



AGRICULTURE AND FOOD DEVELOPMENT AUTHORITY

The Irish Agriculture and Food Development Authority

Teagasc National Farm Survey Preliminary
Estimates 2016 – Dublin, May 31st 2017.



Teagasc National Farm Survey 2016 Preliminary Estimates

Emma Dillon & Brian Moran

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

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

-9%

€24,060

Market
Output

-5%

€59,965

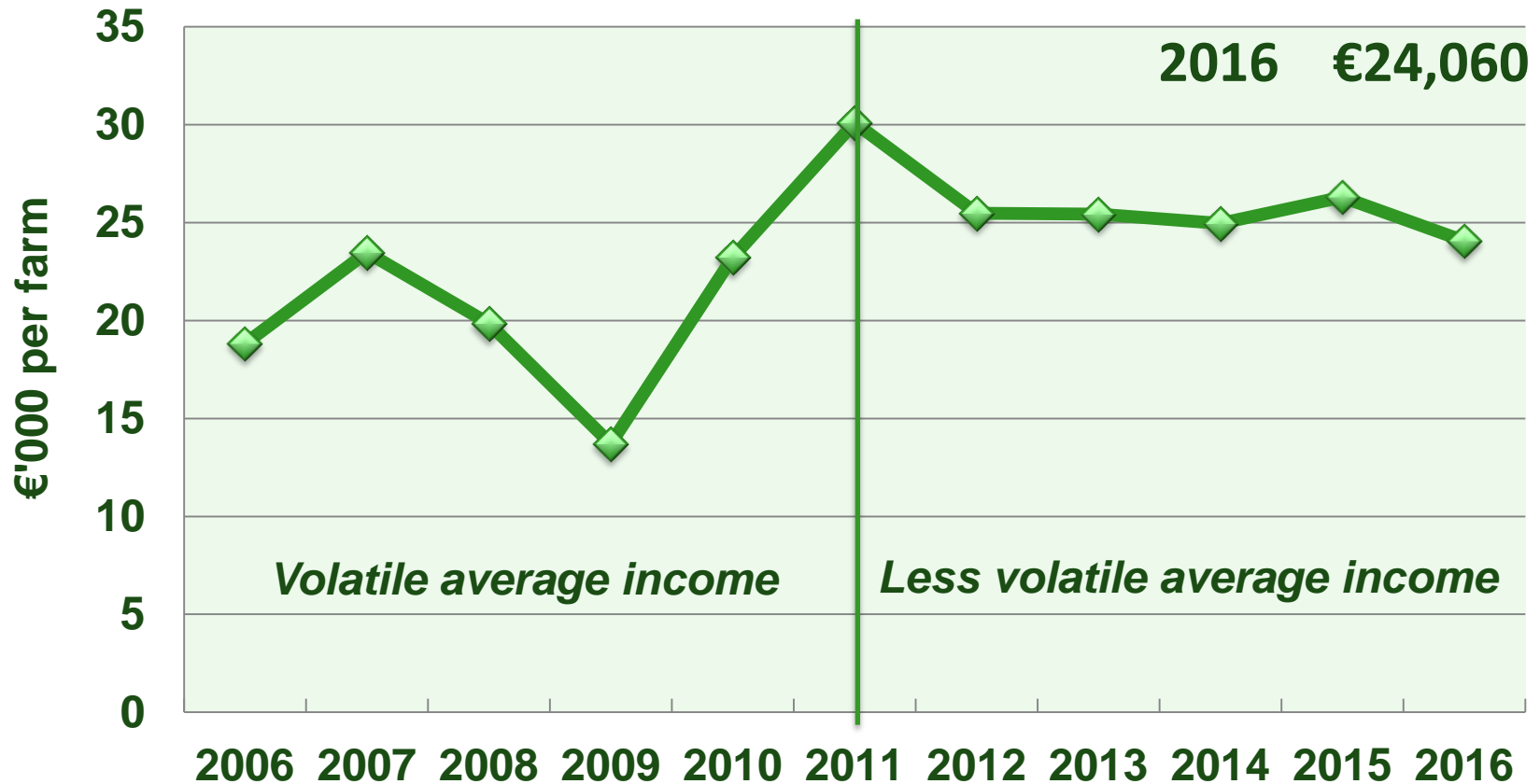
Direct
Payments

+4%

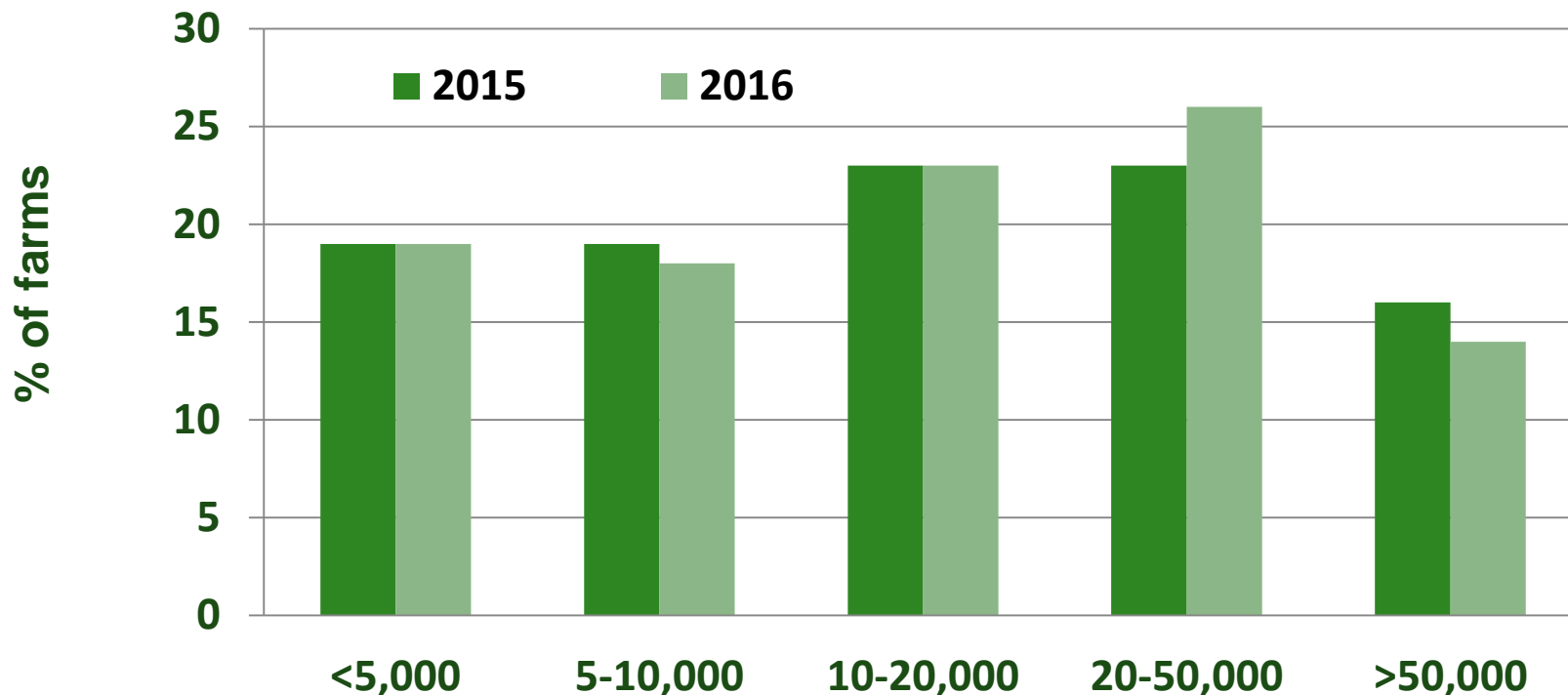
€17,932

Overall Total Costs remained unchanged

Family Farm Income 2006-2016



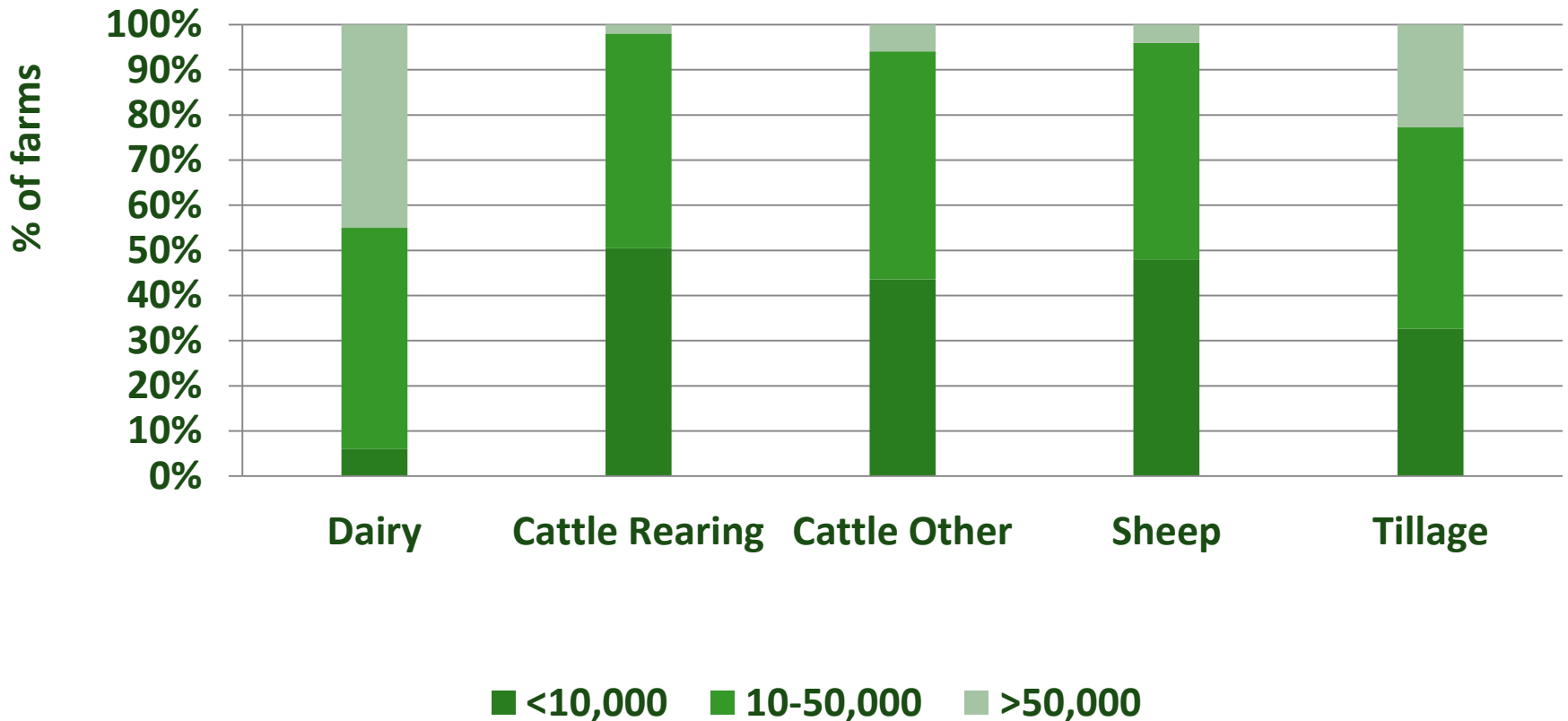
Farm Income Distribution 2015 v 2016



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

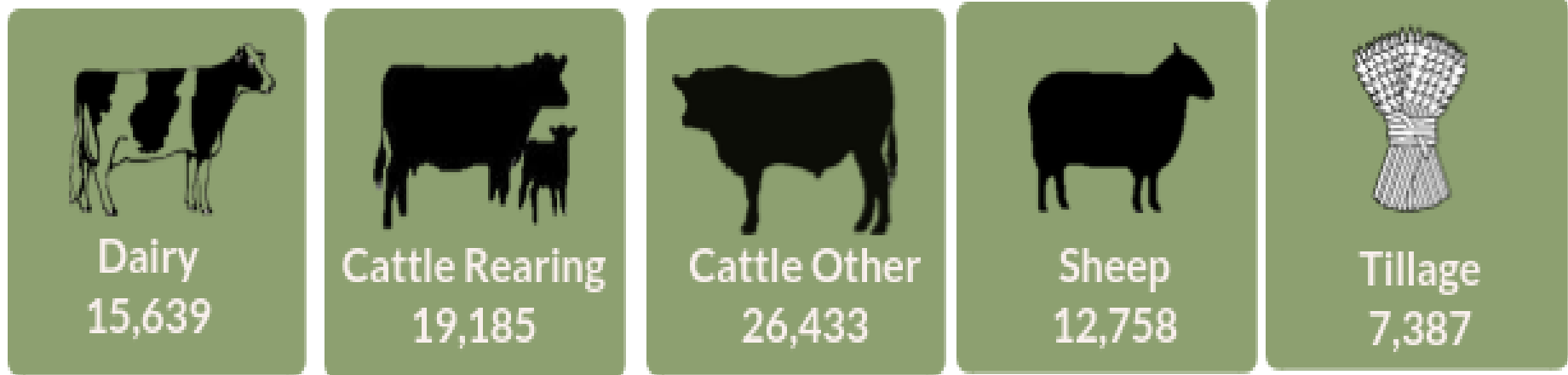
