Teagasc National Farm Survey
2016 Preliminary Estimates

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Outline

- Teagasc National Farm Survey
  - Definitions
- Overview of farm income results 2016
  - Farm system analysis
  - Investment & borrowings
  - Direct payments
  - Regional results
  - Viability
- Results Summary
Teagasc National Farm Survey

- Operated by Teagasc since 1972
  - EU Statutory Requirement – official farm income statistics.

- Sample of 805 farms
  - Nationally representative of 83,377 farms.
  - Pigs, poultry, horses, horticulture and very small farms not included.

- Preliminary estimates based on 90% total sample
  - Generally within 1.5% of the final average income figure.

- Voluntary farmer participation
Definitions

- Gross output
  - Market gross output revenue from market sales by the farm.
  - Total gross output includes direct payments.

- Family Farm Income (FFI)
  - calculated by deducting all farm costs from total gross output.
  - family labour is not included as a cost (to adhere with EU level methodological requirements).
  - FFI is return to family labour, farm management and investment.
Drivers of Farm Income 2016

- Lower yields and reduced prices
- Milk Price down 9%

Overall total costs remained unchanged

Total Direct Payments increased by 4%
Average Farm Income 2016

Farm Income: €24,060 (-9%)

Market Output: €59,965 (-5%)

Direct Payments: €17,932 (+4%)

Overall Total Costs remained unchanged
Family Farm Income 2006-2016

2016 €24,060

Volatile average income

Less volatile average income

€'000 per farm

Fewer farms with incomes over €50,000 in 2016 (drop in dairy income)

Fewer farms in the lower income categories (higher beef farm income)
Income Distribution by System in 2016

Highest incomes continue to be clustered on dairy and tillage farms.
Number of NFS farms by Farm System in 2016

- Dairy: 15,639
- Cattle Rearing: 19,185
- Cattle Other: 26,433
- Sheep: 12,758
- Tillage: 7,387
Dairy - Key indicators 2016

Average Dairy Income

-17%

€51,809

Market Output

-7%

Direct Payments

-3%

Costs

-1%
Huge diversity in the extent of farm level production change over last two years.
### Changes in key parameters on dairy farms 2014 - 2016

<table>
<thead>
<tr>
<th>Change in Deliveries</th>
<th>Herd Size</th>
<th>Yield/ cow</th>
<th>Other Livestock</th>
<th>Land Area</th>
<th>Cow Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower deliveries</td>
<td>-2%</td>
<td>-6%</td>
<td>+3%</td>
<td>-3%</td>
<td>48</td>
</tr>
<tr>
<td>&lt;10% increase</td>
<td>+6%</td>
<td>-1%</td>
<td>-2%</td>
<td>+2%</td>
<td>57</td>
</tr>
<tr>
<td>10-20% increase</td>
<td>+10%</td>
<td>+4%</td>
<td>-3%</td>
<td>+1%</td>
<td>72</td>
</tr>
<tr>
<td>20-30% increase</td>
<td>+13%</td>
<td>+7%</td>
<td>-1%</td>
<td>+4%</td>
<td>77</td>
</tr>
<tr>
<td>30-50% increase</td>
<td>+26%</td>
<td>+8%</td>
<td>-3%</td>
<td>+5%</td>
<td>95</td>
</tr>
<tr>
<td>&gt;50% increase</td>
<td>+51%</td>
<td>+15%</td>
<td>-8%</td>
<td>+8%</td>
<td>112</td>
</tr>
</tbody>
</table>
Change in Dairy Farm Income 2014-2016

% change in income

-43%  -34%  -23%  -12%  -9%  10%

Lower Deliveries  Up by <10%  Up by 10-20%  Up by 20-30%  Up by 30-50%  >50%
Cattle Rearing - Key indicators 2016

