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The Irish Agriculture and Food Development Authority

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

-9%

€24,060

Market Output

-5%

€59,965

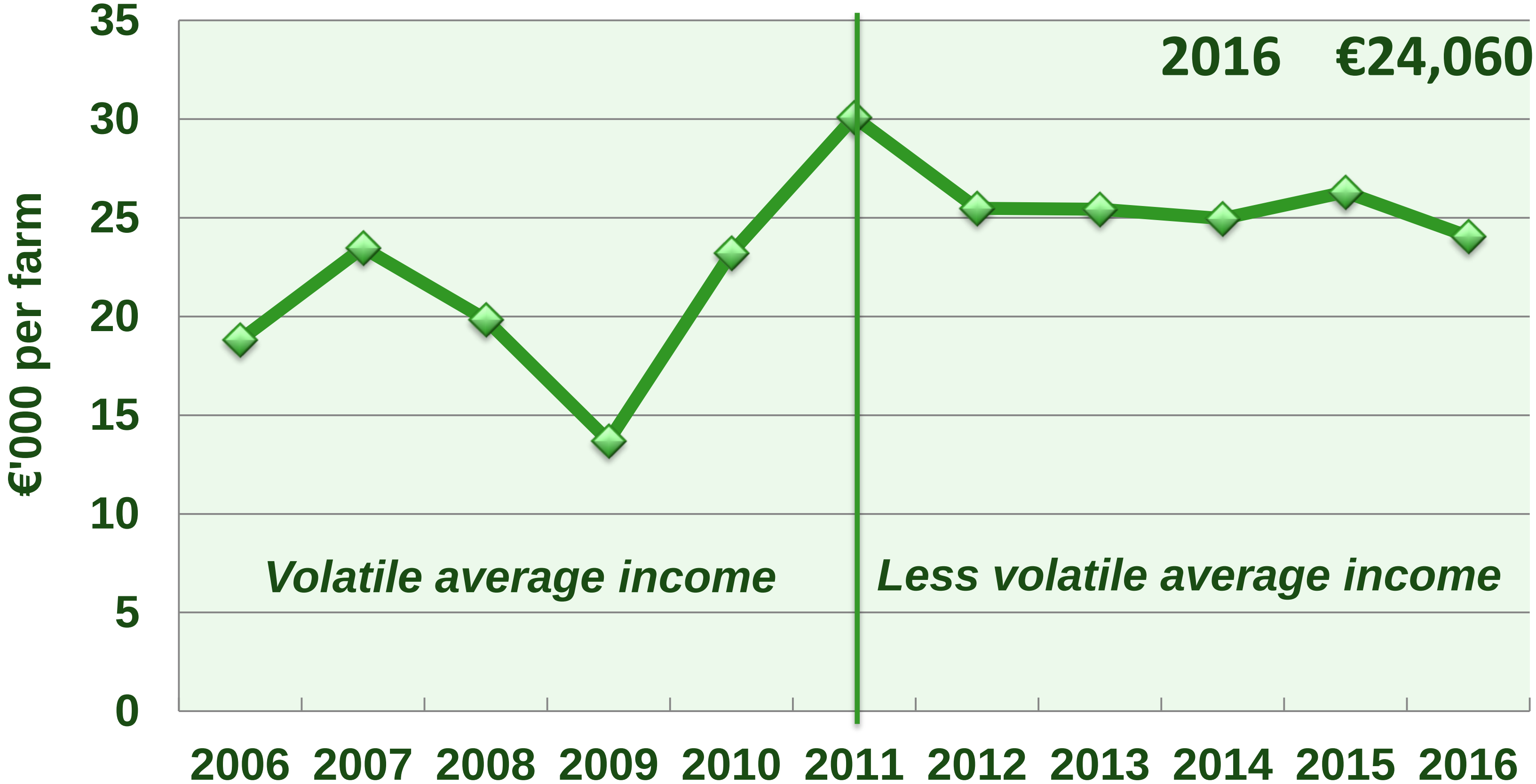
Direct Payments

+4%

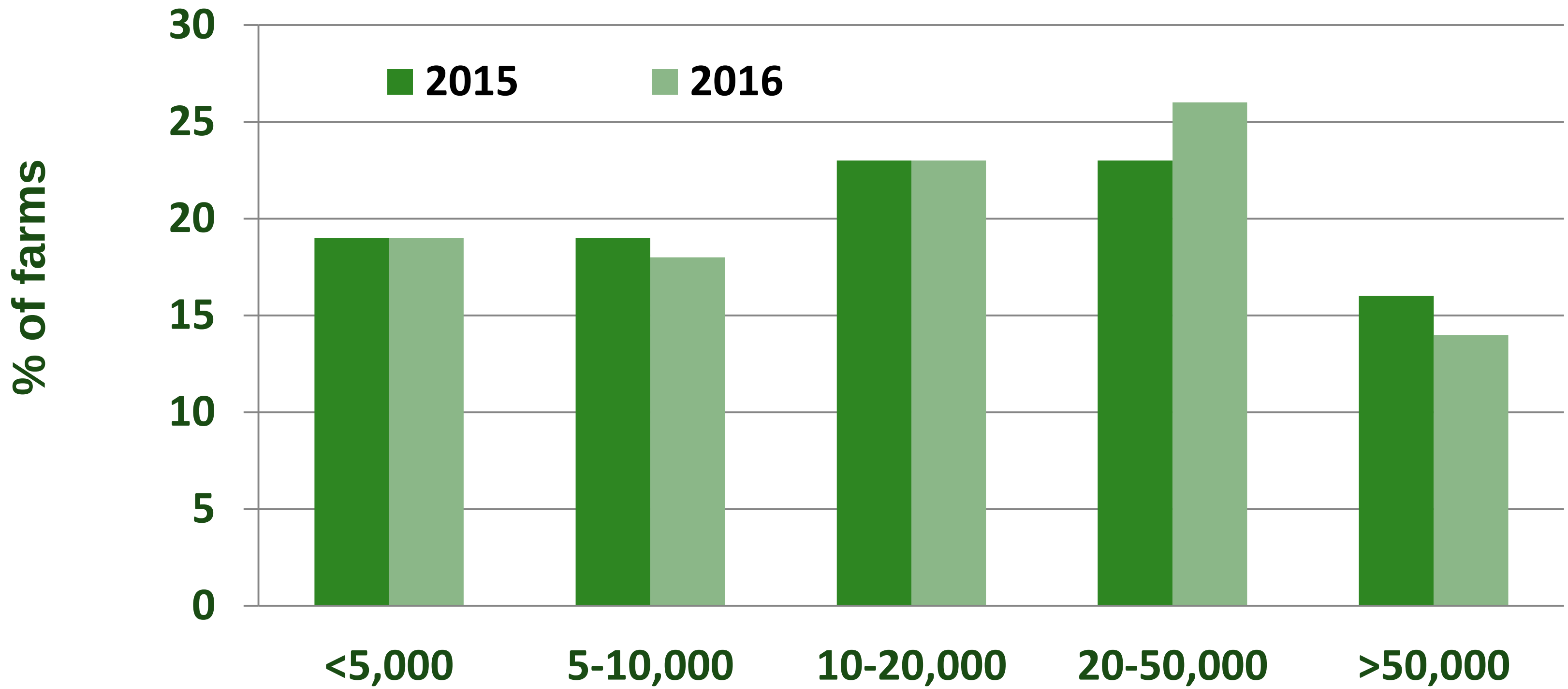
€17,932