Fewer farms in the lower income categories (higher beef farm income)

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 - Key indicators 2016

Average Dairy Income

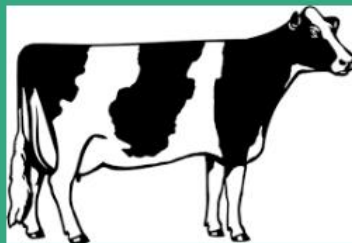
-17%

€51,809



Market Output

-7%



Direct Payments

-3%

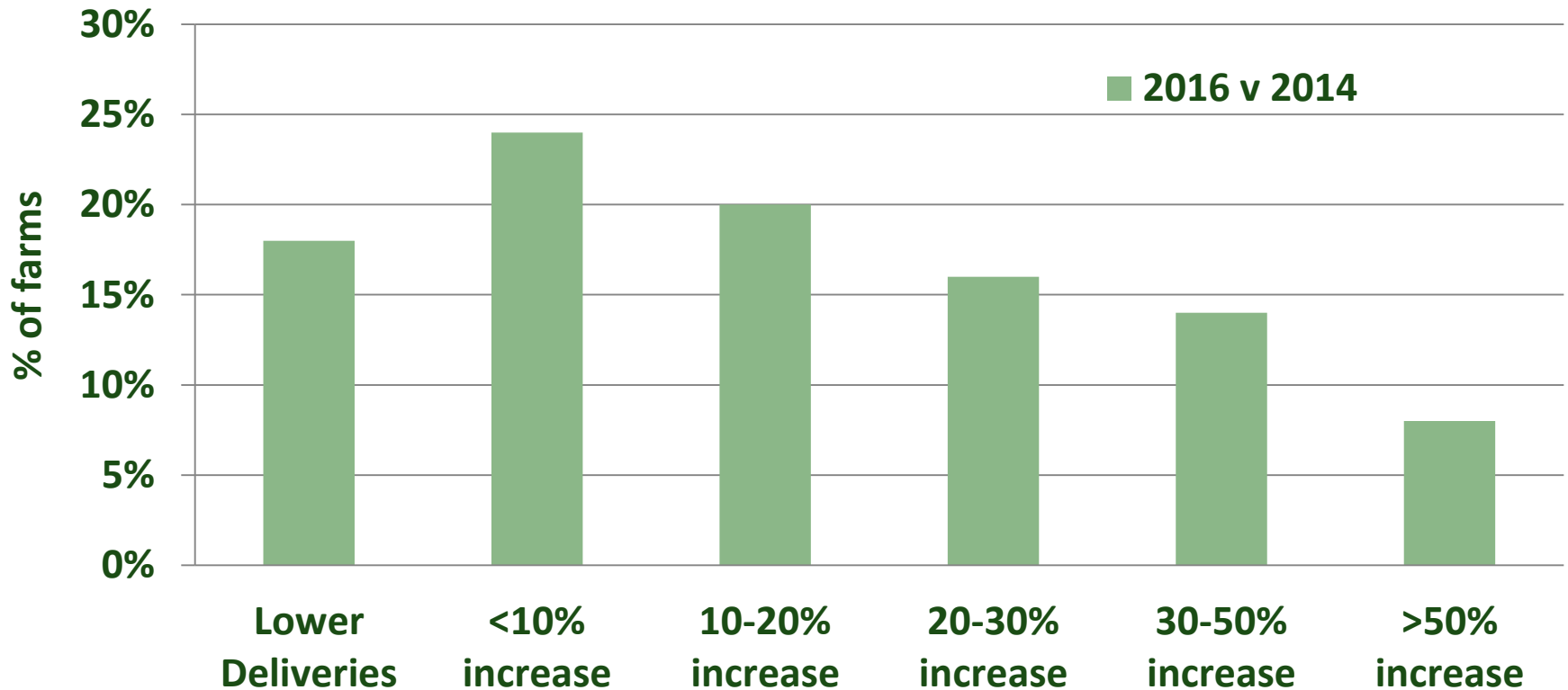


Costs

-1%



Dairy expansion – milk deliveries 2016 v 2014

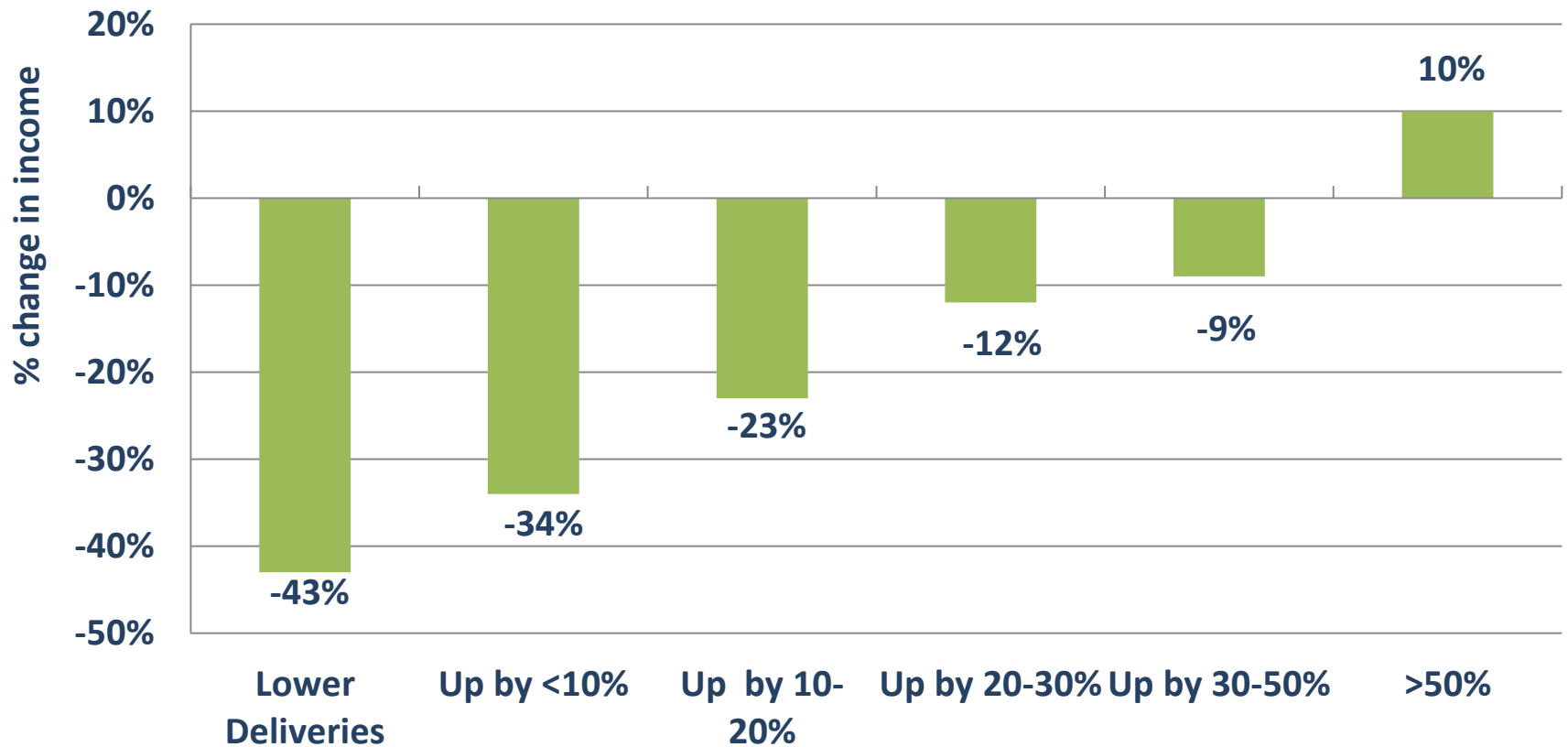


Huge diversity in the extent of farm level production change over last two years.

Changes in key parameters on dairy farms 2014 - 2016

Change in Deliveries	Herd Size	Yield/ cow	Other Livestock	Land Area	Cow Numbers
Lower deliveries	-2%	-6%	+3%	-3%	48
<10% increase	+6%	-1%	-2%	+2%	57
10-20% increase	+10%	+4%	-3%	+1%	72
20-30% increase	+13%	+7%	-1%	+4%	77
30-50% increase	+26%	+8%	-3%	+5%	95
>50% increase	+51%	+15%	-8%	+8%	112

