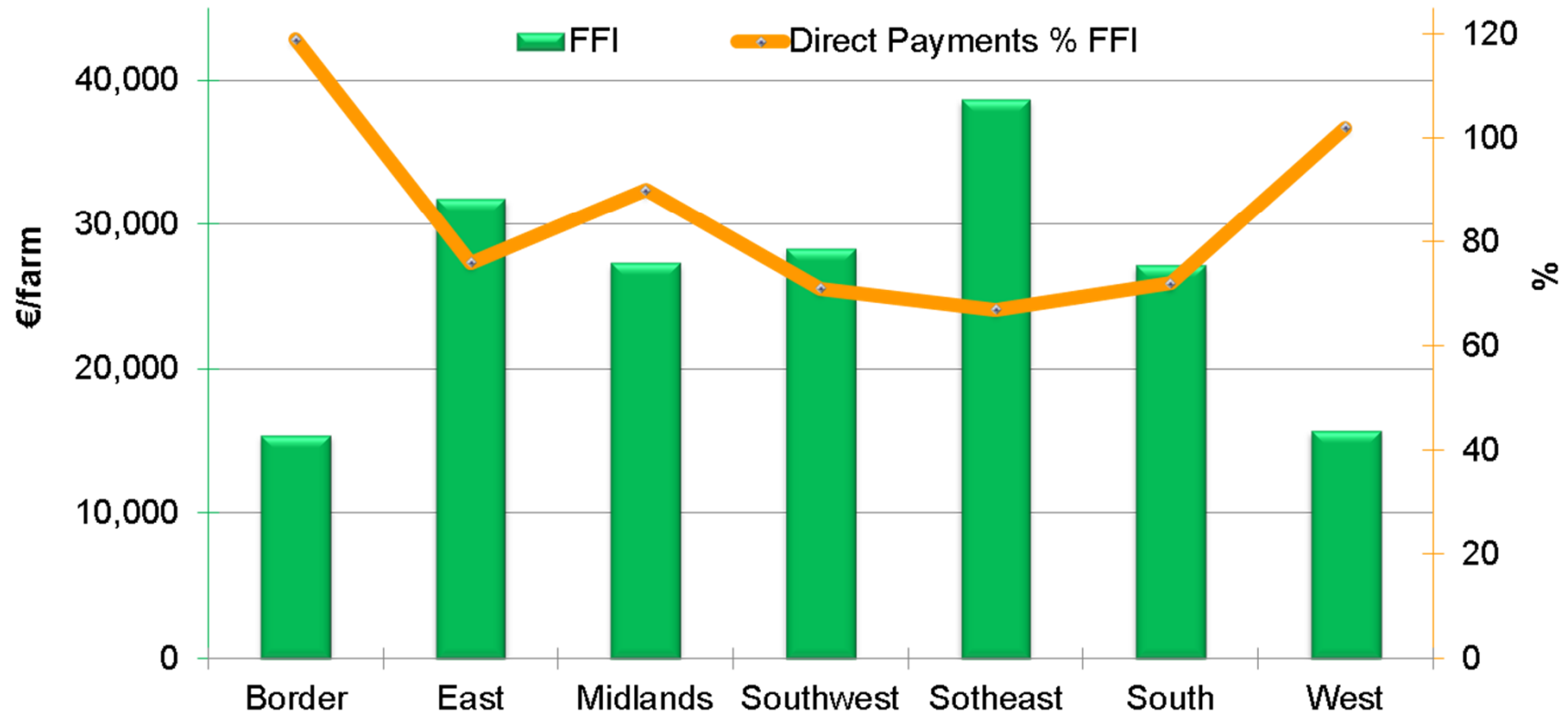
Viable farms are the largest category (.....'just about');