Overall Total Costs remained unchanged

Family Farm Income 2006-2016



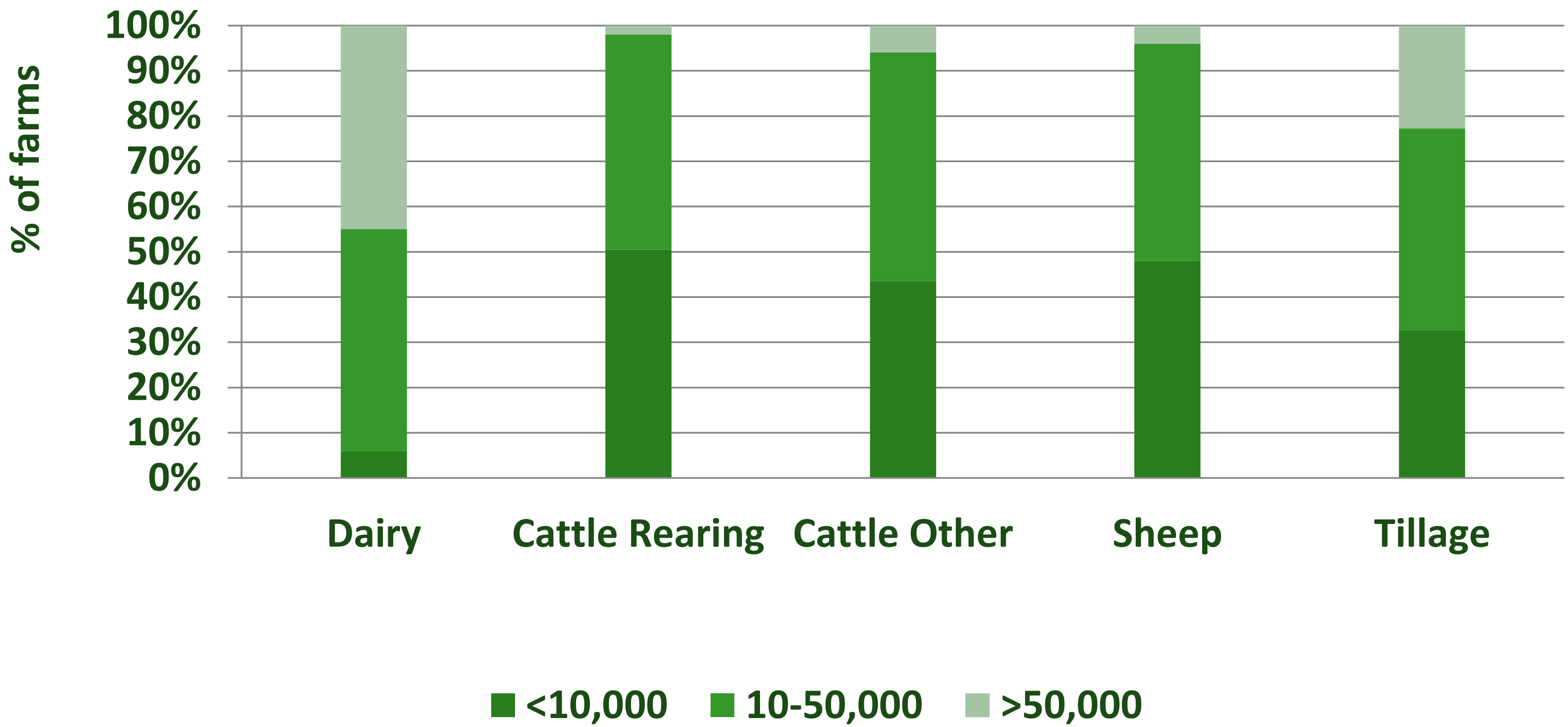
Farm Income Distribution 2015 v 2016



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

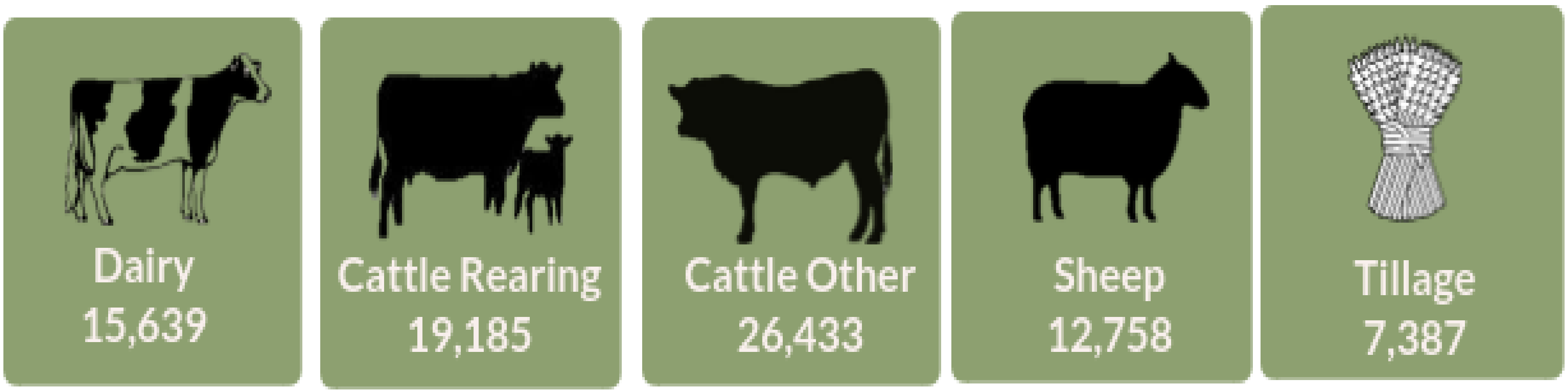
Fewer farms in the lower income categories (higher beef farm income)