Change in Dairy Farm Income 2014-2016



Cattle Rearing - Key indicators 2016



Average Income
€12,908

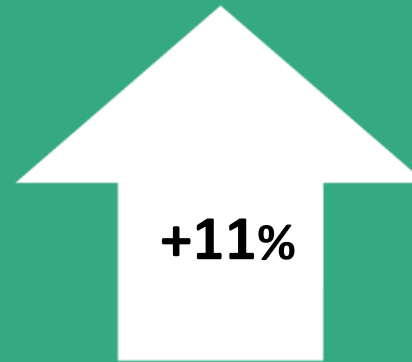


Market
Output

Direct
Payments

Reduced Prices

Cattle -6%
Calves -11%



Total Costs
Unchanged

Cattle Other - Key indicators 2016



Average Income
€16,887

+3%

Market
Output

-1%

Direct
Payments

+5%

Total
Costs

+2%

Reduced Prices
in the region of 10%

Sheep - Key indicators 2016



Average Income
€16,011

-1%

Market
Output

-3%

Direct
Payments

+1%

Total
Costs

-2%

Tillage - Key indicators 2016



Average Income
€30,816

-9%

Market
Output

Direct
Payments

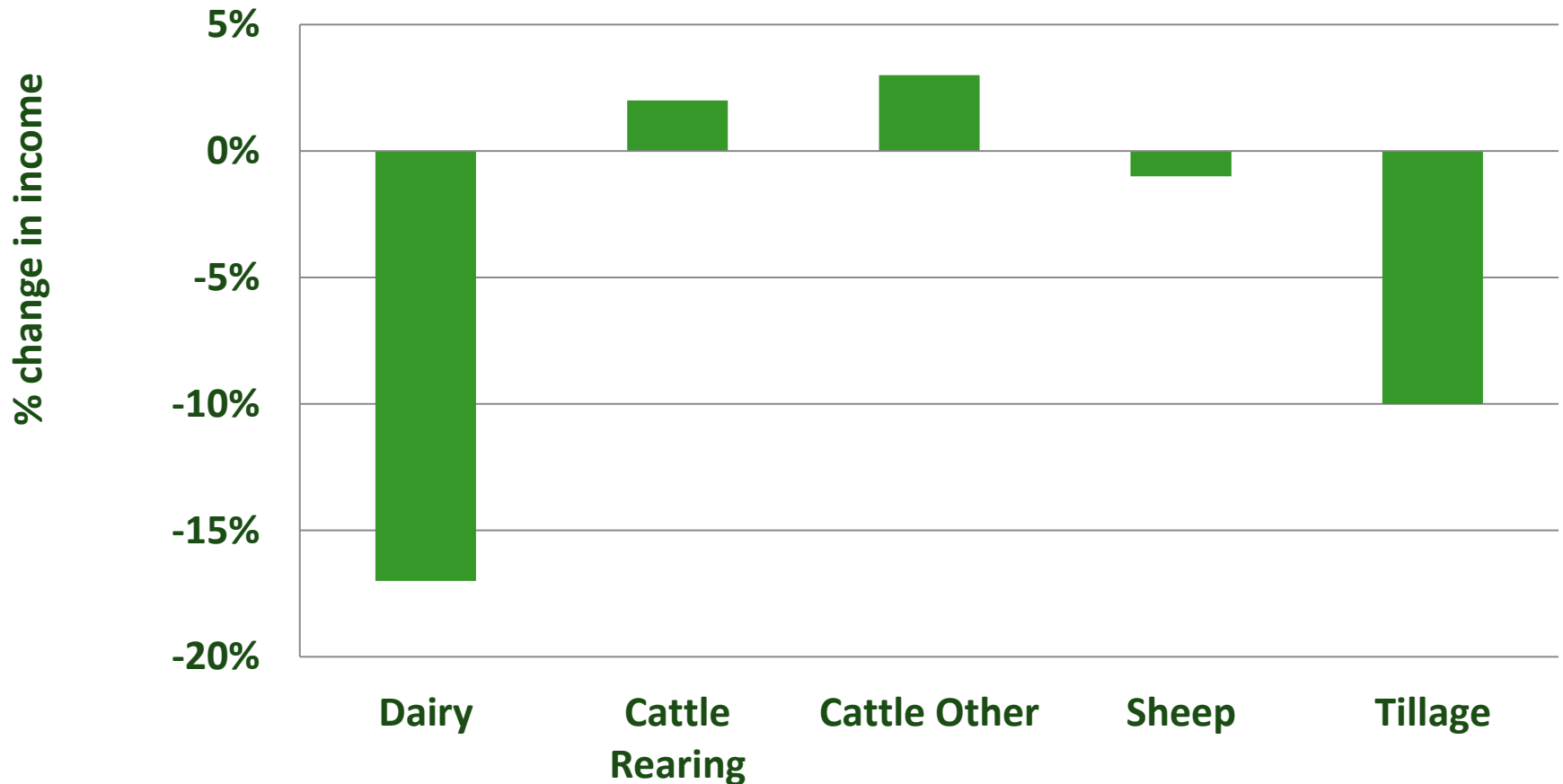
Total
Costs

-3%

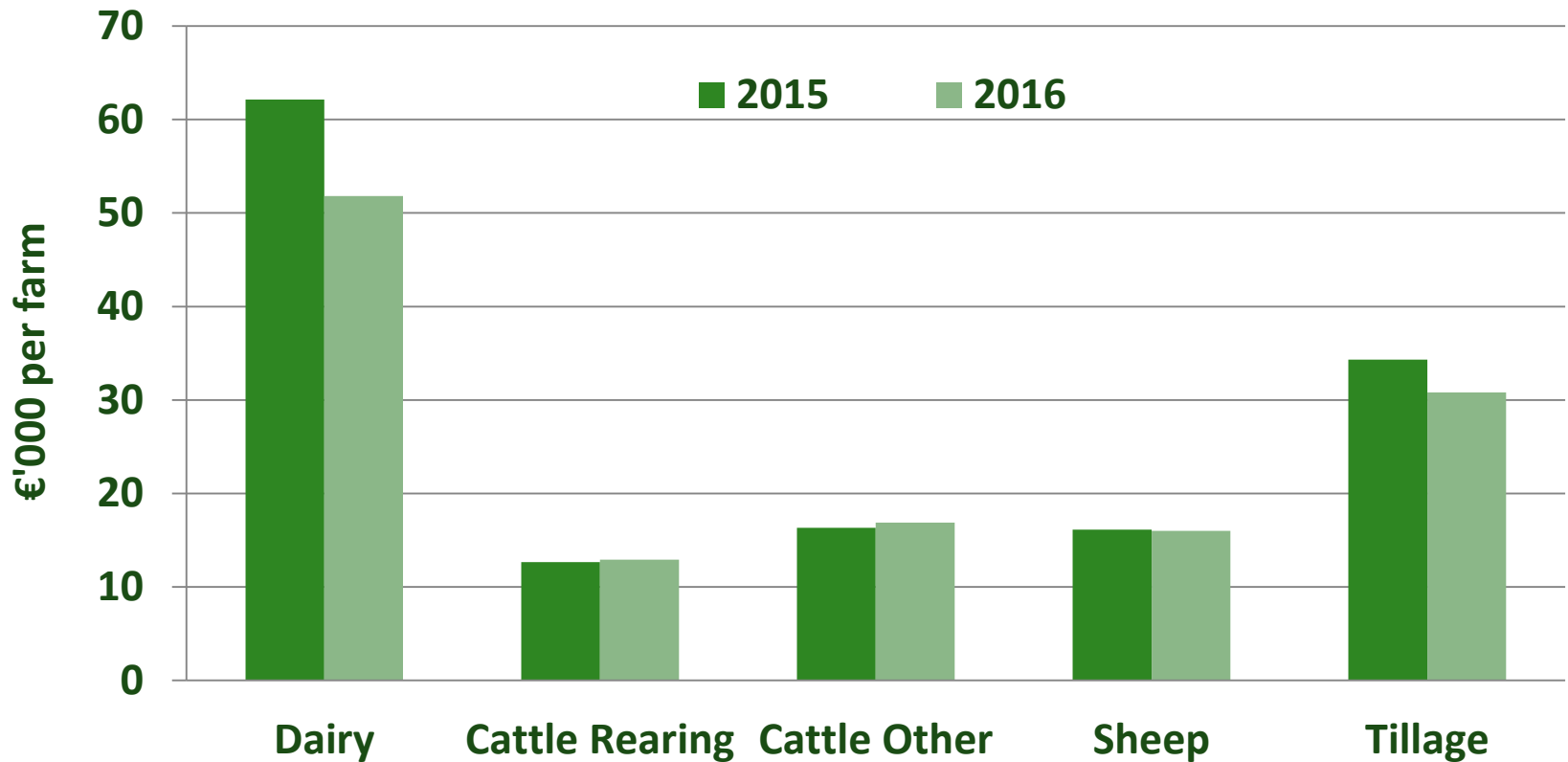
+8%

+4%

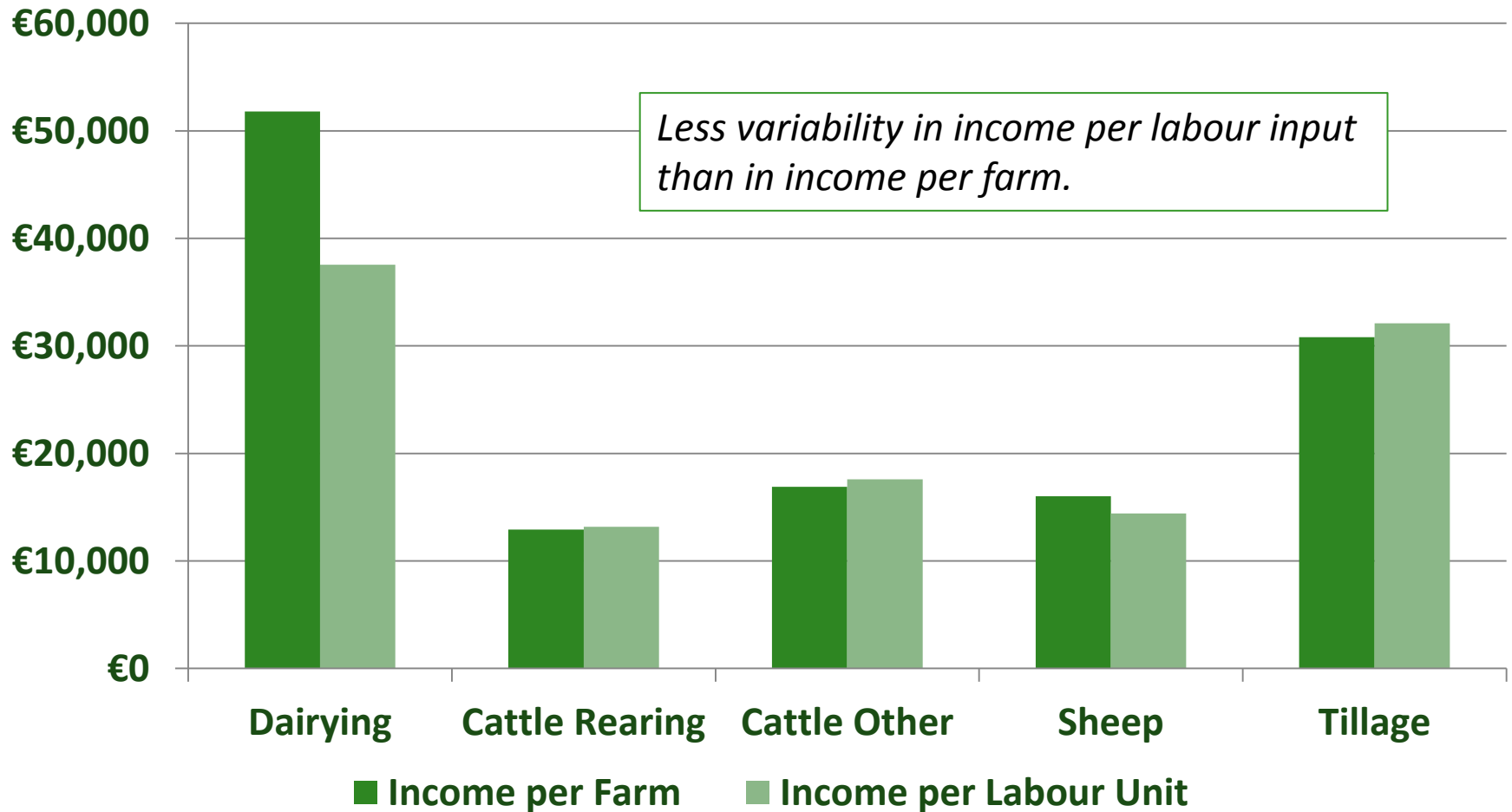
Income change by system 2016 v 2015



Average Family Farm Income by system 2015 & 2016



Income per farm and per labour unit

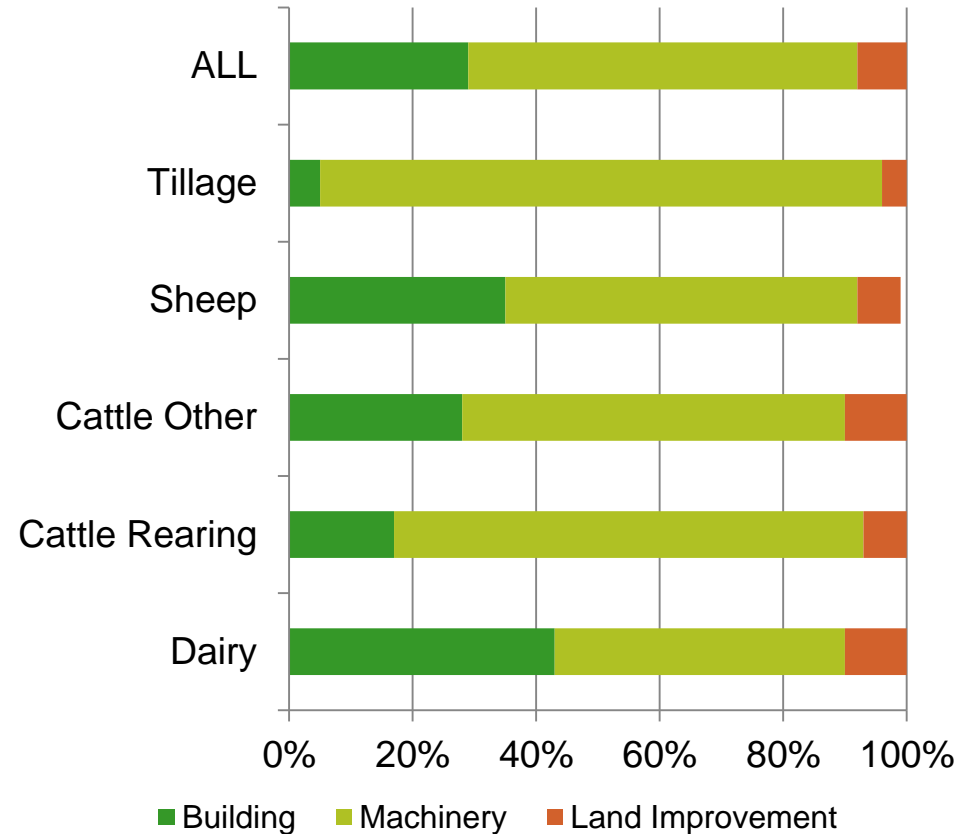


FARM INVESTMENT & BORROWINGS

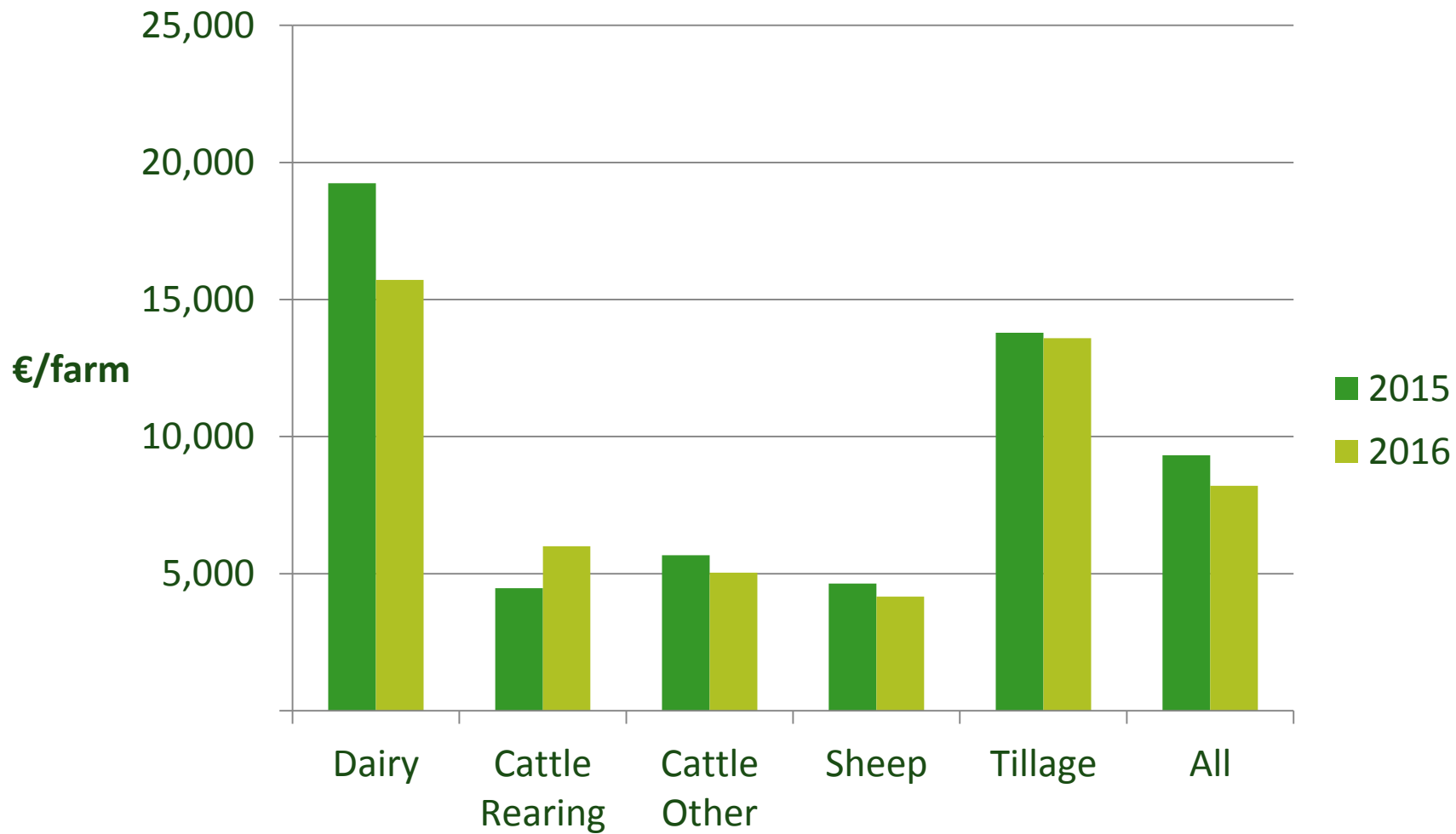


