Economic & social dynamics amongst upland farmers

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Teagasc Rural Economy & Development Programme, Athenry, Co. Galway

Uplands Symposium Dundalk

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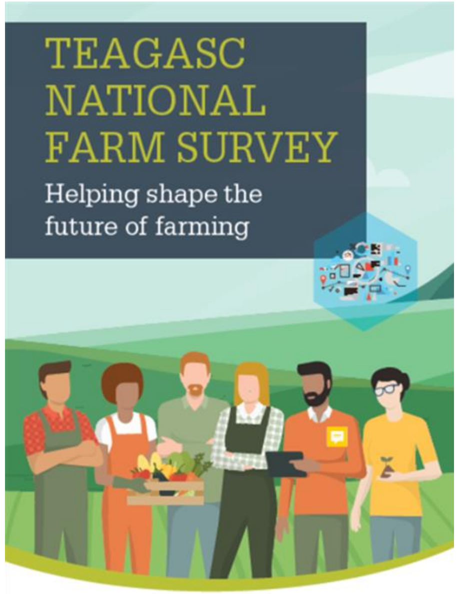
Teagasc National Farm Survey

- Part of the EU Farm Accountancy Data Network (FADN)
  - Statutory obligation to provide data the EU Commission
  - Determine Output, Costs and Income By Farm System(6), Size(7) & Regions(8)
  - Voluntary participation of farmers
  - Nationally representative sample from the CSO
- Types of Data
  - Physical and structural
  - Financial and technical
  - Socio-demographic
  - Sustainability performance
- Transition to FSDN – a more holistic picture of farming



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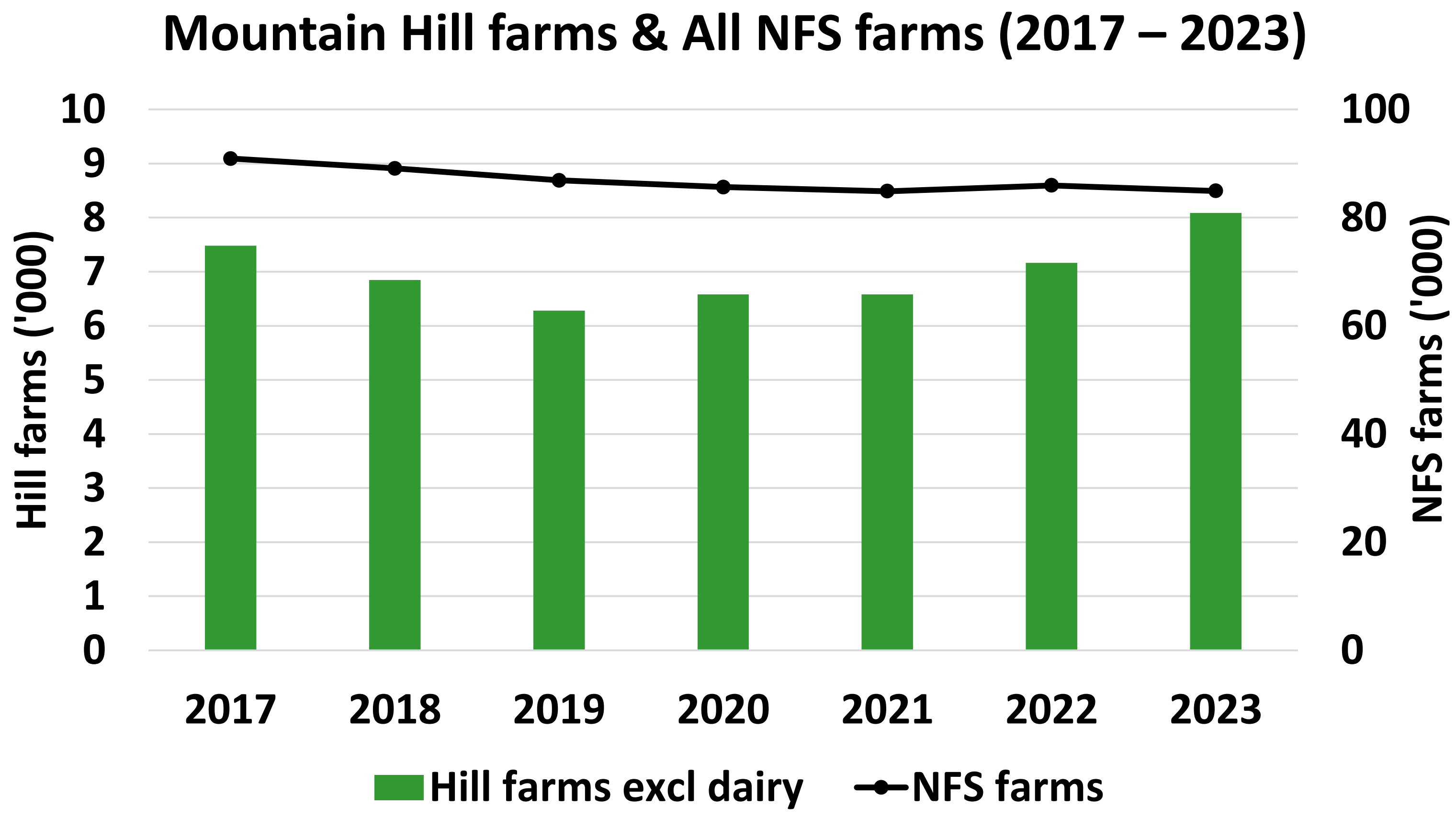
Farm System Classification

- Farms assigned to six farm systems on the basis of standard output (SO)
- Farms with an SO of >€8K included in the annual sample
- Farms classified into a system on the basis of the main outputs of the farm
- Core Annual NFS representative of close to 85K farms
- Additional Small Farms Survey collected intermittently to provide a fuller picture in terms of land use and sustainability (~50K farms)