Average Income
€12,908

Market Output
Reduced Prices
Cattle -6%
Calves -11%

Direct Payments
Total Costs
Unchanged

+11%
-5%
+2%
Cattle Other - Key indicators 2016

Average Income
€16,887

Market Output
-1%

Direct Payments
+5%

Total Costs
+2%

Reduced Prices in the region of 10%
Sheep - Key indicators 2016

Average Income: €16,011

- Market Output: -3%
- Direct Payments: +1%
- Total Costs: -2%

Tillage - Key indicators 2016

Average Income €30,816

Market Output -3%
Direct Payments +8%
Total Costs +4%

-9%
Income change by system 2016 v 2015

% change in income

-20% -15% -10% -5% 0% 5%

Dairy  Cattle Rearing  Cattle Other  Sheep  Tillage
Average Family Farm Income by system 2015 & 2016

- Dairy
- Cattle Rearing
- Cattle Other
- Sheep
- Tillage

€'000 per farm

2015

2016
Income per farm and per labour unit

Less variability in income per labour input than in income per farm.
FARM INVESTMENT & BORROWINGS
New Farm Investment in 2016

- €687 million invested by farms in 2016
- Down 13% from 2015
- Type of investment is sector specific
- Reduction primarily in relation to buildings
New Investment by System 2015 and 2016

€/farm

2015
2016

Dairy
Cattle Rearing
Cattle Other
Sheep
Tillage
All

Farm Debt in 2016

- Borrowings up 3%
- Average farm debt is €22,293
- Two-thirds of farms have no business related debt
- Average borrowings on farms with debt €63,764
- Debt to income ratio of 0.93 for all farms
  - For farms with Debt the ratio is 1.81
- 59% of dairy farms have debt – average €99,058
Farm Debt – by Farm System in 2016

€/farm

- Dairy
- Cattle Rearing
- Cattle Other
- Sheep
- Tillage
- All

### Average Farm Debt levels 2016

<table>
<thead>
<tr>
<th>Category</th>
<th>All Farms</th>
<th>Farms with debt</th>
<th>FFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy</td>
<td>58,802</td>
<td>99,058</td>
<td>56,504</td>
</tr>
<tr>
<td>Cattle Rearing</td>
<td>7,318</td>
<td>28,360</td>
<td>18,330</td>
</tr>
<tr>
<td>Cattle Other</td>
<td>12,410</td>
<td>39,763</td>
<td>20,158</td>
</tr>
<tr>
<td>Sheep</td>
<td>12,351</td>
<td>54,517</td>
<td>26,182</td>
</tr>
<tr>
<td>Tillage</td>
<td>56,191</td>
<td>80,590</td>
<td>49,703</td>
</tr>
<tr>
<td>All</td>
<td>22,293</td>
<td>63,764</td>
<td>35,263</td>
</tr>
</tbody>
</table>

€/farm

Debt per Cow in 2016 - Dairy Expansion

### Funding of Dairy Expansion

<table>
<thead>
<tr>
<th>Change in Deliveries</th>
<th>% of Dairy Farms</th>
<th>Cow Nos</th>
<th>% Change in Debt</th>
<th>Actual Debt Level</th>
<th>FFI 2016</th>
<th>Debt to Income Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower deliveries</td>
<td>18%</td>
<td>48</td>
<td>-7%</td>
<td>27,550</td>
<td>31,544</td>
<td>0.87</td>
</tr>
<tr>
<td>Up by &lt;10%</td>
<td>24%</td>
<td>57</td>
<td>6%</td>
<td>32,740</td>
<td>36,320</td>
<td>0.90</td>
</tr>
<tr>
<td>Up by 10-20%</td>
<td>20%</td>
<td>72</td>
<td>26%</td>
<td>71,166</td>
<td>52,869</td>
<td>1.35</td>
</tr>
<tr>
<td>Up by 20-30%</td>
<td>16%</td>
<td>77</td>
<td>3%</td>
<td>65,298</td>
<td>58,028</td>
<td>1.13</td>
</tr>
<tr>
<td>Up by 30-50%</td>
<td>14%</td>
<td>95</td>
<td>14%</td>
<td>95,770</td>
<td>72,286</td>
<td>1.32</td>
</tr>
<tr>
<td>Up by &gt;50%</td>
<td>8%</td>
<td>112</td>
<td>28%</td>
<td>122,296</td>
<td>87,709</td>
<td>1.39</td>
</tr>
</tbody>
</table>
DIRECT PAYMENTS
Direct Payments by Scheme type
2014 to 2016