New Farm Investment in 2016

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



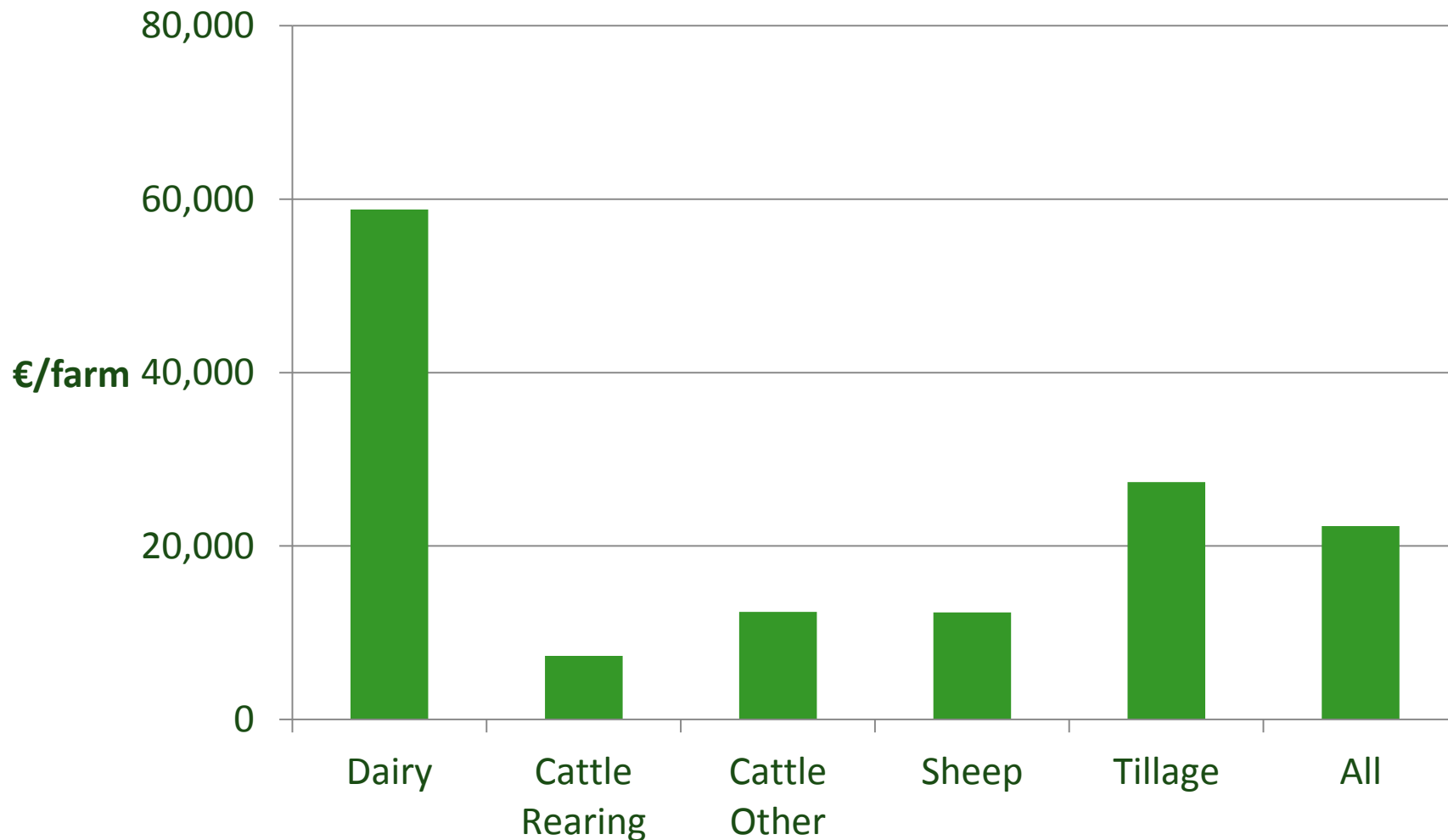
New Investment by System 2015 and 2016



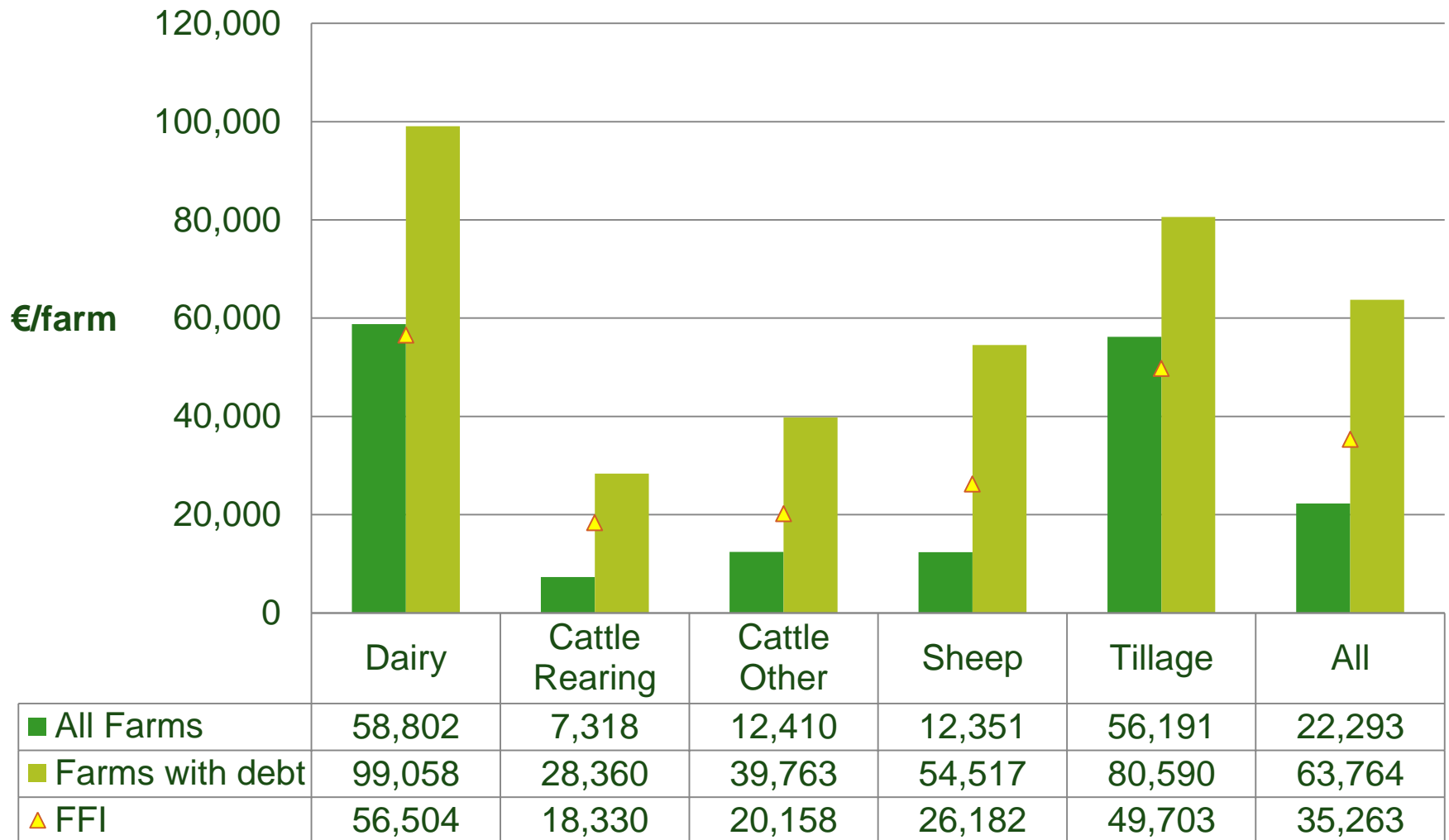
Farm Debt in 2016

- 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

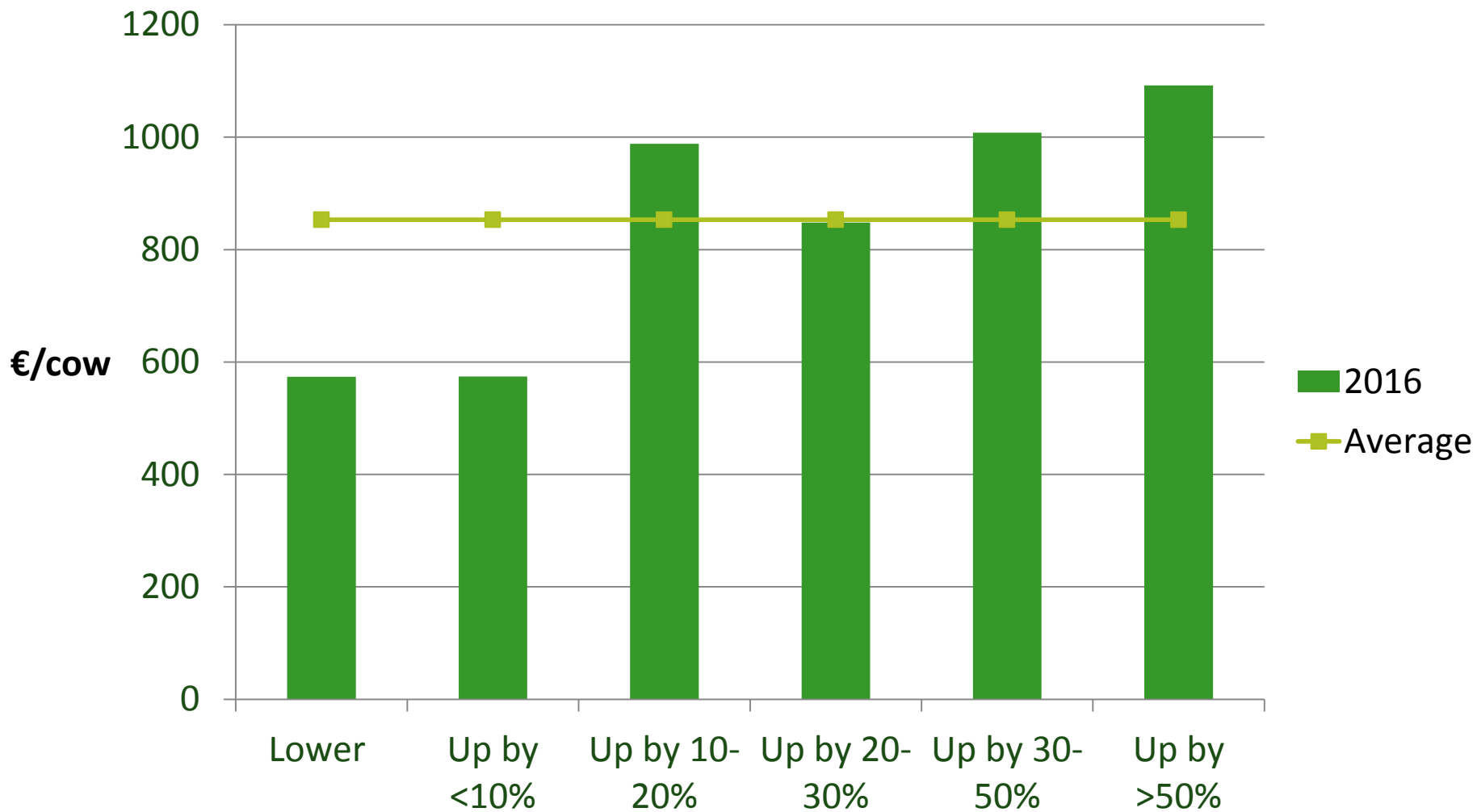
Farm Debt – by Farm System in 2016



Average Farm Debt levels 2016



Debt per Cow in 2016 - Dairy Expansion



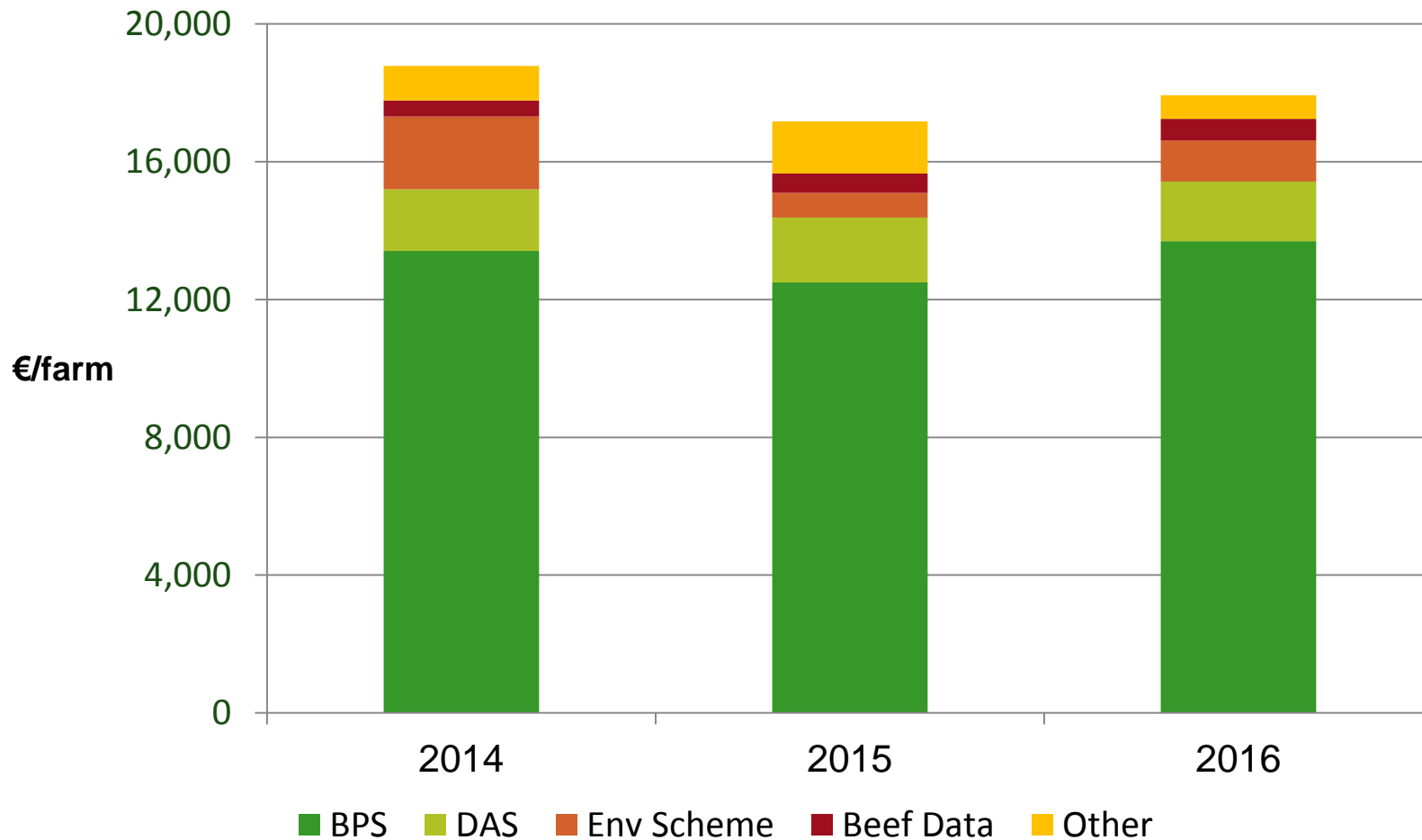