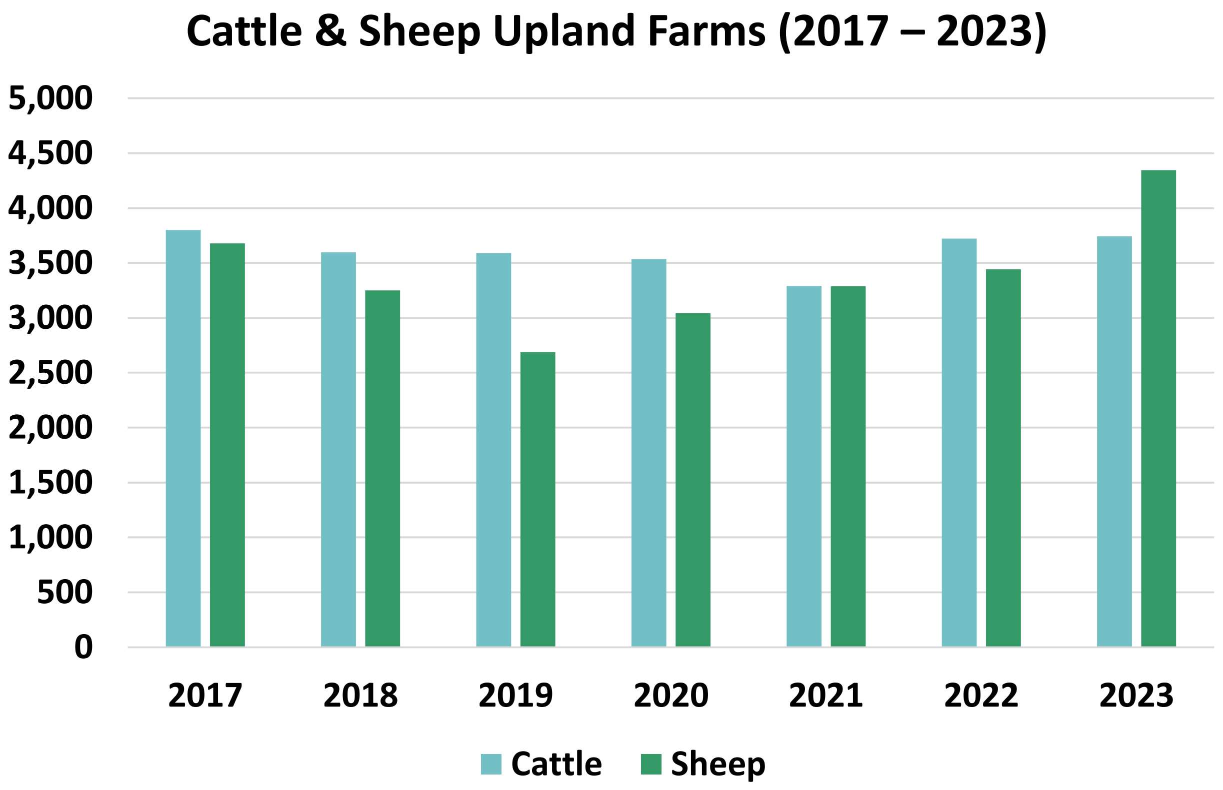
Identifying Upland Farms in the NFS

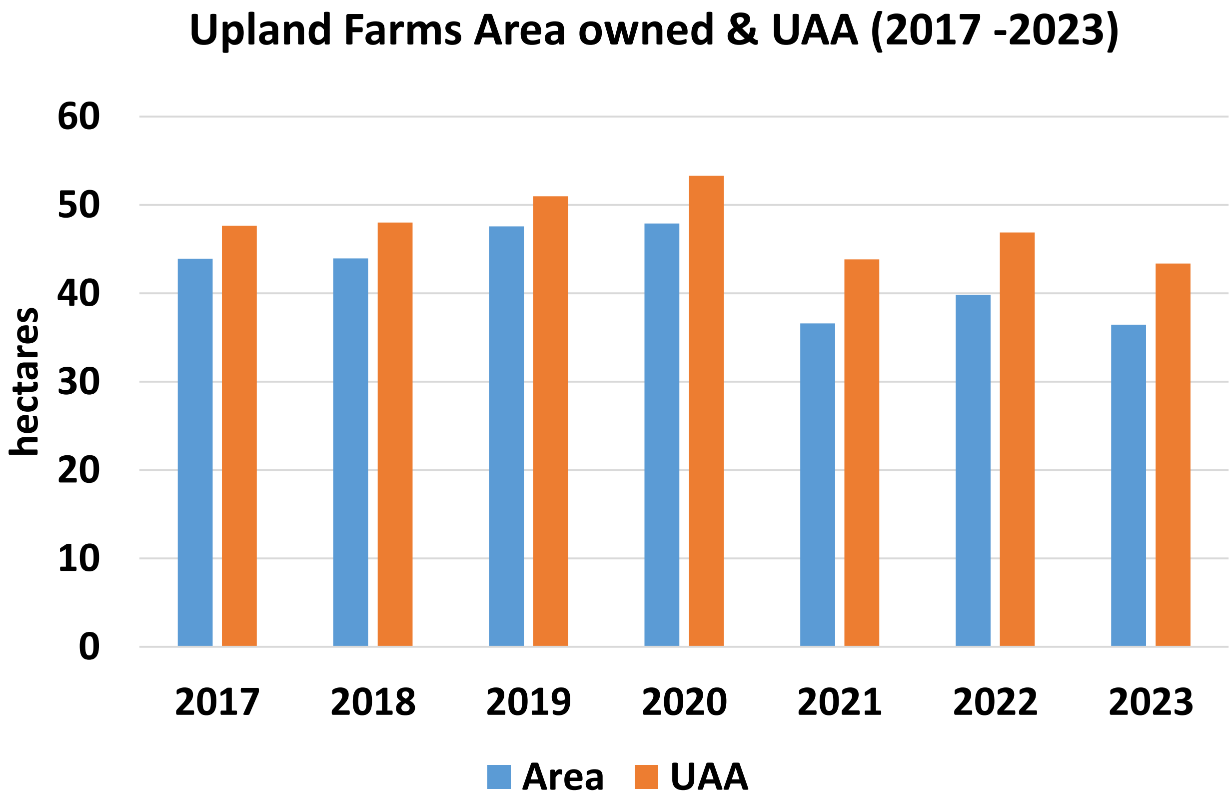
- Normally defined by elevation or soil type



Upland farms in the NFS

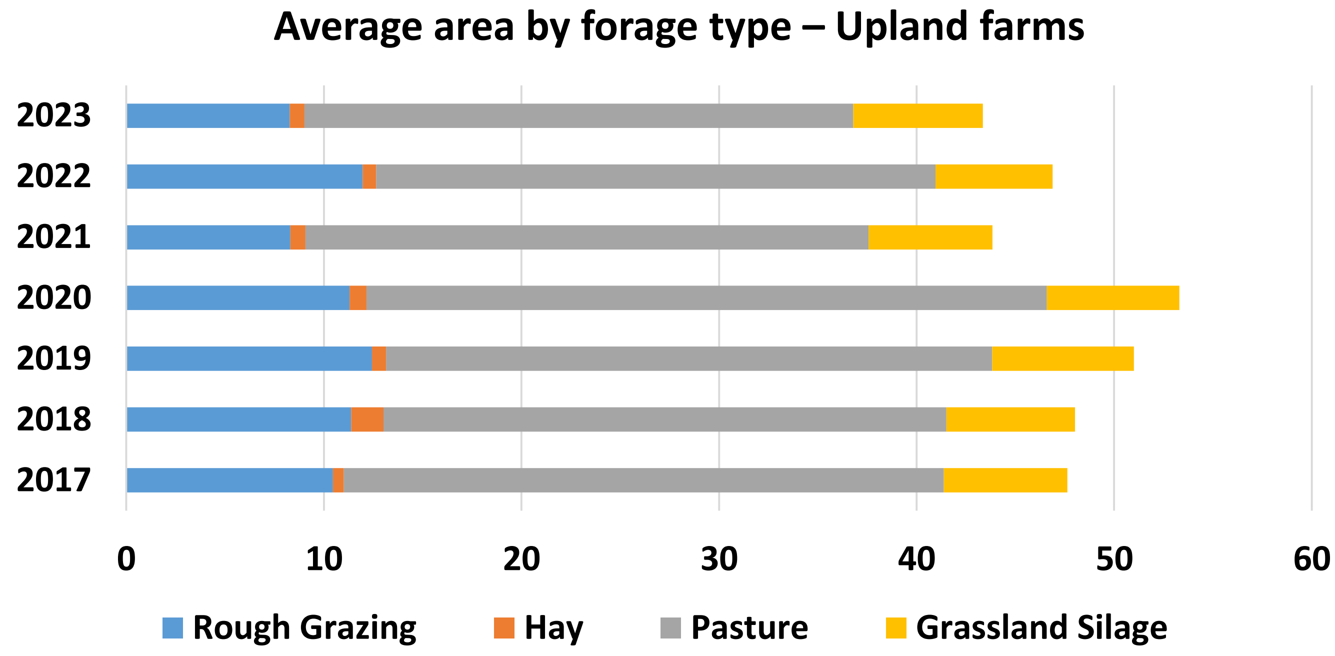
Upland Farms in the NFS



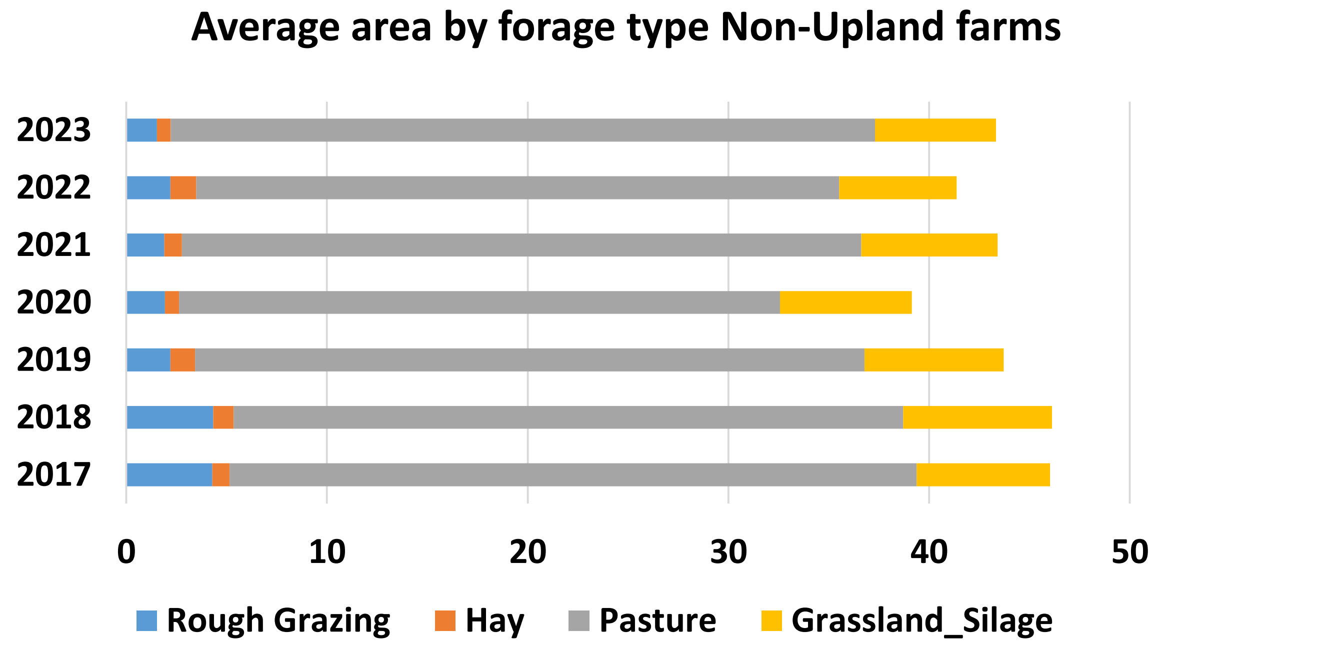


- Focused on Cattle and Sheep farms (dairy excluded)
- Some increase in farm numbers but decline in average size