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



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Dairy - Key indicators 2016

Average Dairy Income

-17%

€51,809

Market Output

-7%

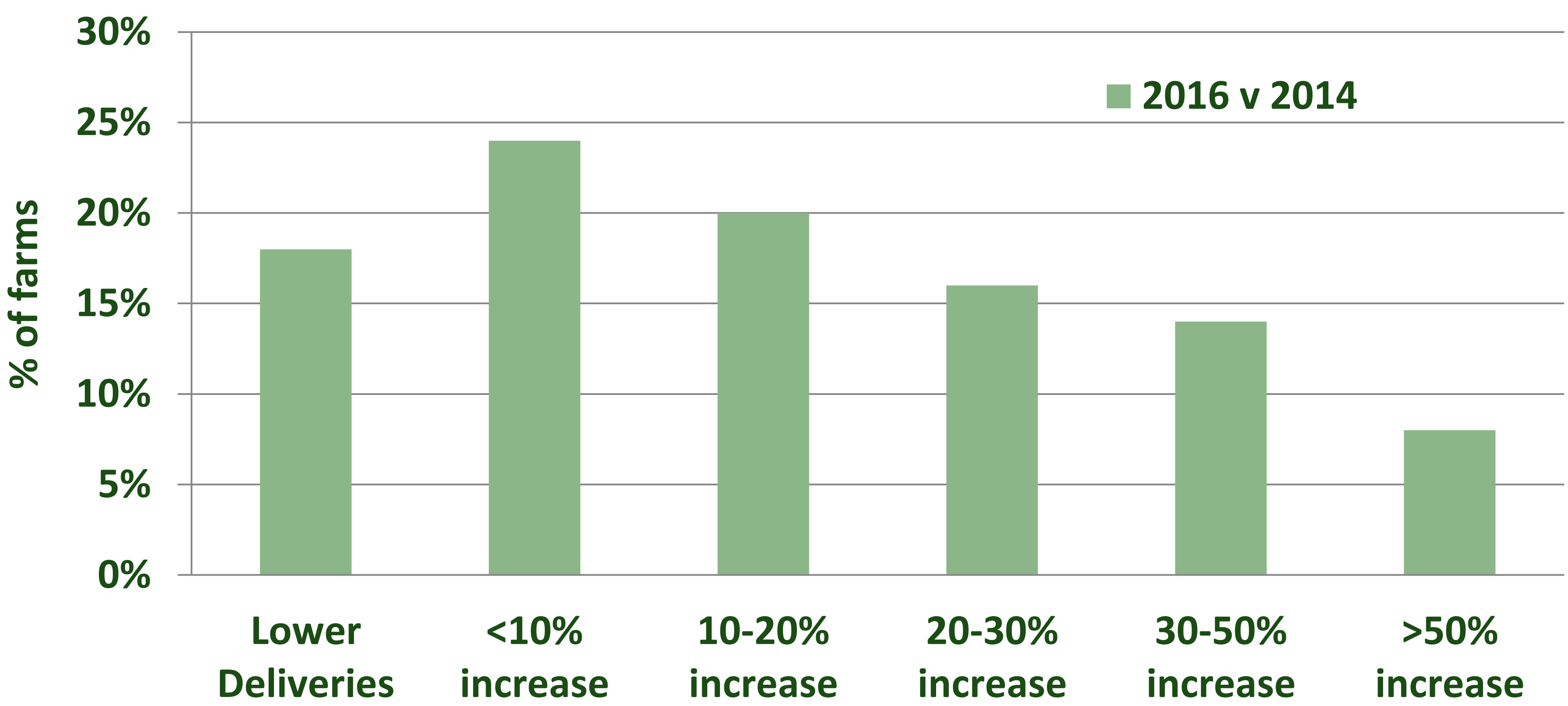
Direct Payments

-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

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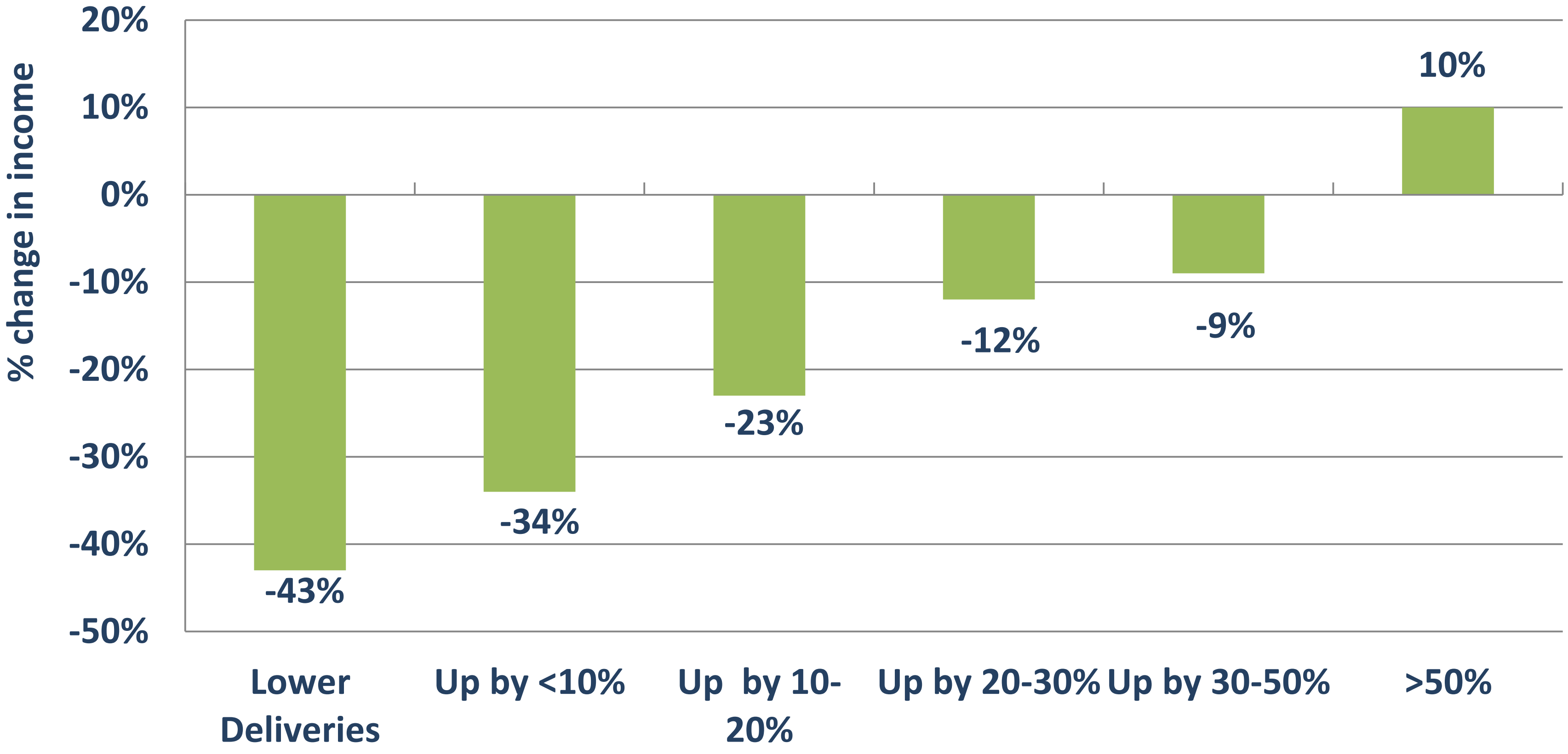
Change in Dairy Farm Income 2014-2016