If it were not for off-farm income – two thirds of farms would be vulnerable



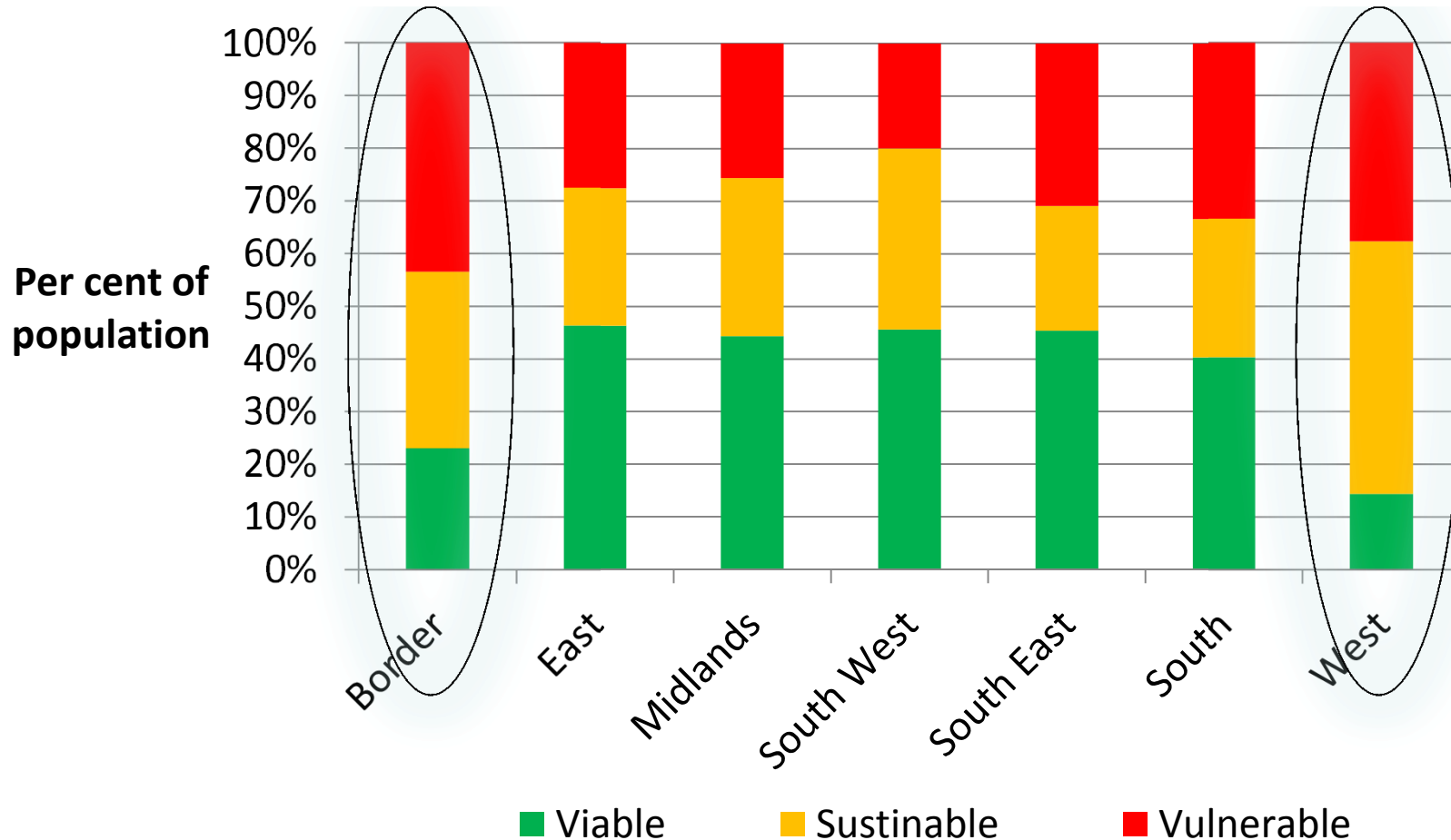
REGIONAL ANALYSIS

Regional Analysis 2013



Viability, Sustainability, Vulnerability by Region (2013)