Forage Area

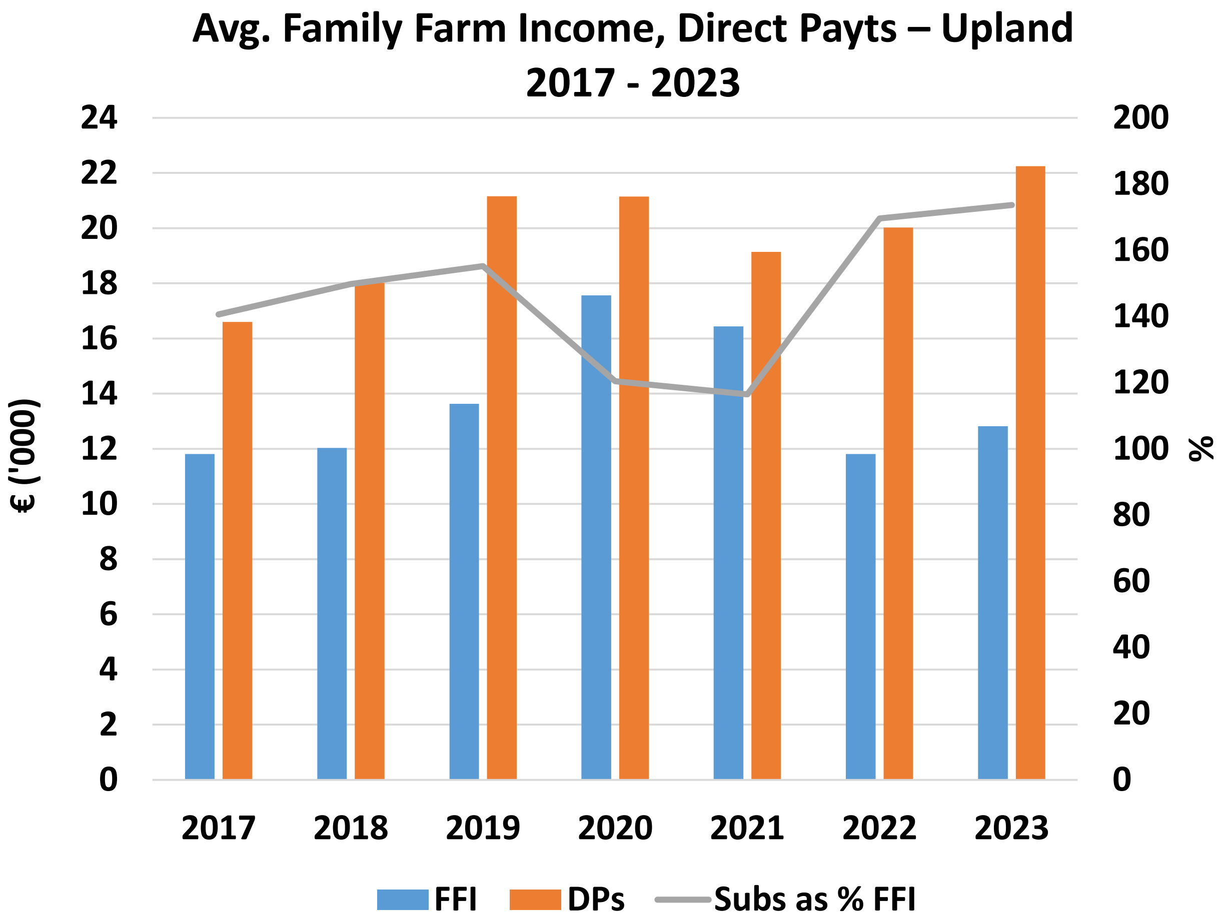


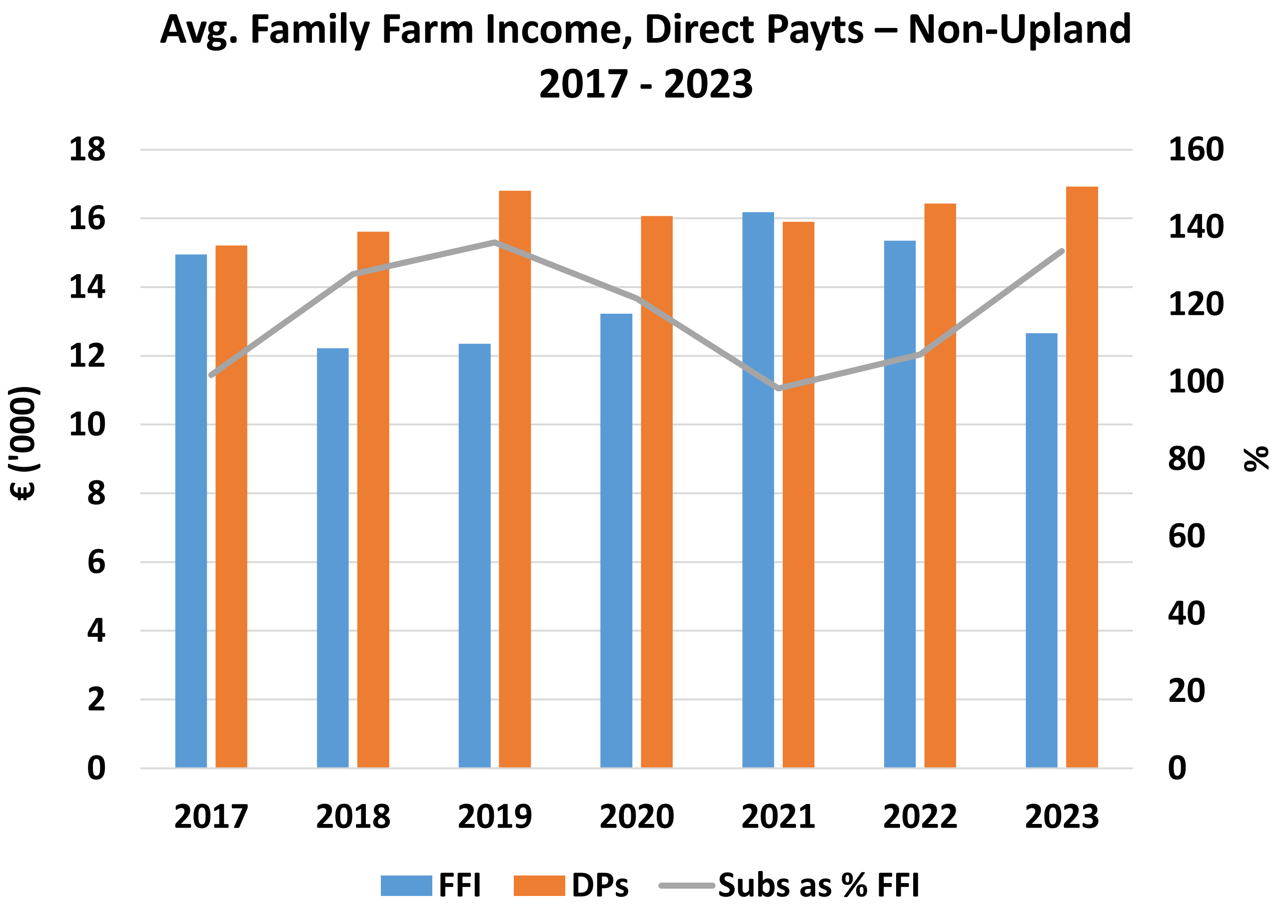
Average area by forage type – Upland farms
2023
2022
2021
2020
2019
2018
2017
0
10
20
30
40
50
60
Rough Grazing
Hay
Pasture
Grassland Silage



Average area by forage type Non-Upland farms
2023
2022
2021
2020
2019
2018
2017
0
10
20
30
40
50
Rough Grazing
Hay
Pasture
Grassland_Silage