€/farm

2014
2015
2016

BPS
DAS
Env Scheme
Beef Data
Other

0
4,000
8,000
12,000
16,000
20,000
Composition of Direct Payments by System 2016

Dairy
- BPS
- DAS
- Env Scheme
- Beef Data
- Other

Cattle Rearing
- BPS
- DAS
- Env Scheme
- Beef Data
- Other

Sheep
- BPS
- DAS
- Env Scheme
- Beef Data
- Other
## Direct Payments per Hectare 2016

<table>
<thead>
<tr>
<th>System</th>
<th>UAA</th>
<th>€ per hectare</th>
<th>€ per farm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairying</td>
<td>56.1</td>
<td>346</td>
<td>19,397</td>
</tr>
<tr>
<td>Cattle Rearing</td>
<td>36.1</td>
<td>404</td>
<td>14,590</td>
</tr>
<tr>
<td>Cattle Other</td>
<td>38.1</td>
<td>438</td>
<td>16,694</td>
</tr>
<tr>
<td>Sheep</td>
<td>51.4</td>
<td>345</td>
<td>17,726</td>
</tr>
<tr>
<td>Tillage</td>
<td>67.2</td>
<td>392</td>
<td>26,327</td>
</tr>
<tr>
<td>All Sizes</td>
<td>46.5</td>
<td>386</td>
<td>17,932</td>
</tr>
</tbody>
</table>
Market Income 2016

![Bar chart showing Market Income for different sectors: Dairy, Cattle Rearing, Cattle Other, Sheep, Tillage. The chart includes FFI, Direct Payments, and Market Income categories.](image-url)
REGIONAL RESULTS
Regional overview – Family Farm Income 2016

The graph illustrates the Family Farm Income (FFI) in different regions of Ireland for the year 2016. The FFI ranges from 0 to 40,000. The regions are categorized as Border, East, Midlands, South, and West. The highest FFI is observed in the South, followed by the East. The FFI in the Border and West regions is significantly lower compared to the other regions.
Direct Payments as a % of Income by region 2016
Regional overview – Direct Payments 2016

Regional Income Changes 2016

% Change in Income

-20% -15% -10% -5% 0%

All Border East M'lands S'west S'east South West

Farm Demography and Off-farm Employment 2016

- Average farmer age 56
  - Dairy – 51 / Sheep - 59
- Married 70%
- Household Size - 2.8 persons

- 62% demographically viable
  - Dairy – 51 / Sheep - 59
- 25% have pensions

Off-farm Job
Holder/Spouse- 49%
Holder only – 30%
Spouse only – 33%
Off-farm Employment by Holder 2016
Farm Viability – Some Definitions

- **Viable** A farm business is viable if the farm income can remunerate family labour at the minimum agricultural wage and provide a 5% return on the capital invested in non-land assets.

- **Sustainable** If the farm business is not viable the household is still considered sustainable if the farmer or spouse has an off-farm income.

- **Vulnerable** A farm household is considered to be economically vulnerable if the farm business is not viable and if neither the farmer nor spouse work off the farm.
Viability of Irish Farming 2016

% Farms

- Viable: 37%
- Sustainable: 29%
- Vulnerable: 34%
Viability by Farming System 2016

Conclusions

Average Farm Income 2016

Farm Income: -9%
Market Output: -5%
Direct Payments: +4%
Milk price down 9%
Lower cereal yields & prices
Some cost reductions

Overall Total Costs remained unchanged

Average Farm Income by System

- Dairy: €51,809 (-17%)
- Cattle Rearing: €12,908 (+2%)
- Cattle Other: €16,887 (+3%)
- Sheep: €16,011 (-1%)
- Tillage: €30,816 (-10%)

Conclusions

- Investment down 13% since 2015.
- Borrowings up 3%.
- 59% of dairy farms have debt
  - €99,058 on average.
  - Higher debt levels across larger expanders.
- Family farm income down across all regions
  - Impact of decline in dairy incomes evident in the South.
- Farm viability and off-farm employment remains unchanged.