Almost half of all farm households in the Border region are economically vulnerable

Almost one in three farm households nationally and half of all farms in the border region are in an economically vulnerable position. This was the main conclusion from a report analysing the viability of the farming sector published by Teagasc today.

The report, based on the Teagasc National Farm Survey, finds that 37 percent of farm businesses were economically viable in 2014, a further 31 percent of farms were only sustainable because of the presence of income earned outside of farming and almost one in three farm households were economically vulnerable as the farm business is not viable and there is no off-farm income present in the household.

Dr Thia Hennessy, Head of the Teagasc National Farm Survey and one of the authors of the report said; "the economic viability of farming in general improved last year but this is almost entirely driven by the strong performance of the dairy sector. We are increasingly moving to a two-tier farm sector where in 2014 over 80 percent of dairy farm businesses were viable compared to less than one in five cattle farm businesses." The regional concentration of farm systems is also affecting the overall viability of the regional farm economies. "The viability of farming in regions such as the Border and the West which are dominated by cattle and sheep farms is of particular concern as less than one in 5 farm businesses are producing a profit that is sufficient to reward the labour and capital invested", she said.

The report finds that the availability of off-farm employment is crucial to safeguarding the economic well-being of a large number of farm households. Almost one-third of farm households or 24,000 households nationally rely on off-farm income to support both the household and the non-viable farm business.

The decline in off-farm employment has increased the vulnerability of many farm households. Almost 60 percent of farm households had an off-farm income in 2007 but this had decreased to 49 percent in 2012. Although a recovery in off-farm employment rates is apparent in the last two years, some regions seem to be recovering faster than others. "While almost one-third of farm households nationally are in an economically vulnerable position, this figure increases to 45 percent for the border region", said Brian Moran co-author of the report. "The high concentration of cattle and sheep farming coupled with the relatively slow recovery in off-farm employment opportunities in the border region, leaves a large number of farm households in an economically vulnerable position", he said.

Ends.

Note to Editors:

The National Farm Survey has been conducted on an annual basis by Teagasc since 1972. The purpose of the survey is to determine the financial situation on Irish farms by measuring the level of gross output, costs and income across the spectrum of farming systems and sizes. The survey is operated as part of the Farm Accountancy Data Network of the EU and it fulfils Ireland's statutory obligation to provide data on farm output, costs and income to the European Commission on an annual basis.

A farm business is deemed to be economically viable if the family farm income is sufficient to remunerate family labour at the minimum agricultural wage, which was €19, 167 per labour unit in 2014, and provide a 5 percent return on the capital invested in non-land assets, i.e. machinery and livestock. Farms that are not economically viable but have an off-farm income, earned by either the farmer or the spouse, are considered to be economically sustainable. Farm households that are operating non-viable farm businesses and where neither the farmer nor the spouse works off the farm are considered economically vulnerable.