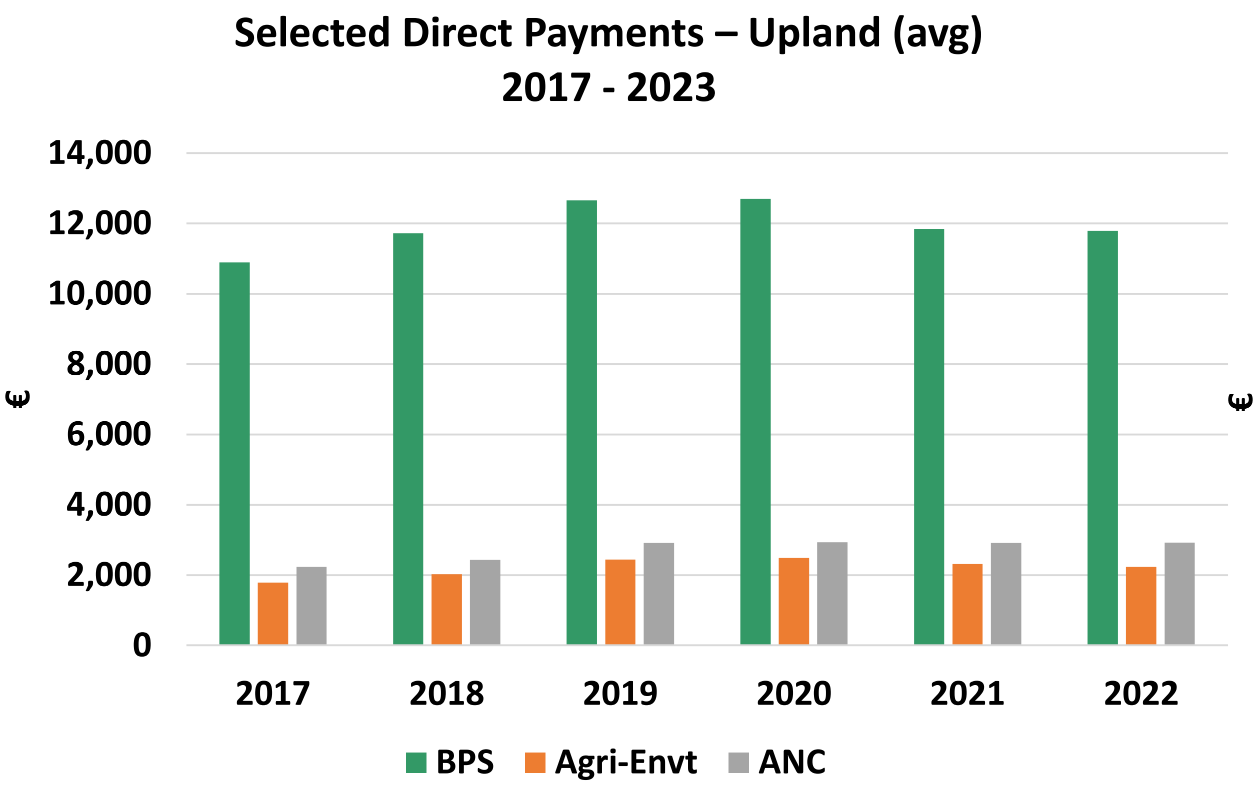
Upland Farms – Economic performance

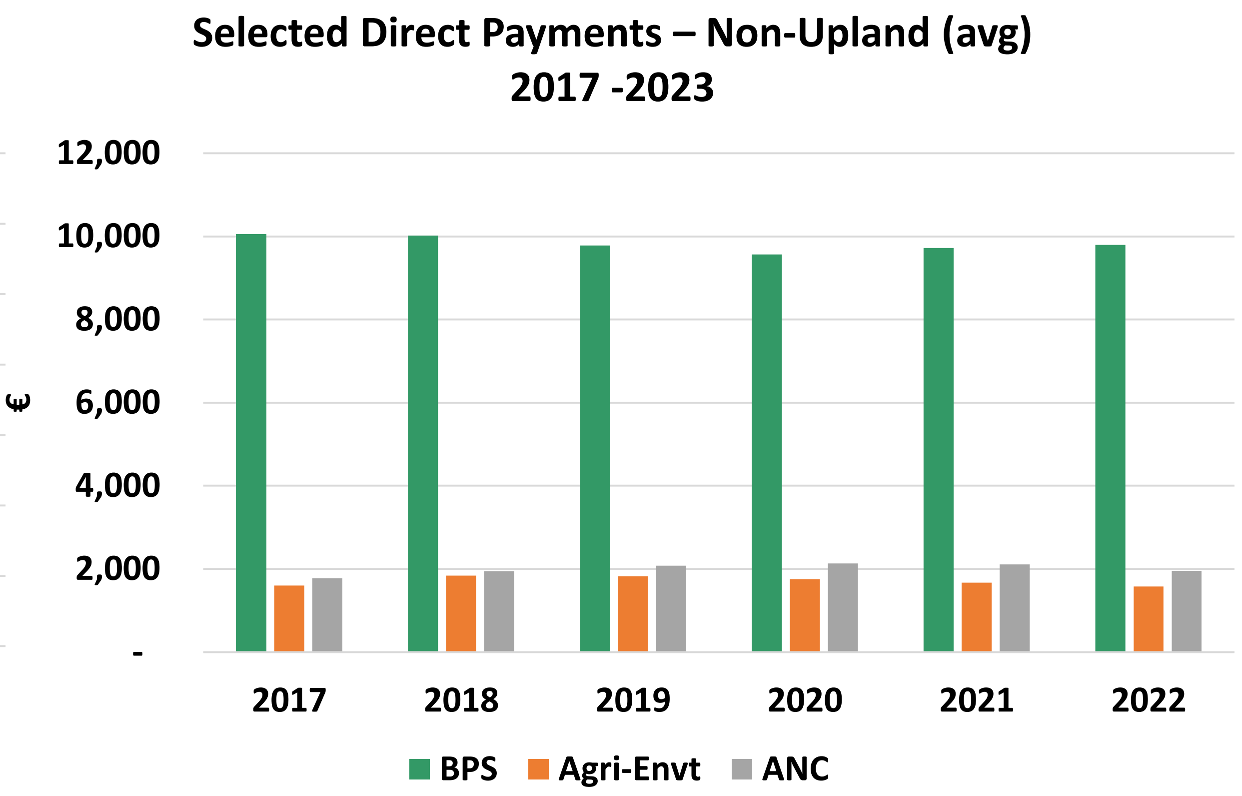




- Decline in FFI evident on upland farms in recent years
- Increasing reliance on direct payments

Upland Farms – Economic performance - a



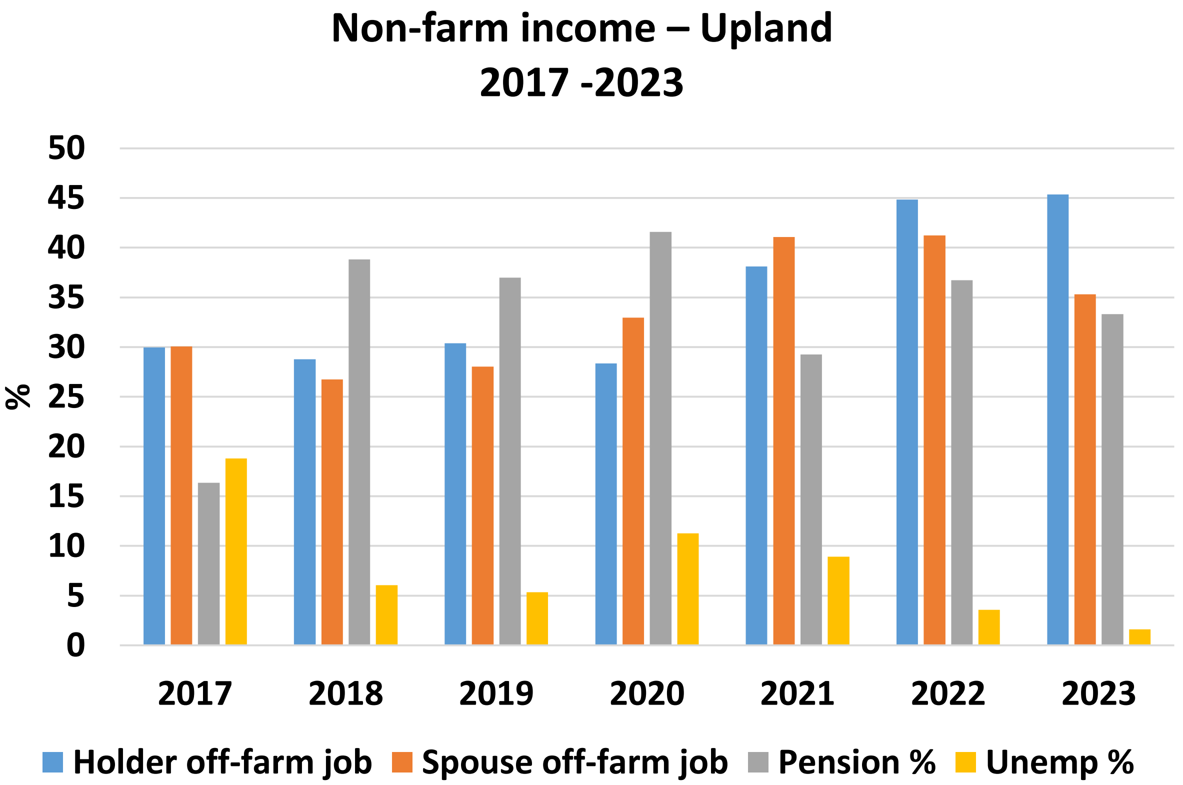


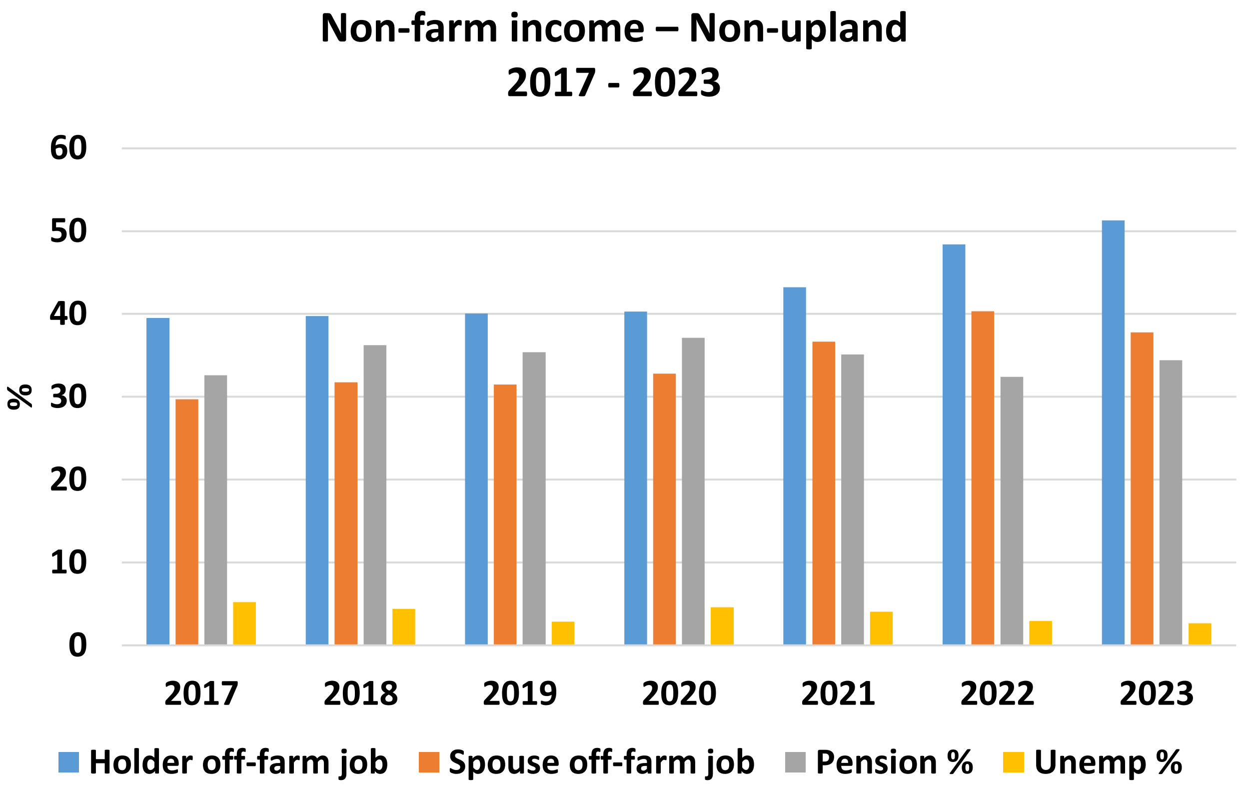
- Higher levels of Pillar 1 and 2 payments evident on upland farms