REDP

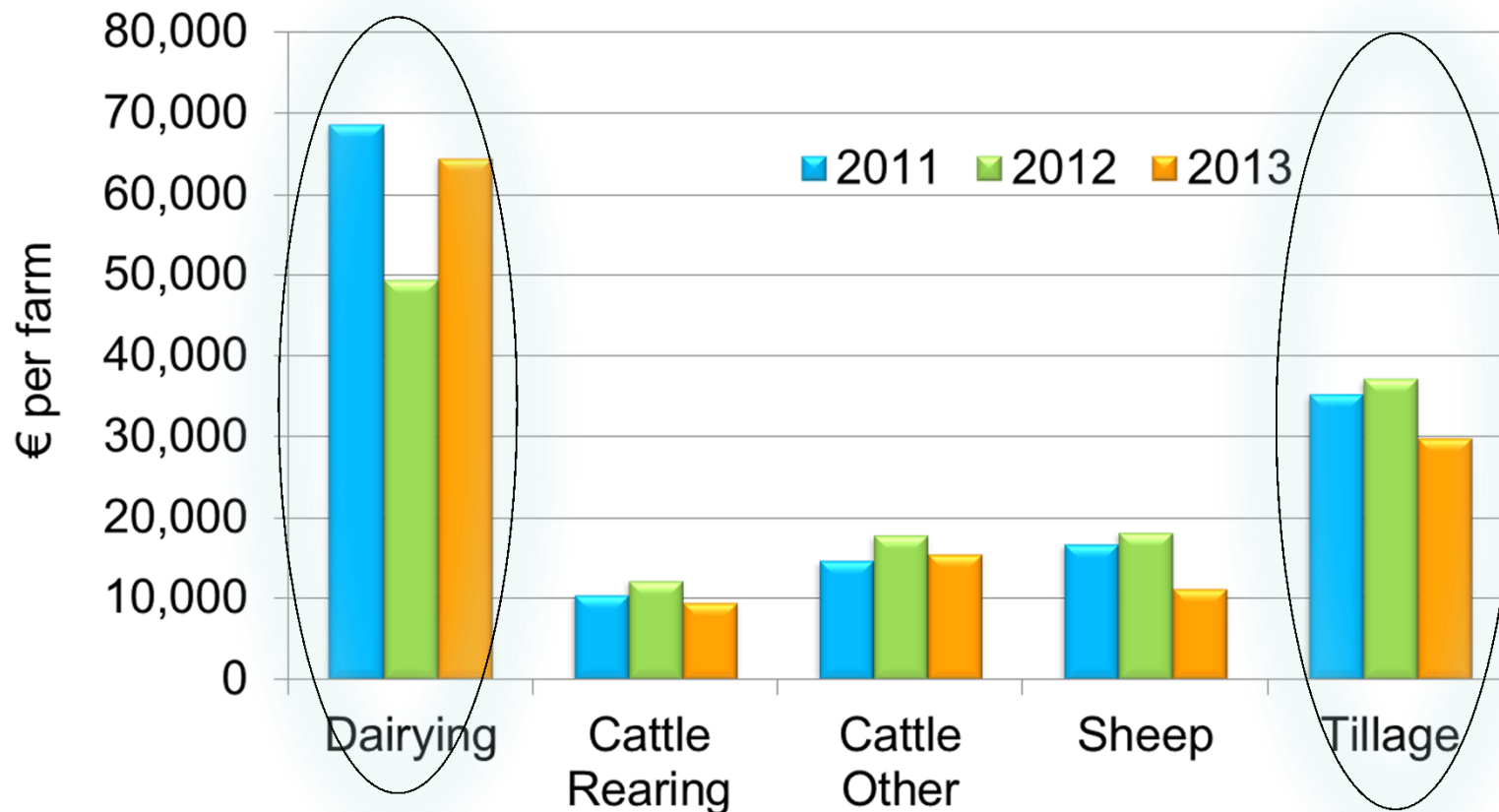


Regional Discussion (2013)