Cattle Rearing - Key indicators 2016

Average Income
€12,908

+2%

Market Output

-5%

Direct Payments

+11%

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

-3%

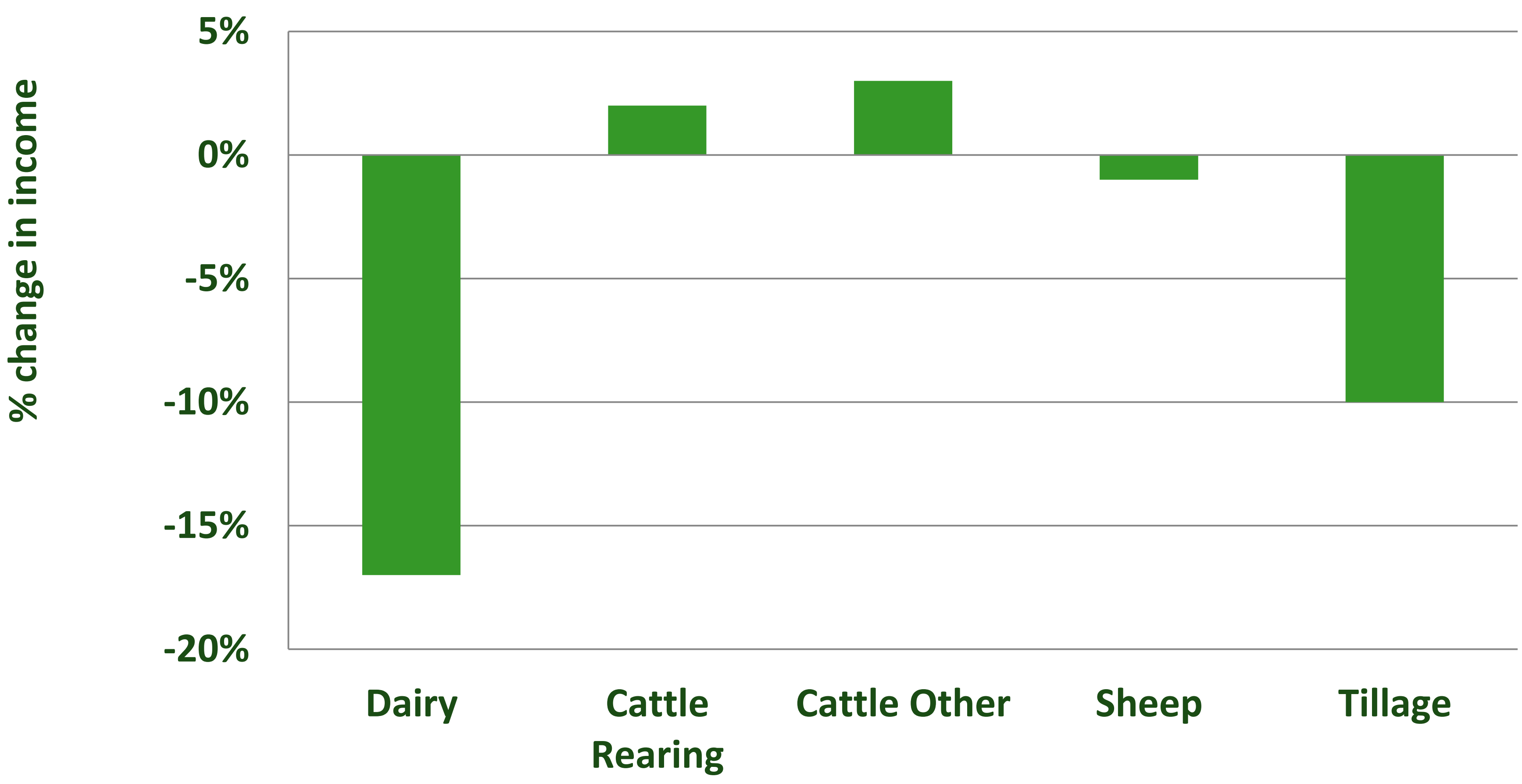
Direct Payments

+8%