2023
Avg Pillar 1 payt €12,854
Avg Pillar 2 payt. €9,396

2023
Avg Pillar 1 payt €9,473
Avg Pillar 2 payt. €5,866

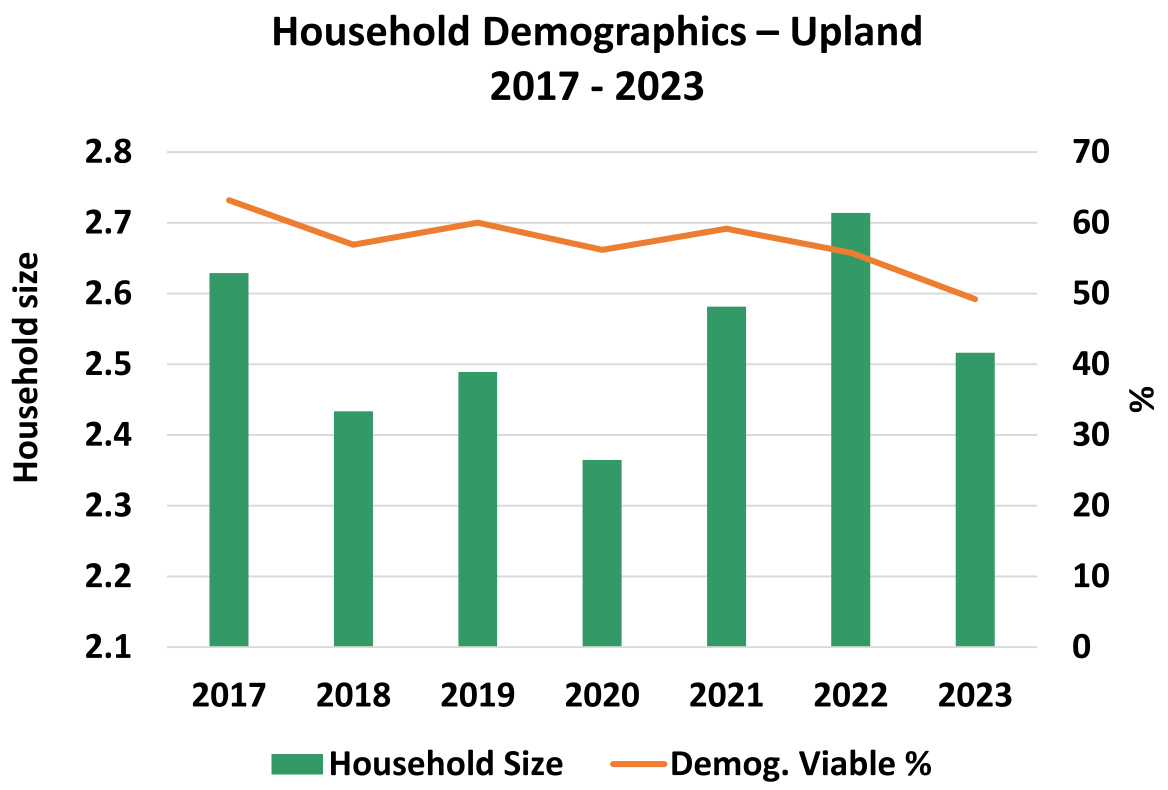
Upland Farms – Social-demographics

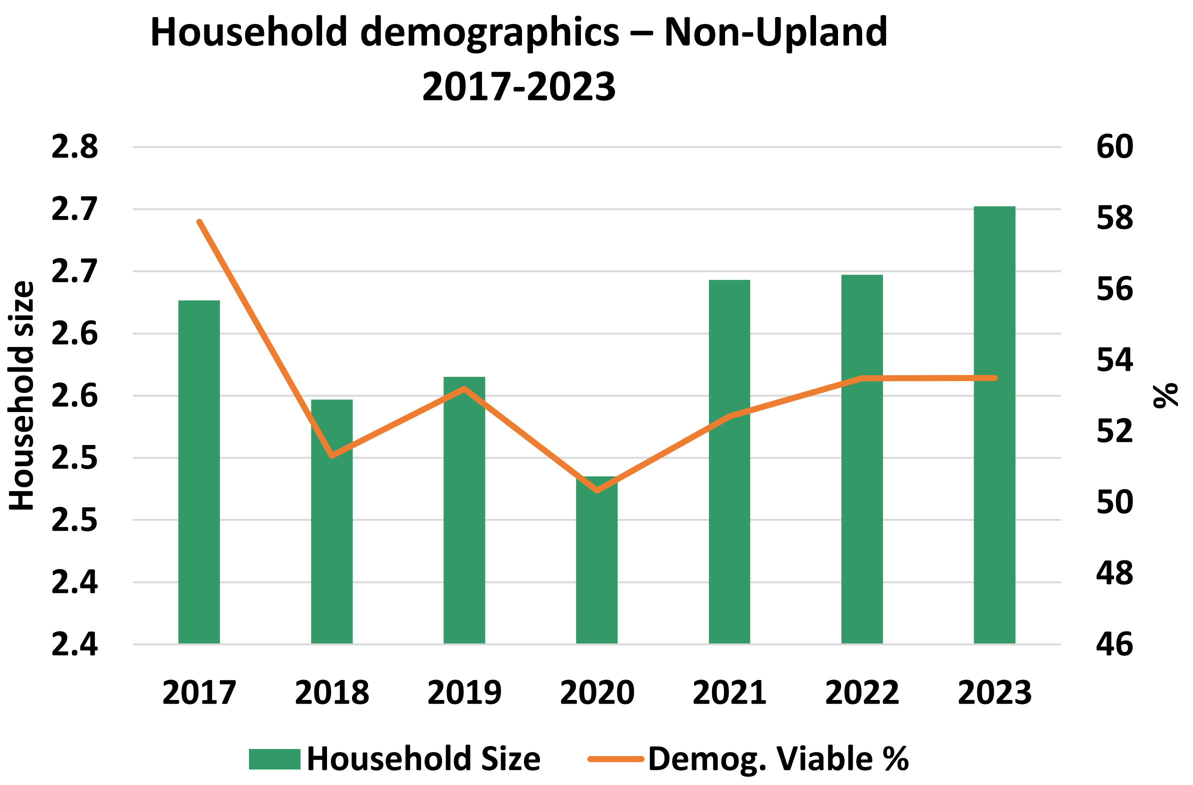




- Increasing proportion of upland and non-upland farmers & spouses working off-farm
- More than 1/3 of households in receipt of a pension – across farm groups