Funding of Dairy Expansion

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

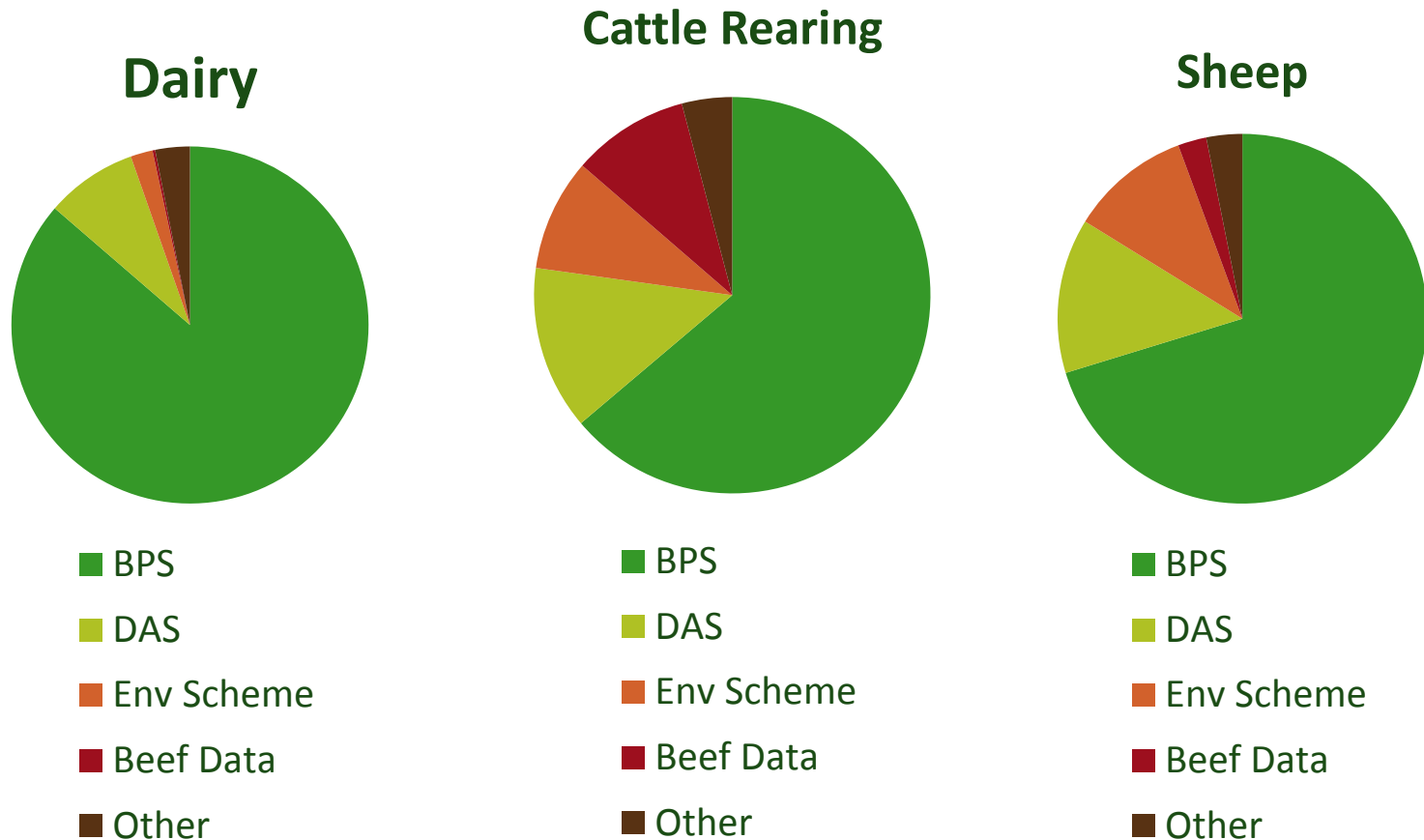
DIRECT PAYMENTS



Direct Payments by Scheme type 2014 to 2016



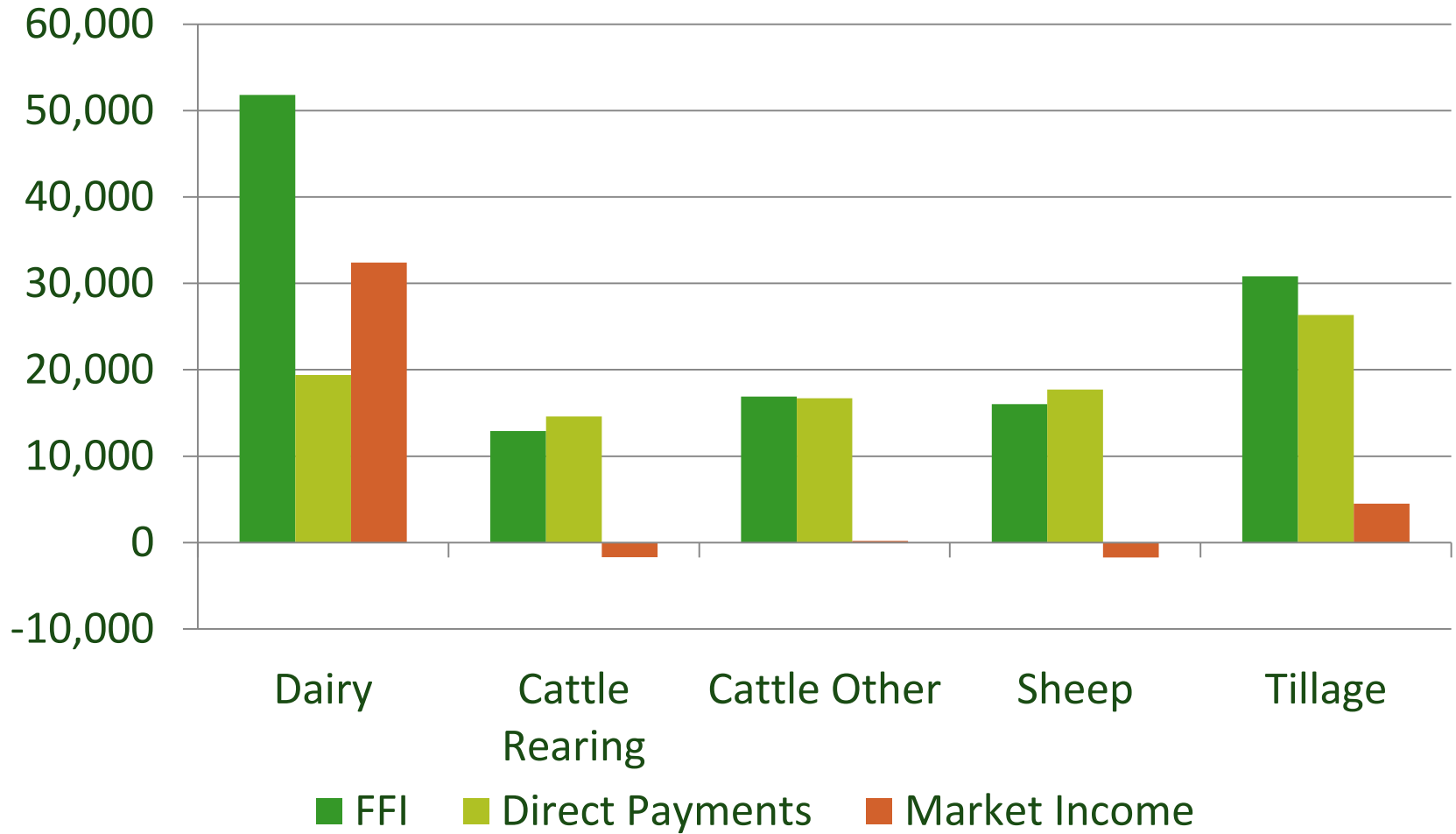
Composition of Direct Payments by System 2016



Direct Payments per Hectare 2016

System	UAA	€ per hectare	€ per farm
Dairying	56.1	346	19,397
Cattle Rearing	36.1	404	14,590
Cattle Other	38.1	438	16,694
Sheep	51.4	345	17,726
Tillage	67.2	392	26,327
All Sizes	46.5	386	17,932