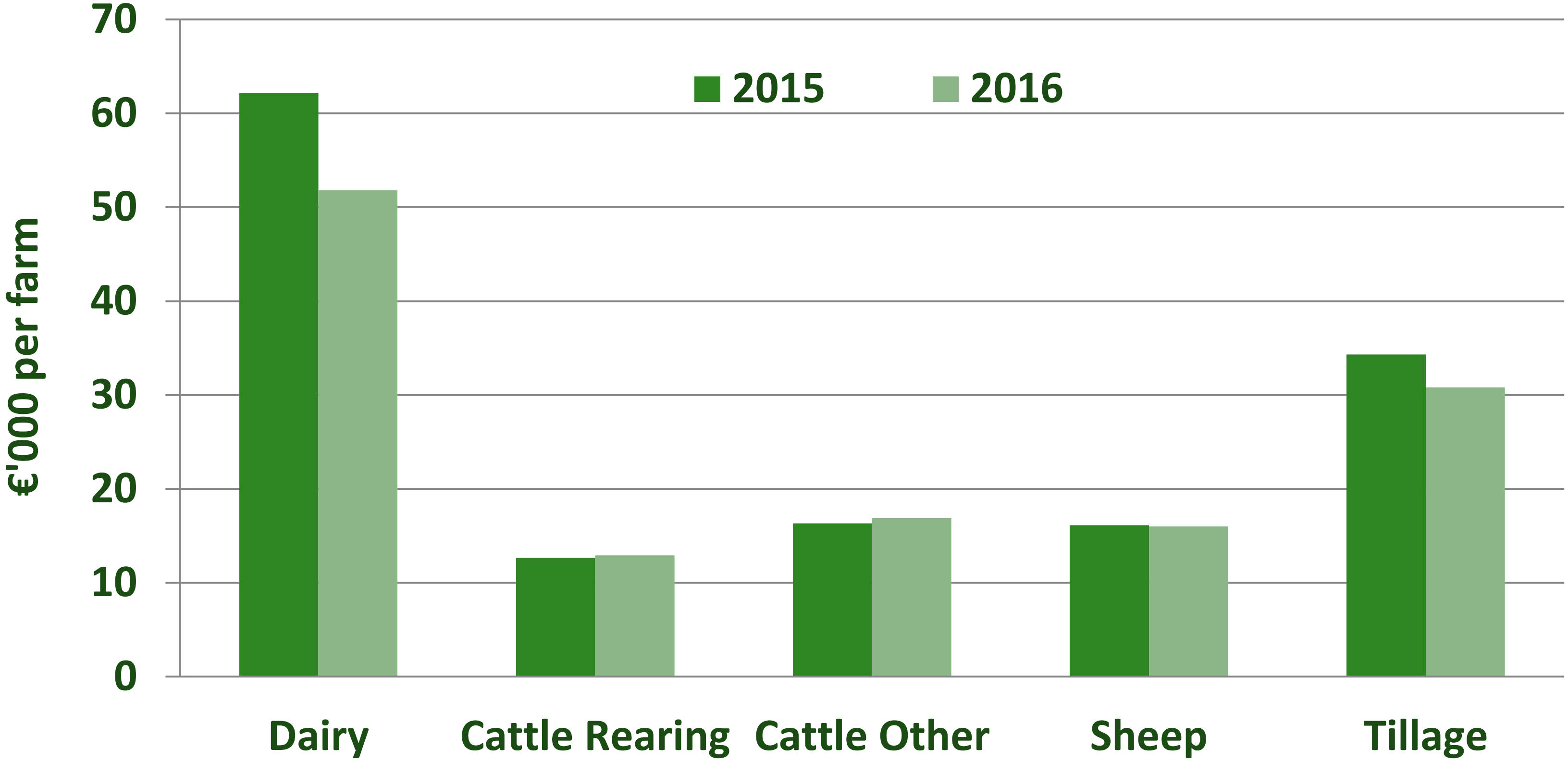
Total Costs

+4%

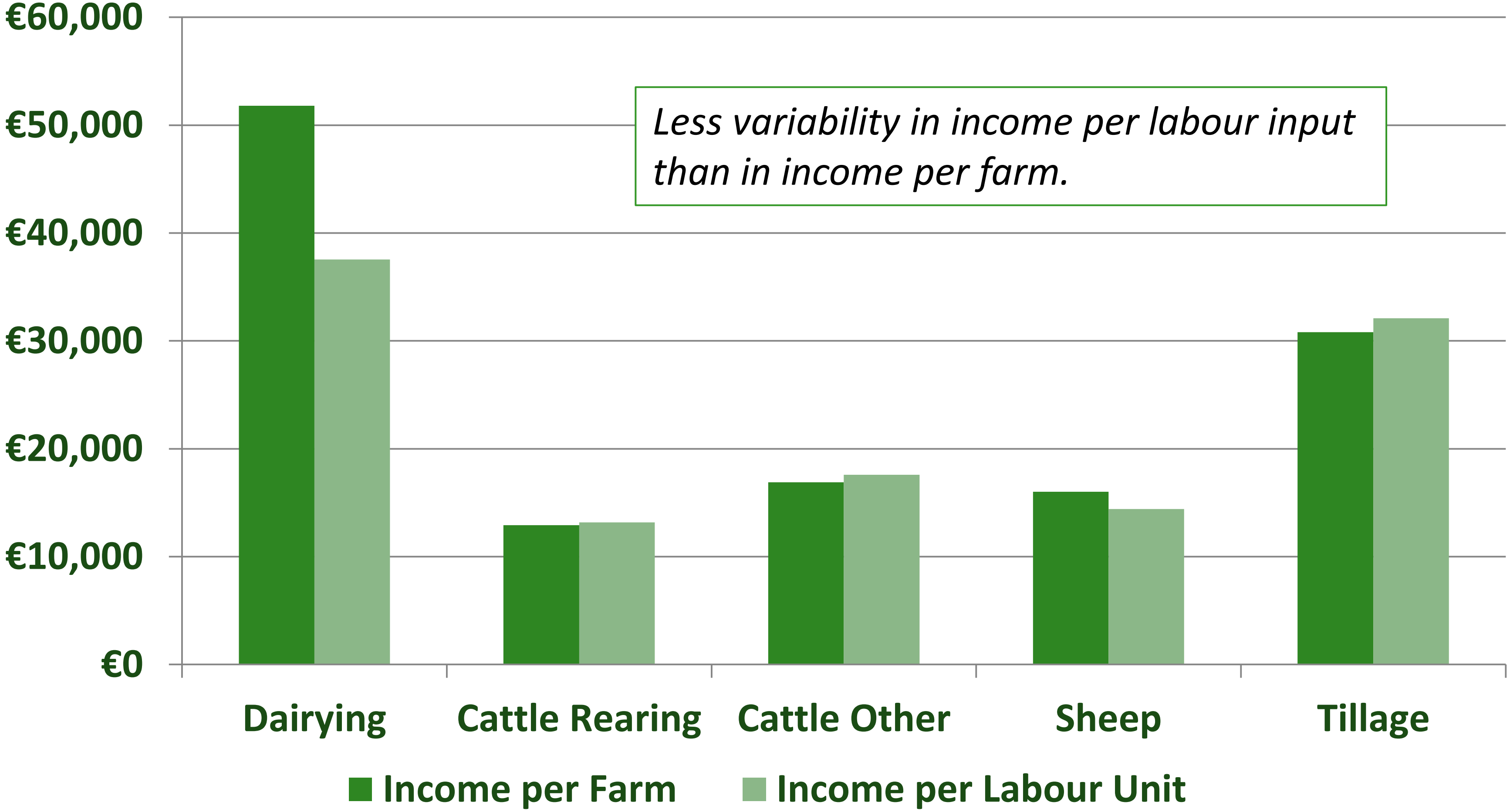
Income change by system 2016 v 2015



Average Family Farm Income by system 2015 & 2016



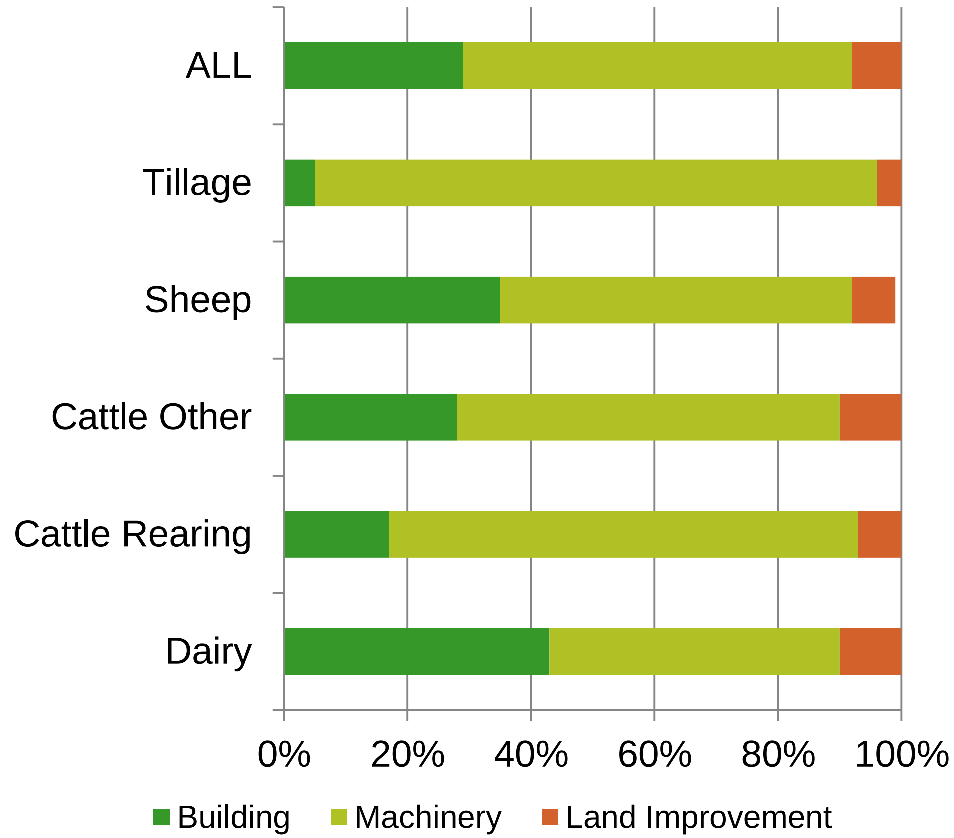
Income per farm and per labour unit