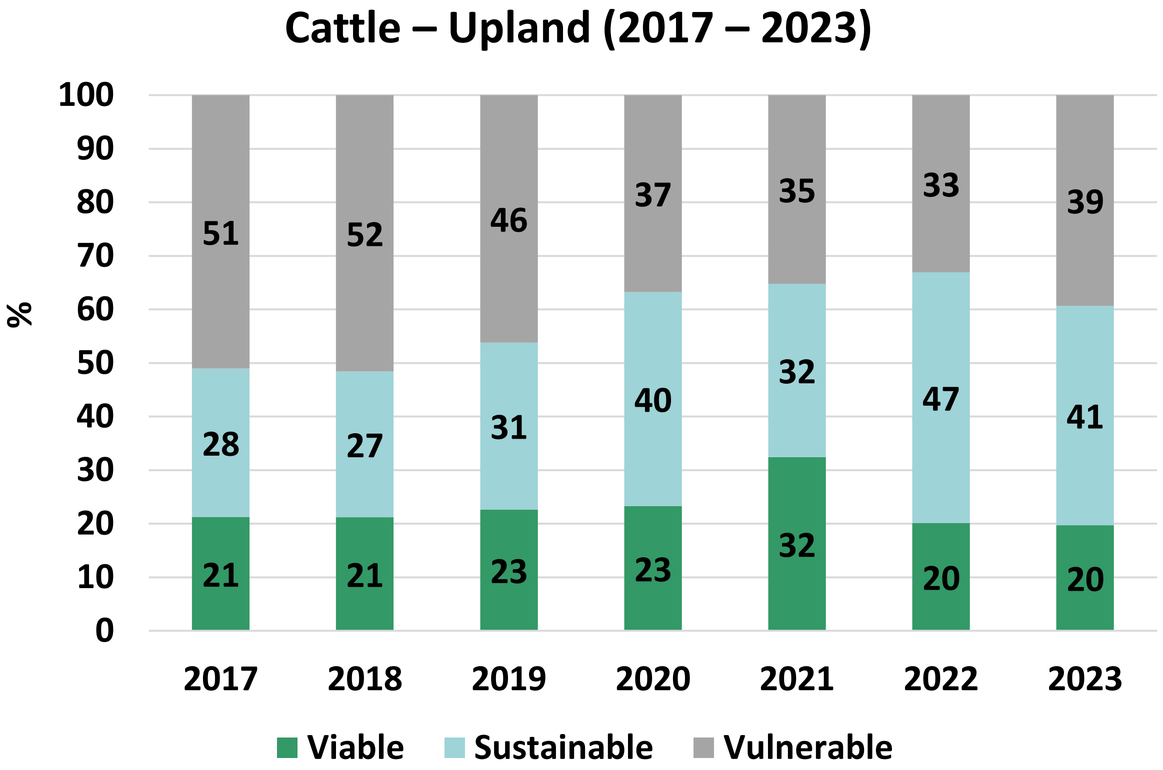
Upland Farms – Social-demographics -

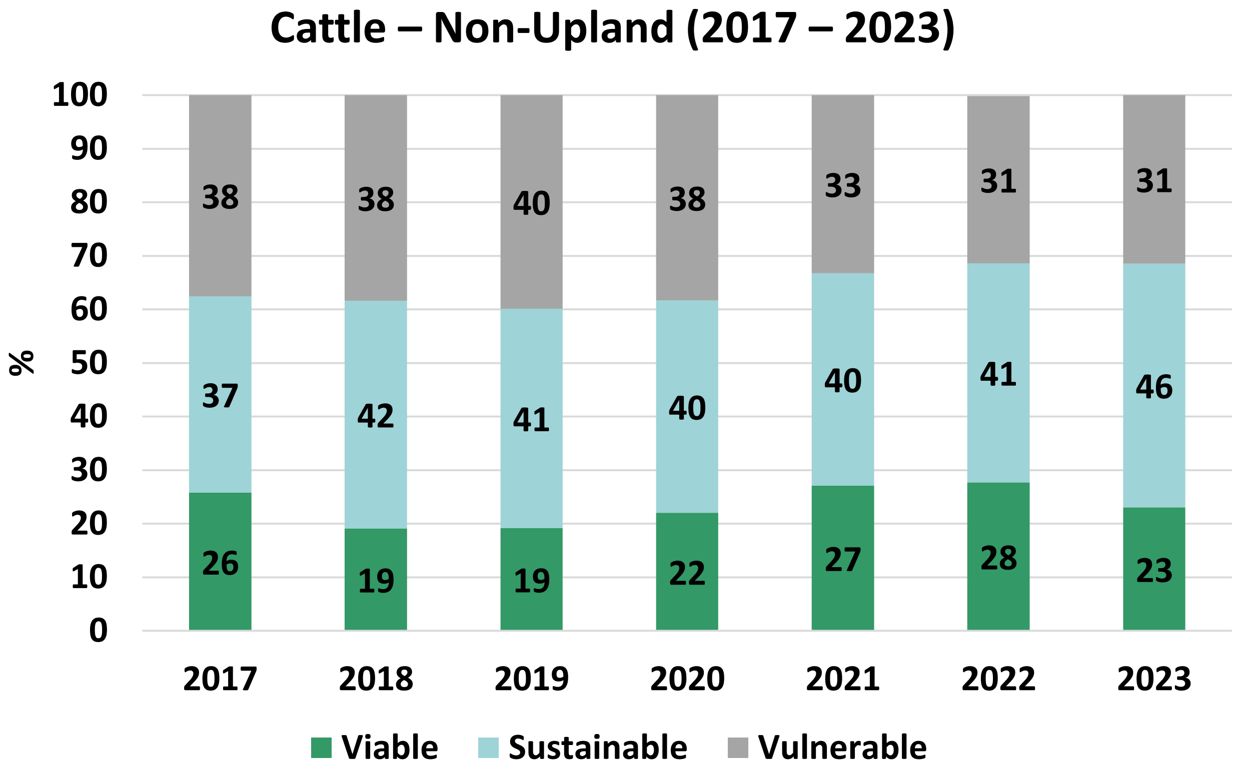




- Smaller household size on upland farms compared to non-upland
- Declining rate of demographic viability (farmer aged >60 & no HH member <45)

Viability by Farm System





- Lower levels of viability on Upland Cattle Farms – higher vulnerability
- Note: a farm business is defined as economically viable if FFI is sufficient to remunerate family labour at the minimum wage and provide a 5% return on the capital invested in non-land assets, i.e. machinery and livestock
- An unviable farm can be sustainable if off-farm income is present but vulnerable if not

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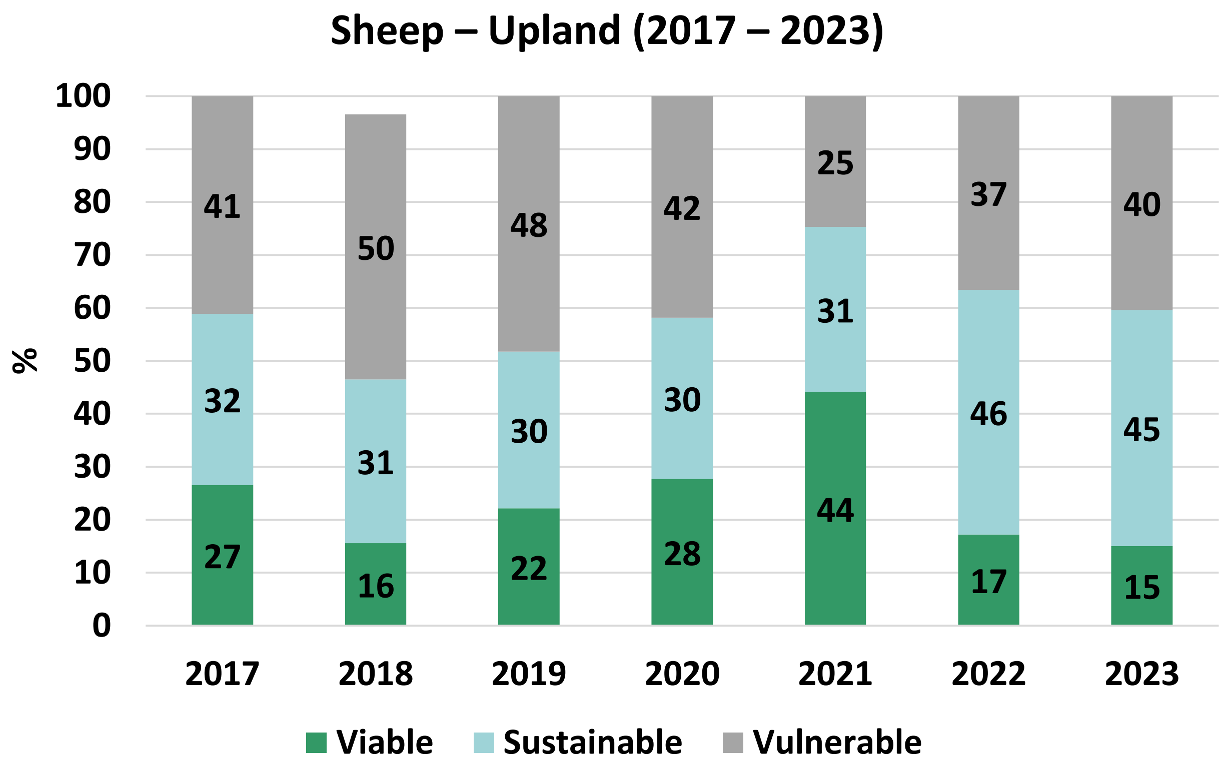
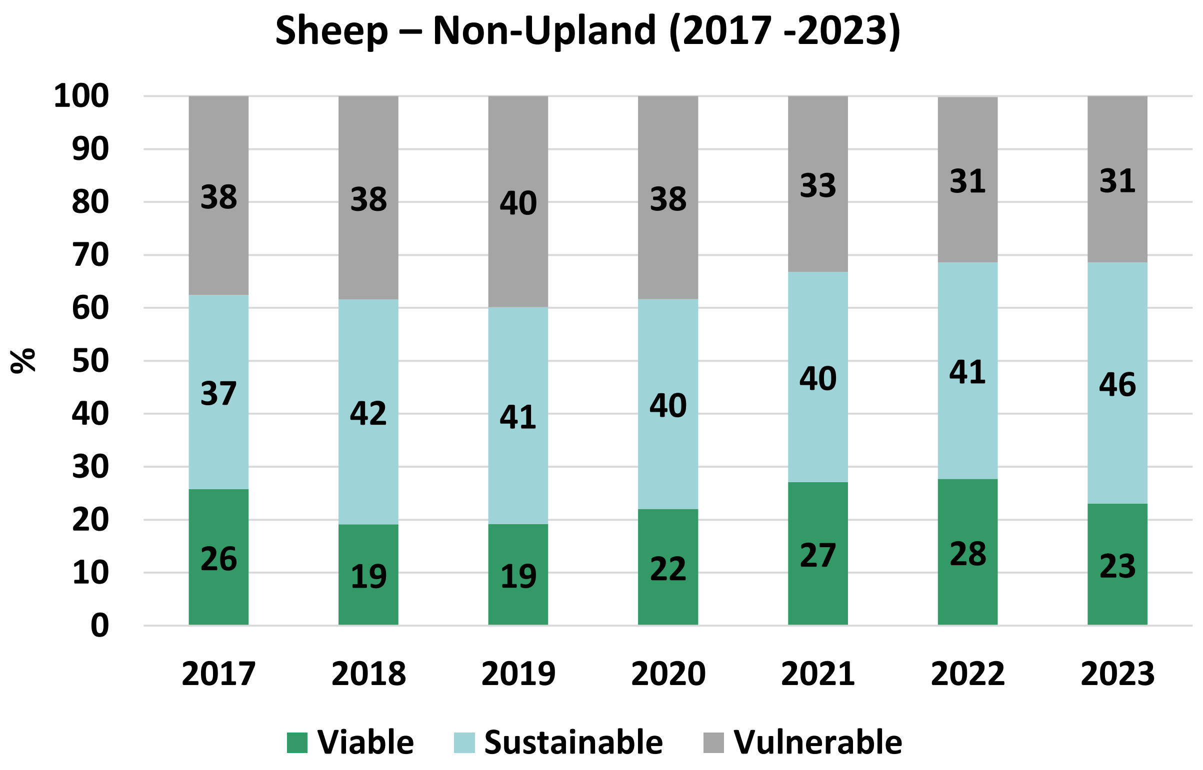
Viability by Farm System - a