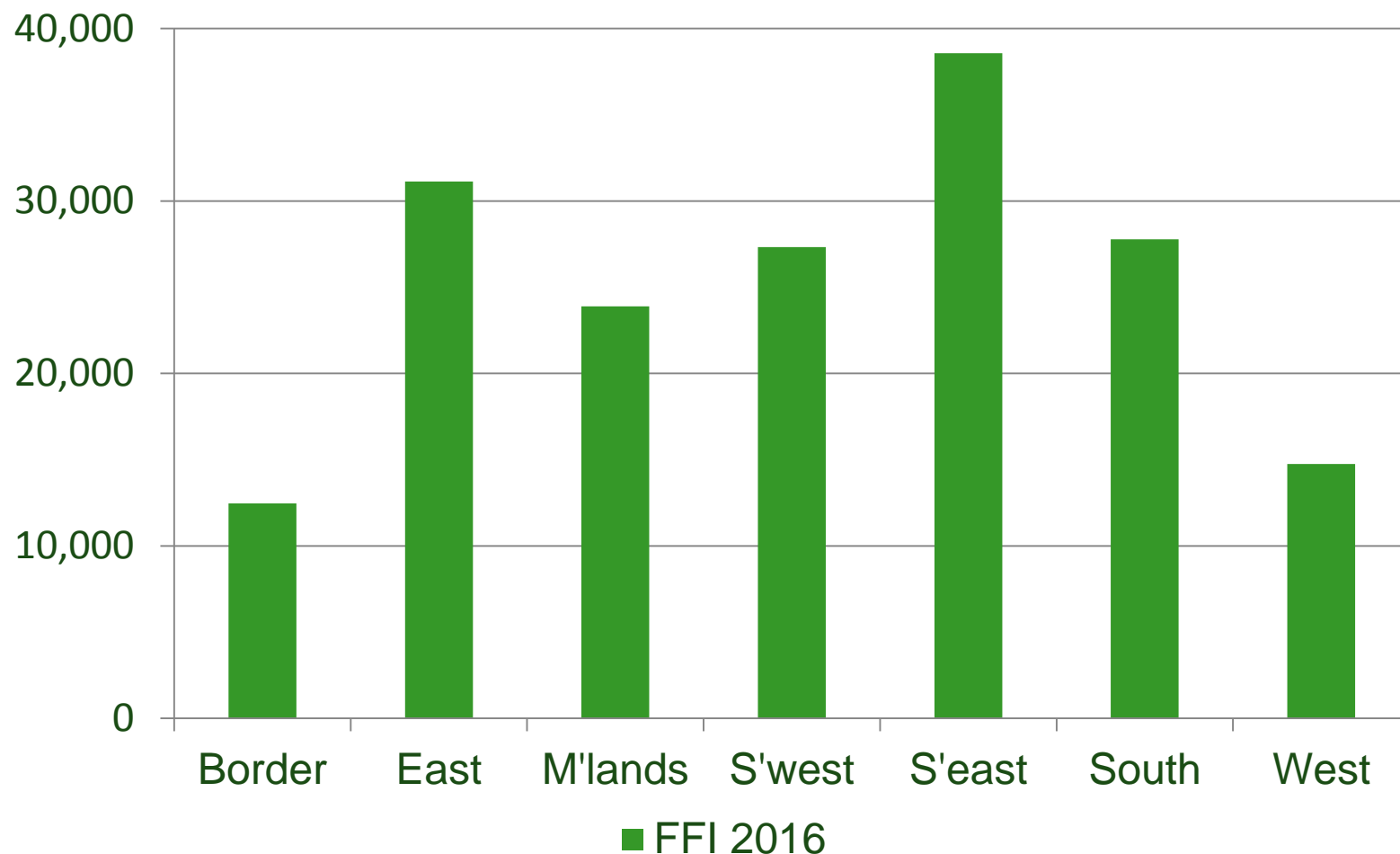
Market Income 2016



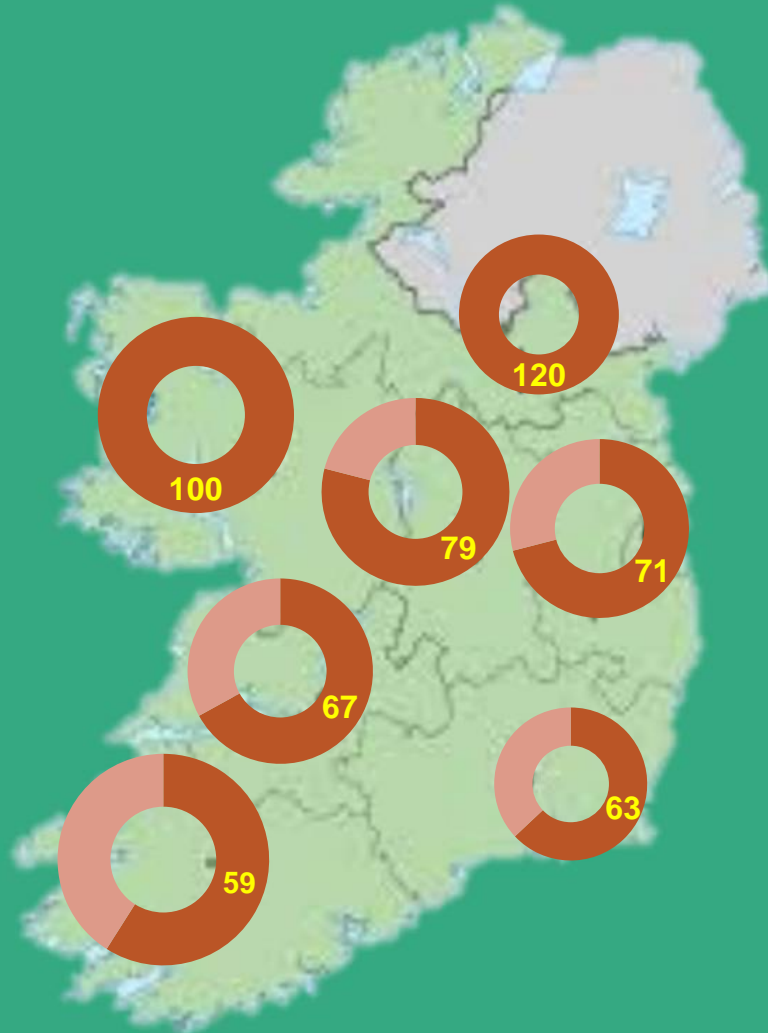
REGIONAL RESULTS



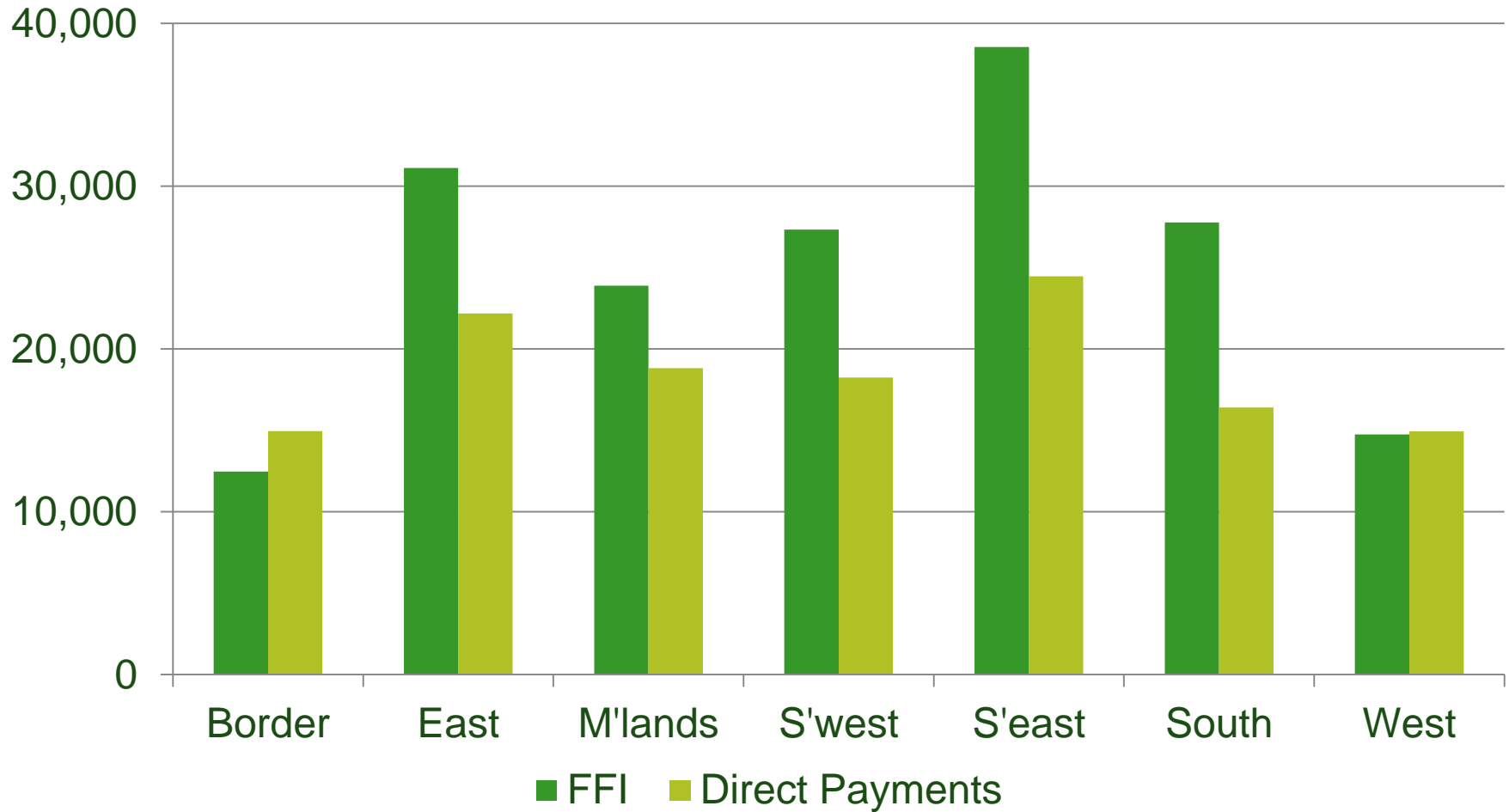
Regional overview – Family Farm Income 2016



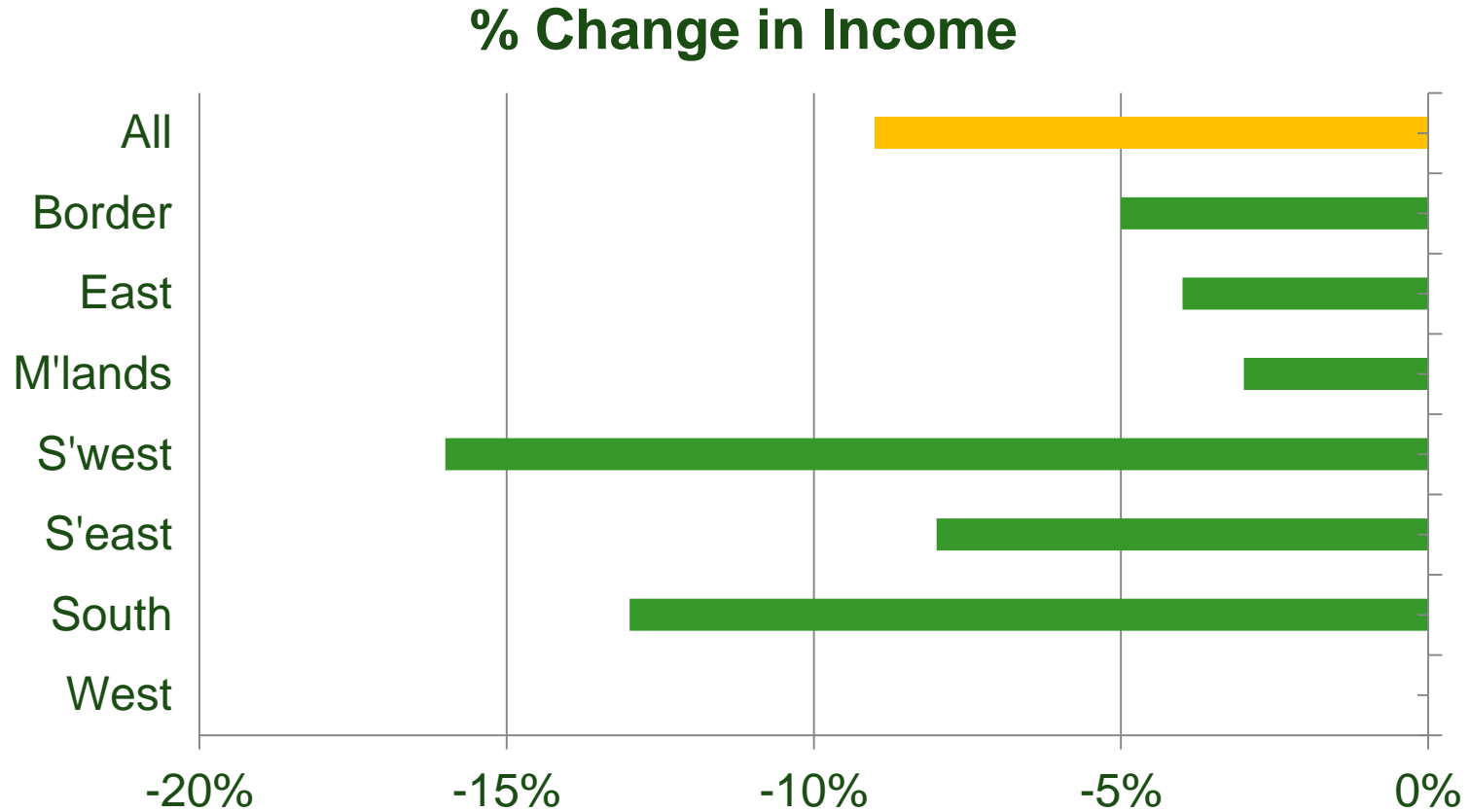
Direct Payments as a % of Income by region 2016