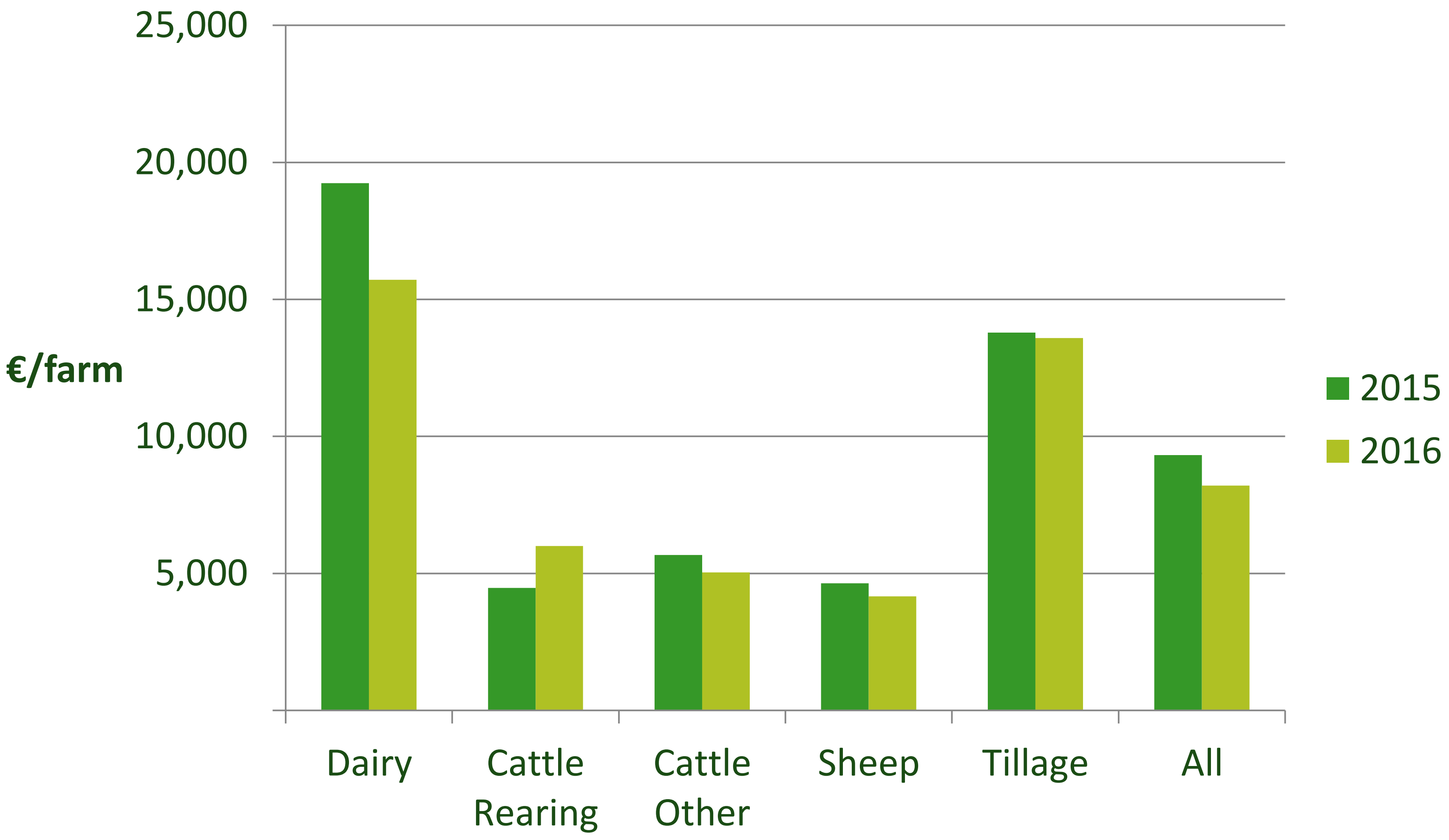
FARM INVESTMENT & BORROWINGS

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



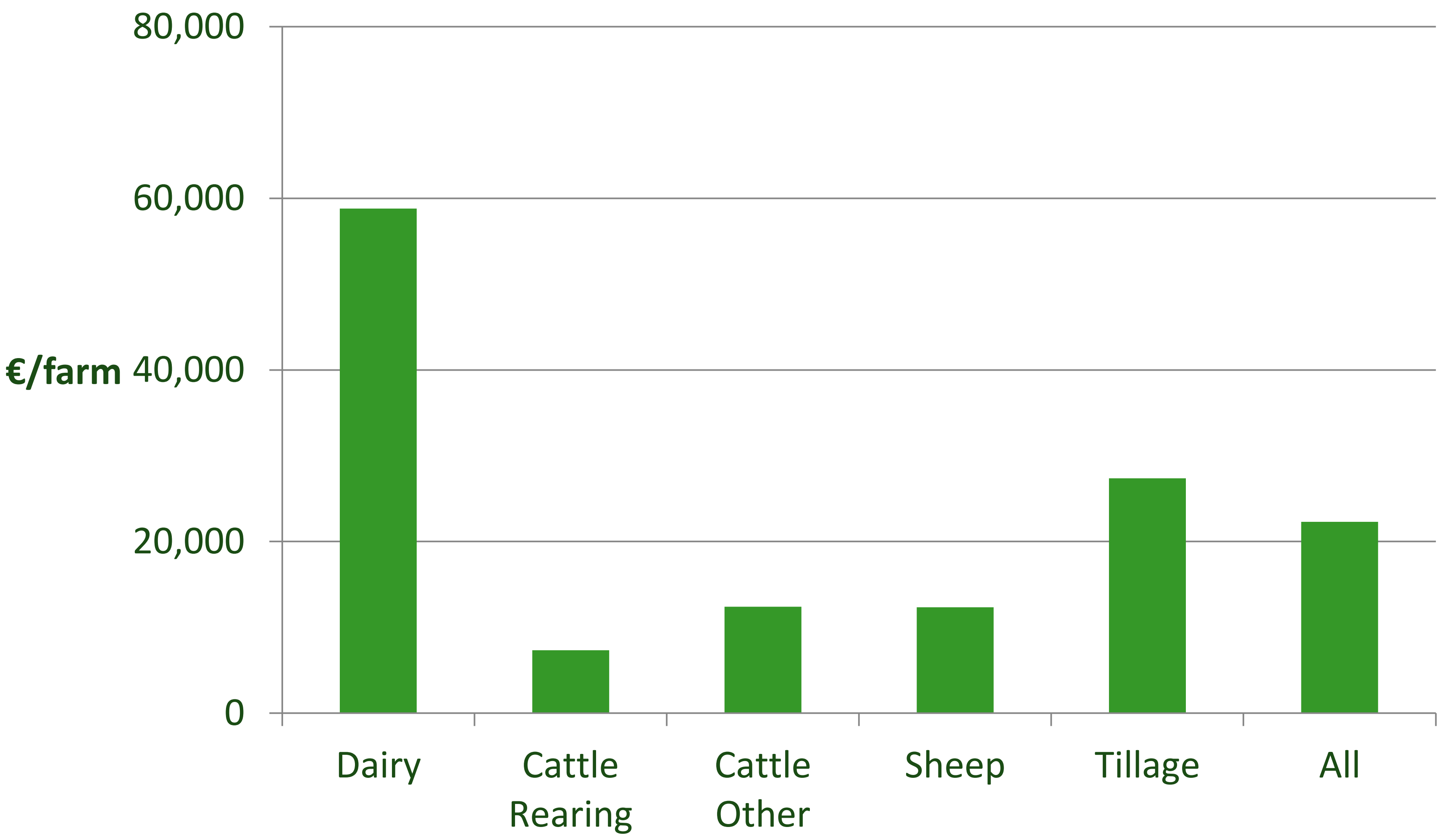
New Investment by System 2015 and 2016



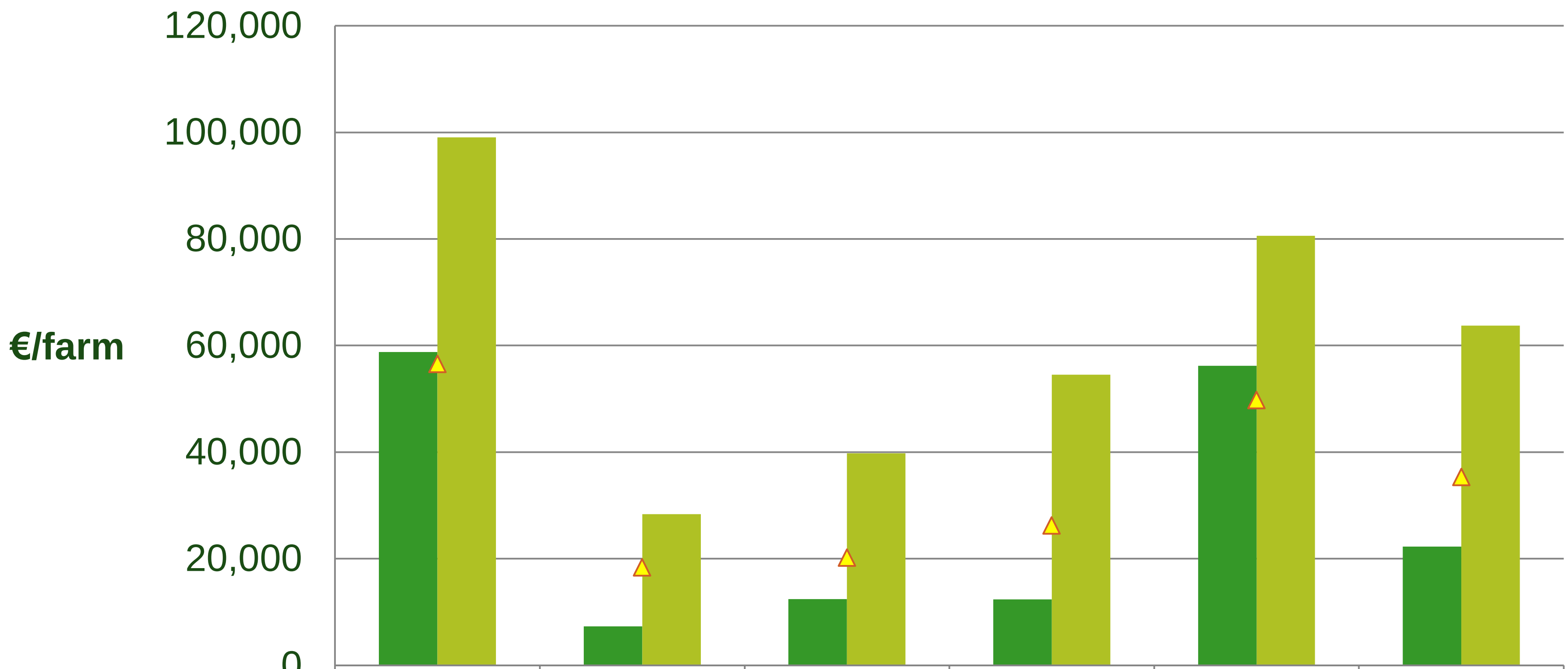