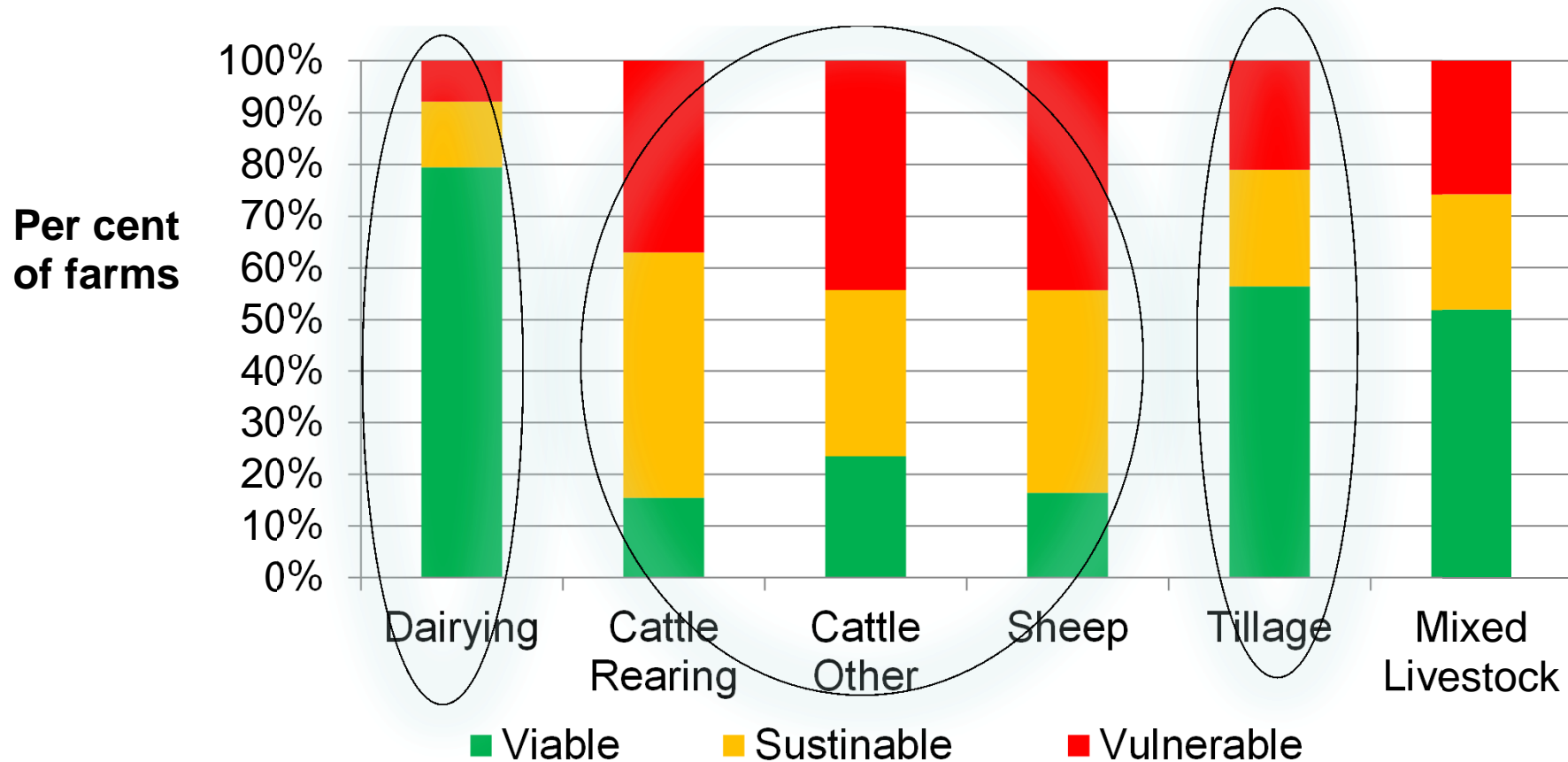
- Large differences exist across the regions
 - Driven by farm and non farm factors
- Highest proportion of viable farms in East, South west, South East South, Midlands and South
 - At least 40 percent of farms in these regions are viable
- Highest variability within regions occurs in West and Border regions
 - Less than 25% of farms viable in these regions
 - Large reliance on off farm income sources in Border and West
- Large proportion of vulnerable farms in Border and West of the country
 - > 1/3 of the farms in these regions are vulnerable

SYSTEM ANALYSIS

Family Farm Incomes 2011 to 2013



Viability, Sustainability, Vulnerability **REDP** by System (2013)



Conclusions

- Sustainability:
 - Slight increase in off-farm employment & sustainability in past year
 - Off-farm employment remaining very important for beef and sheep farms and West and Border region

- Vulnerability:
 - Percent remaining relatively static
 - Regional and System differences

Take Home Message

- Viable farms are the largest group ('just about')
- Sustainable farms increased in 2013 (slightly)
 - Due to farm and off-farm reasons
- Vulnerable farms remain persistently consistent at 1/3 of all farms
- Large differences exist across regions and systems
- Understanding why these differences exist is important
 - Cathal to highlight important non farm factors
- What can be done??
 - Need for targeted measures for the Vulnerable category