Regional overview – Direct Payments 2016

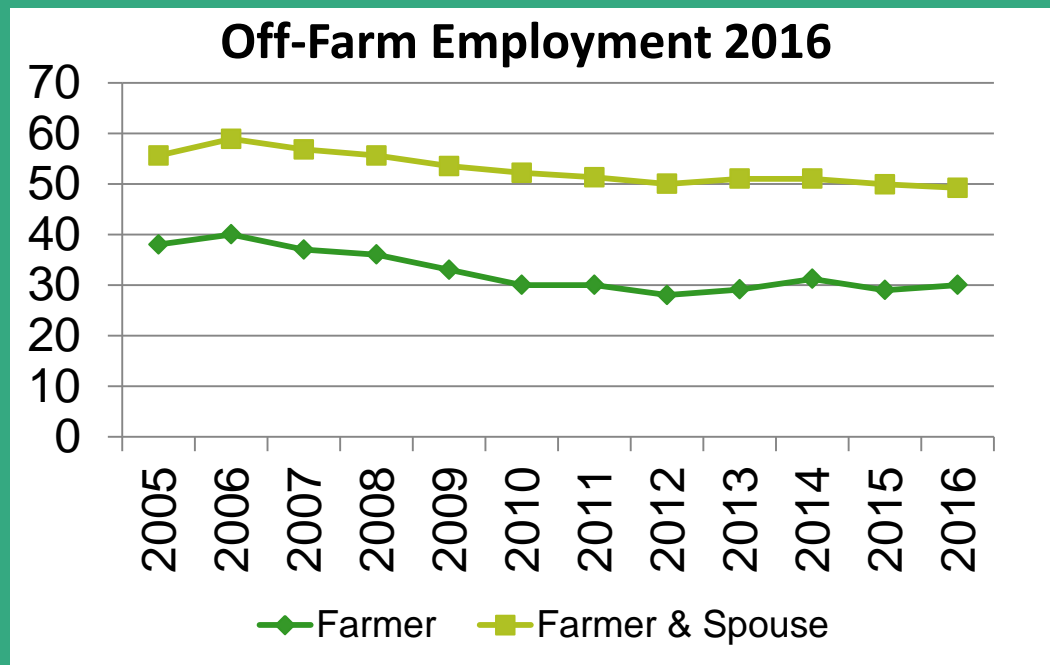
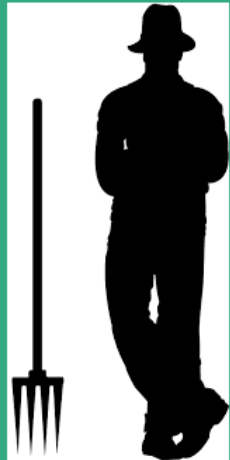


Regional Income Changes 2016



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

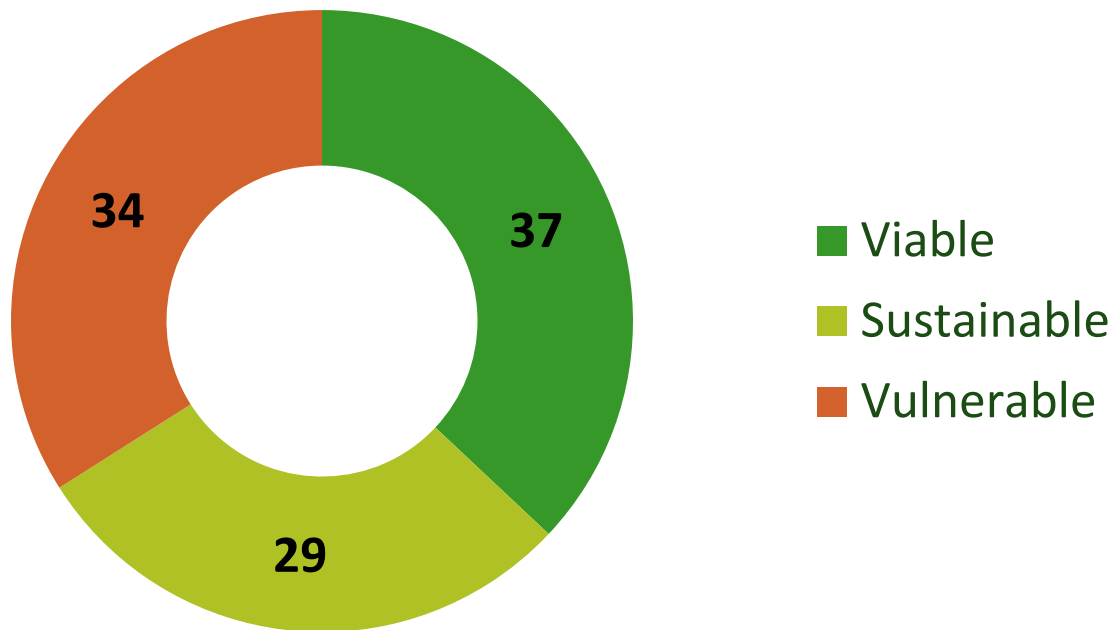


Farm Viability – Some Definitions

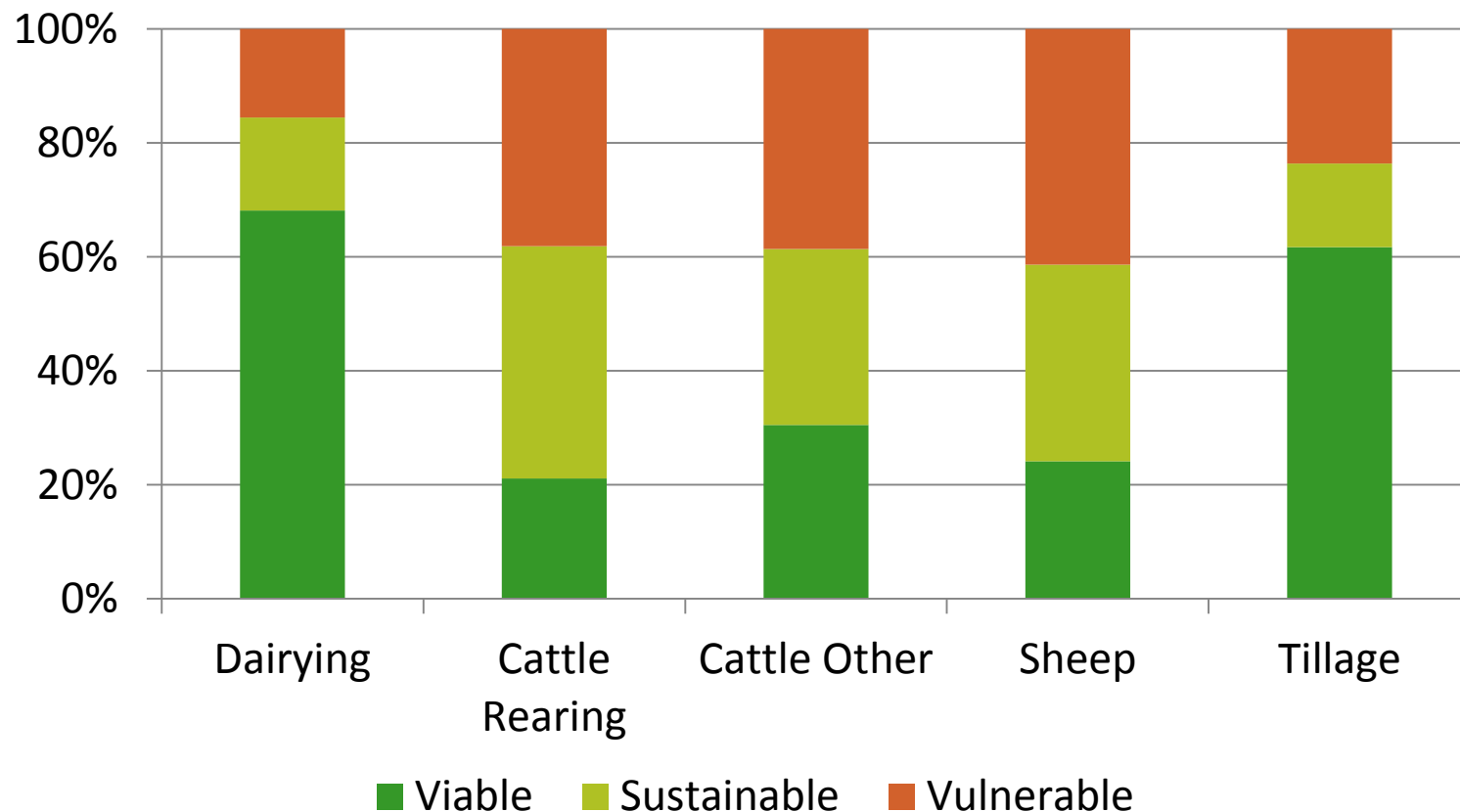
- **Viable** A farm business is viable if the farm income can remunerate family labour at the minimum agricultural wage and provide a 5% return on the capital invested in non-land assets.
- **Sustainable** If the farm business is not viable the household is still considered sustainable if the farmer 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

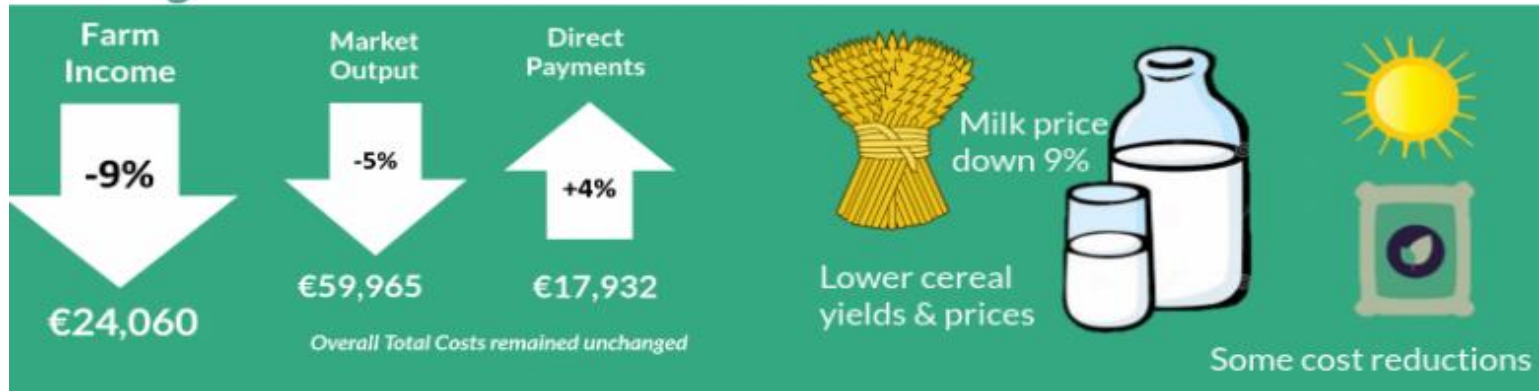


Viability by Farming System 2016

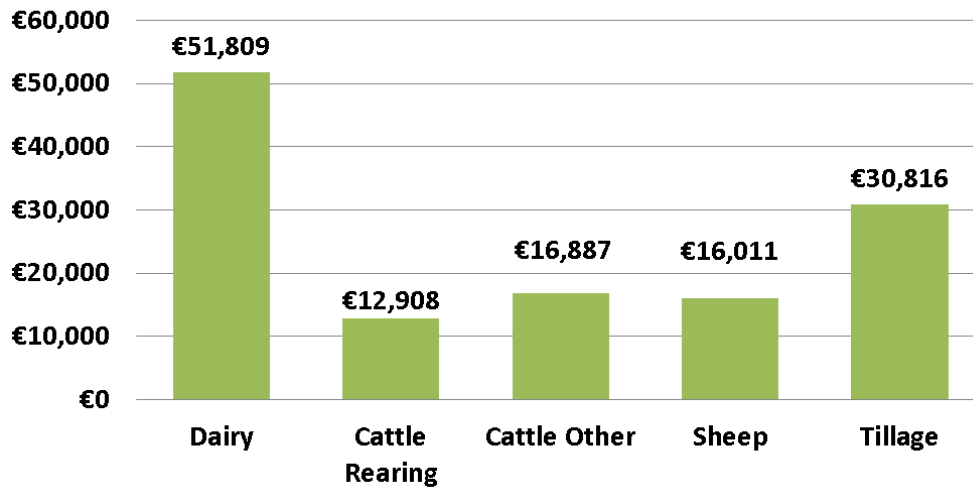


Conclusions

Average Farm Income 2016



Average Farm Income by System



Dairy -17%

Cattle Rearing +2%

Cattle Other +3%

Sheep -1%

Tillage -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.