Farm Debt in 2016

- 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

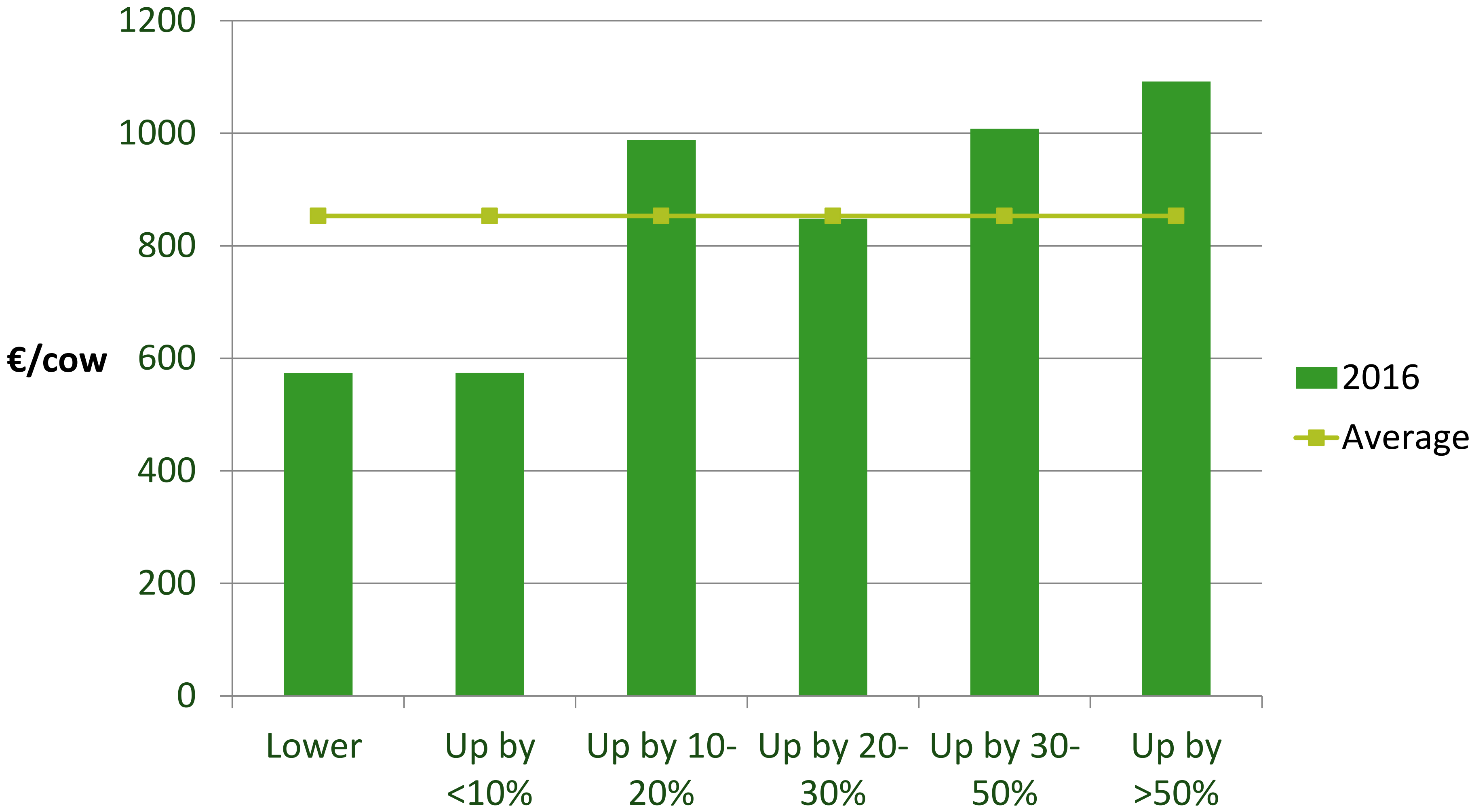


Average Farm Debt levels 2016



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

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