- Situation even more stark on Upland Sheep farms – 4/10 vulnerable
- Increasing importance of off-farm work – diversification of incom

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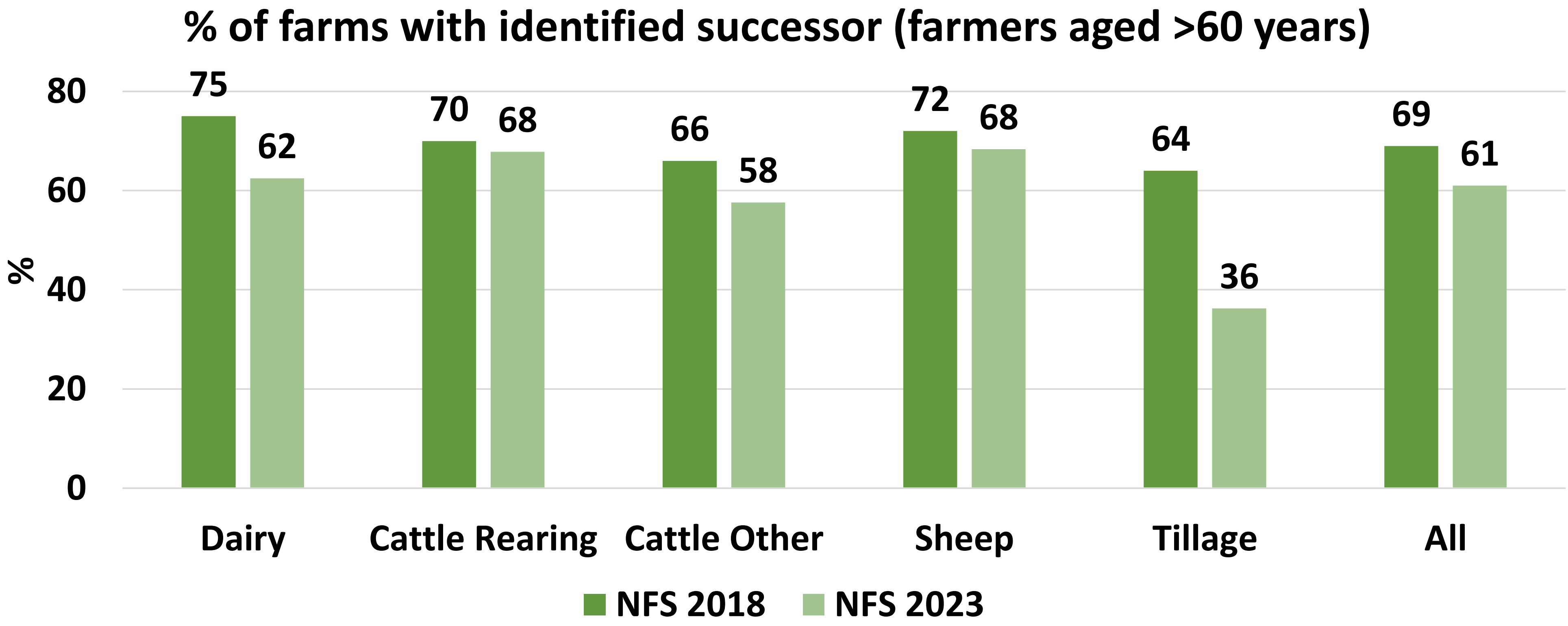
Conclusions

- **Economic** sustainability status of upland farms precarious
  - Low average FFI and high dependency on direct payments
  - Part-time nature a buffer but sustainability challenged by low productivity, high costs
  - Aging profile of farm operators and smaller household size brings added uncertainty
  - On the other hand, the NFS survey on **Small Farms 2022** demonstrates their low **environmental** impact, particularly in terms of nutrient management, water quality and GHG emissions.
  - Important to consider the role of upland and small farms in the delivery of **public goods** and overall contribution to biodiversity and preservation of habitats

Challenge of Generational Renewal

- CSO 2020 - 33% of farm holders were aged >65 years, up from 23% in 1991
  Only 7% were aged <35 years, down from 13% over the same period



- NFS 2023- 6/10 farmers aged >60 have identified a successor – decline on 2018
- Challenges but opportunities…

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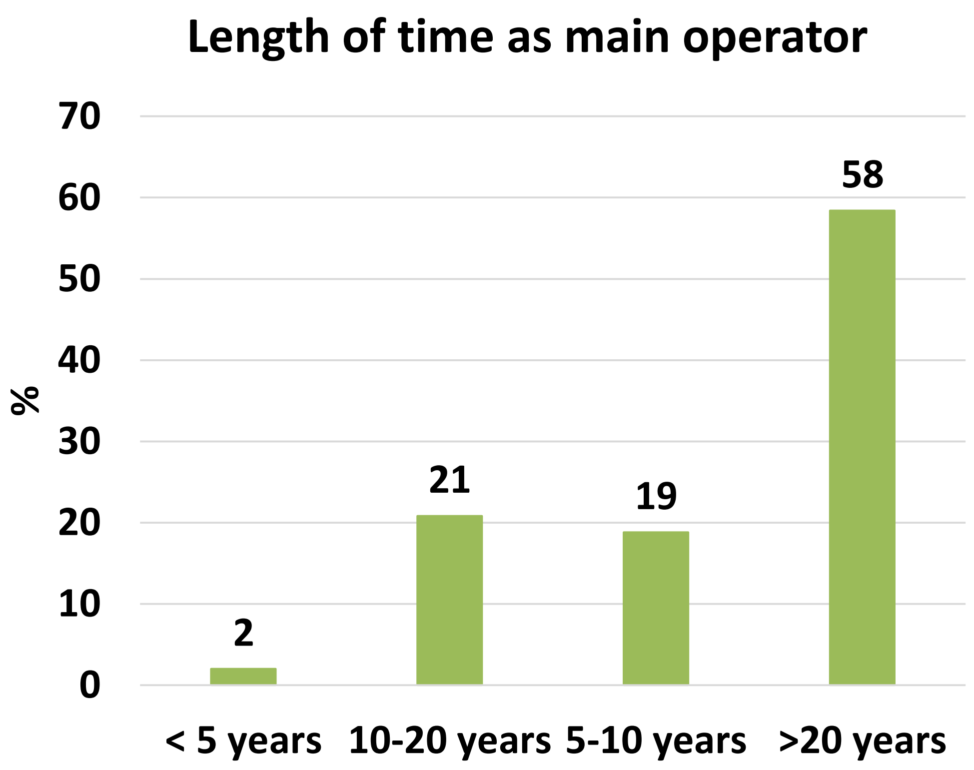
Farming motivation – Insights from Small Farms (2022 survey)

Likert Scale Agreement

- 87% interested in farming environmentally
- 83% enjoy farm work
- 81% following tradition
- 71% important the farm stays within the family
- 65% important to support family to settle
- 53% to retain farm assets



Thank You

Questions?

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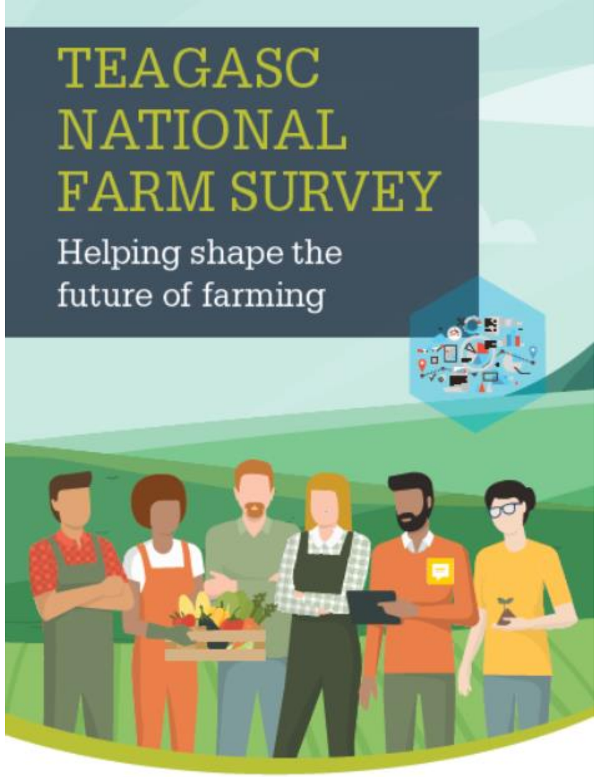
Thanks to the farmers who participate voluntarily, the CSO who select the sample & Teagasc staff involved in the collection, validation and administration of the data



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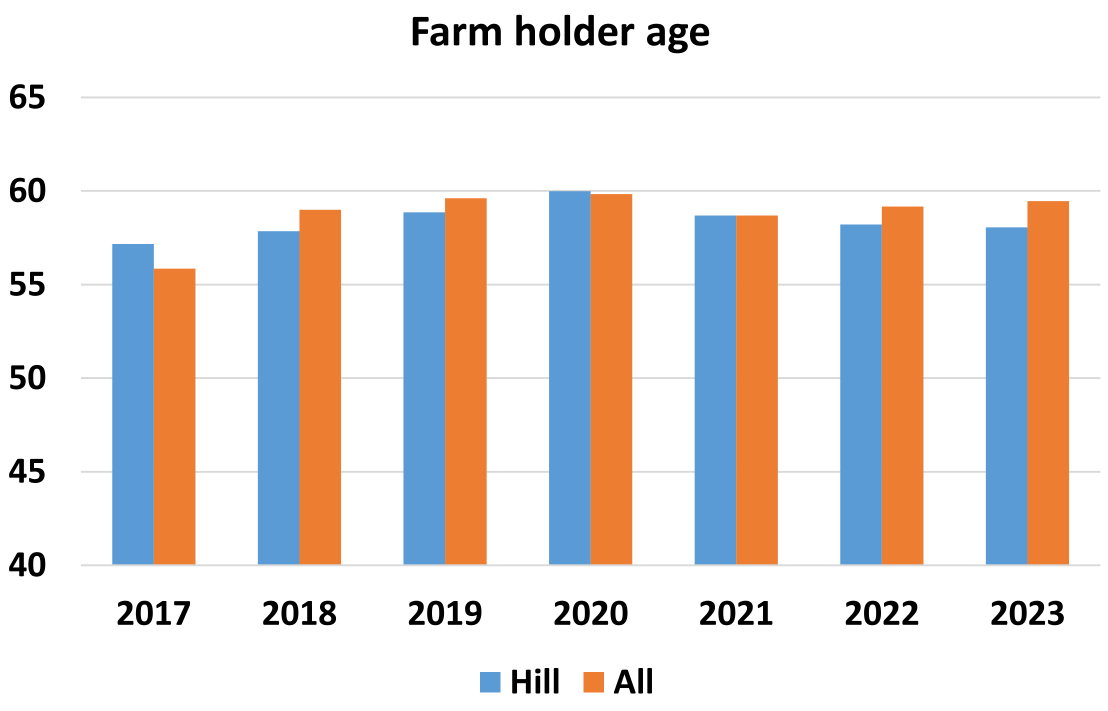
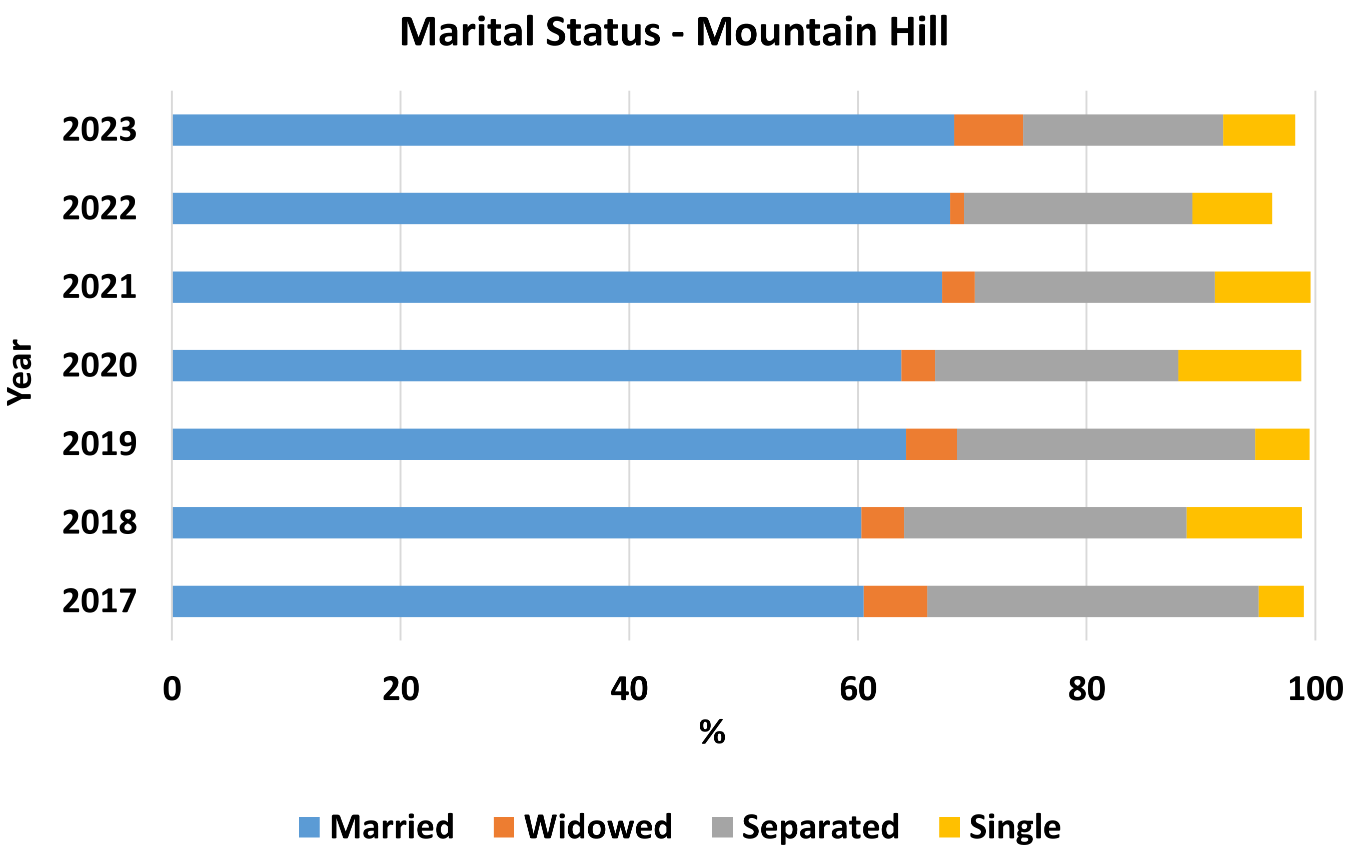
Upland Farms – Social-demographics





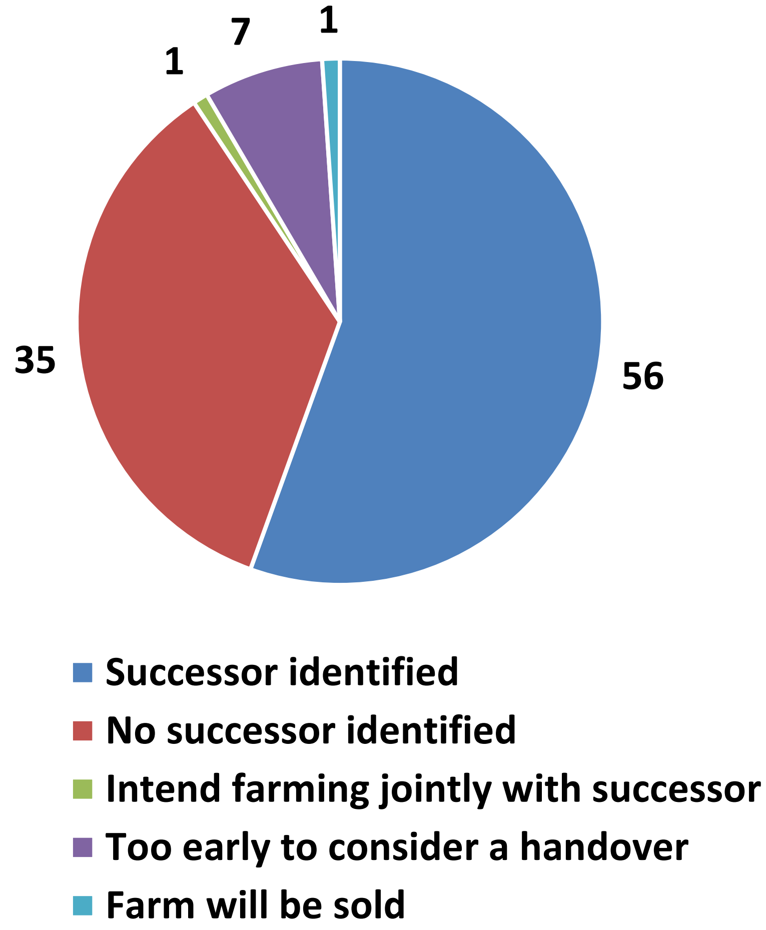
- Broadly similar age profile and marital status across groups

Future intentions – Small Farms

Next 5 years

- 35% Continue as is
- 27% Retired and/or leased out
- 21% Changed system/scaled up
- 9% Scaled back
- 5% Farming with a successor
- 3% Unsure
- Options of main interest include
  - 50% open to organics
  - 41% agri-environment scheme

Succession plans – Farmers aged >60



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