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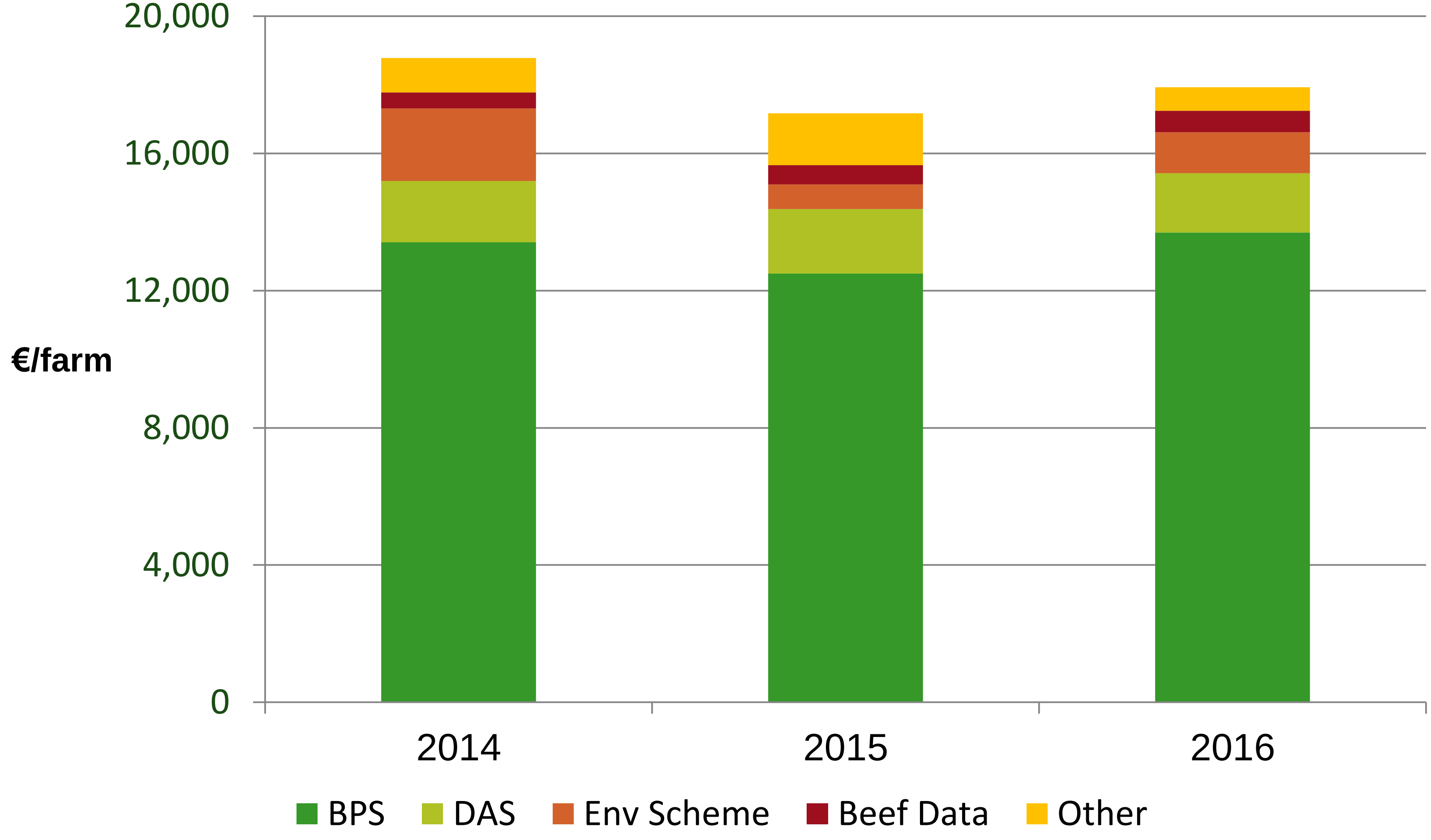
Direct Payments by Scheme type 2014 to 2016



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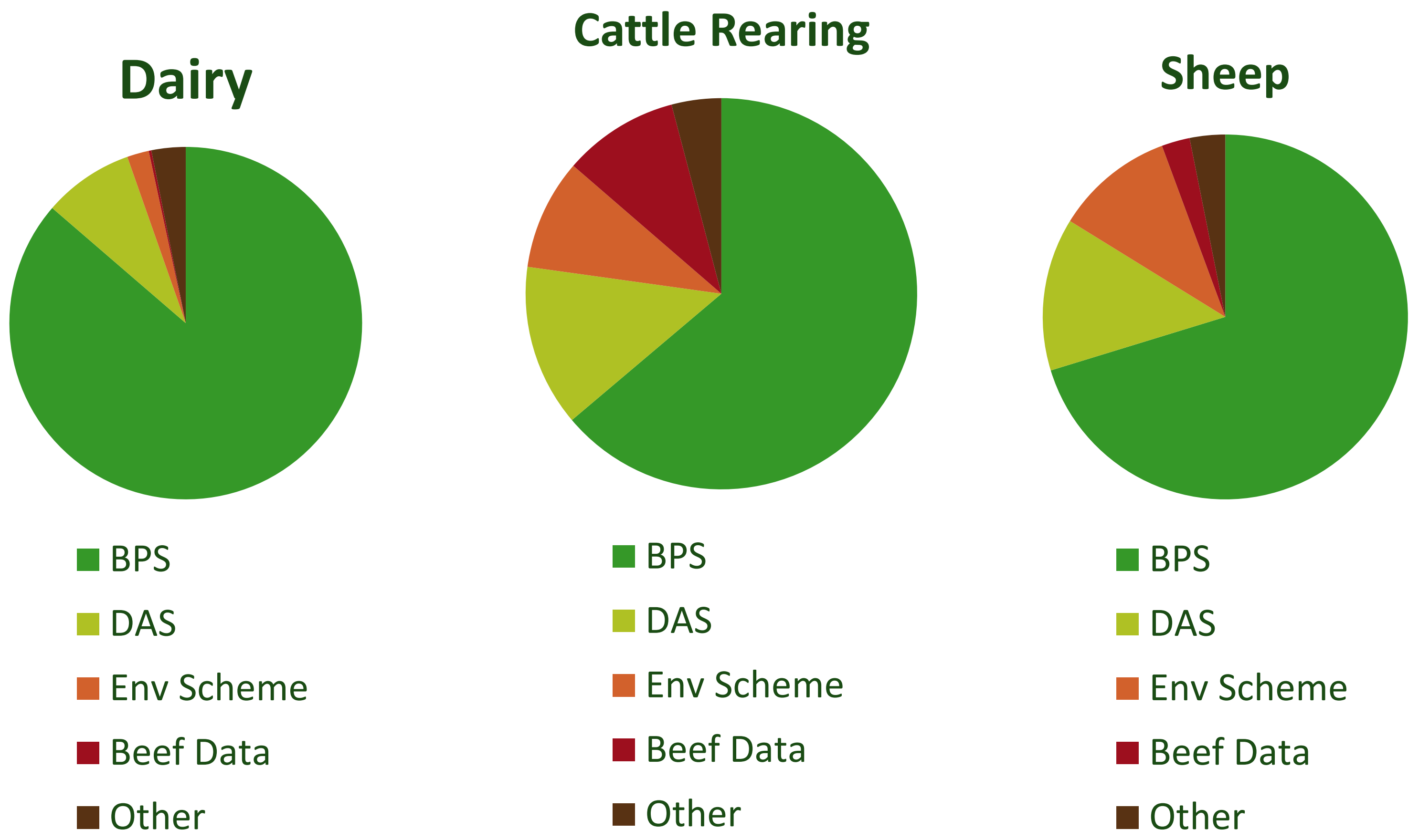
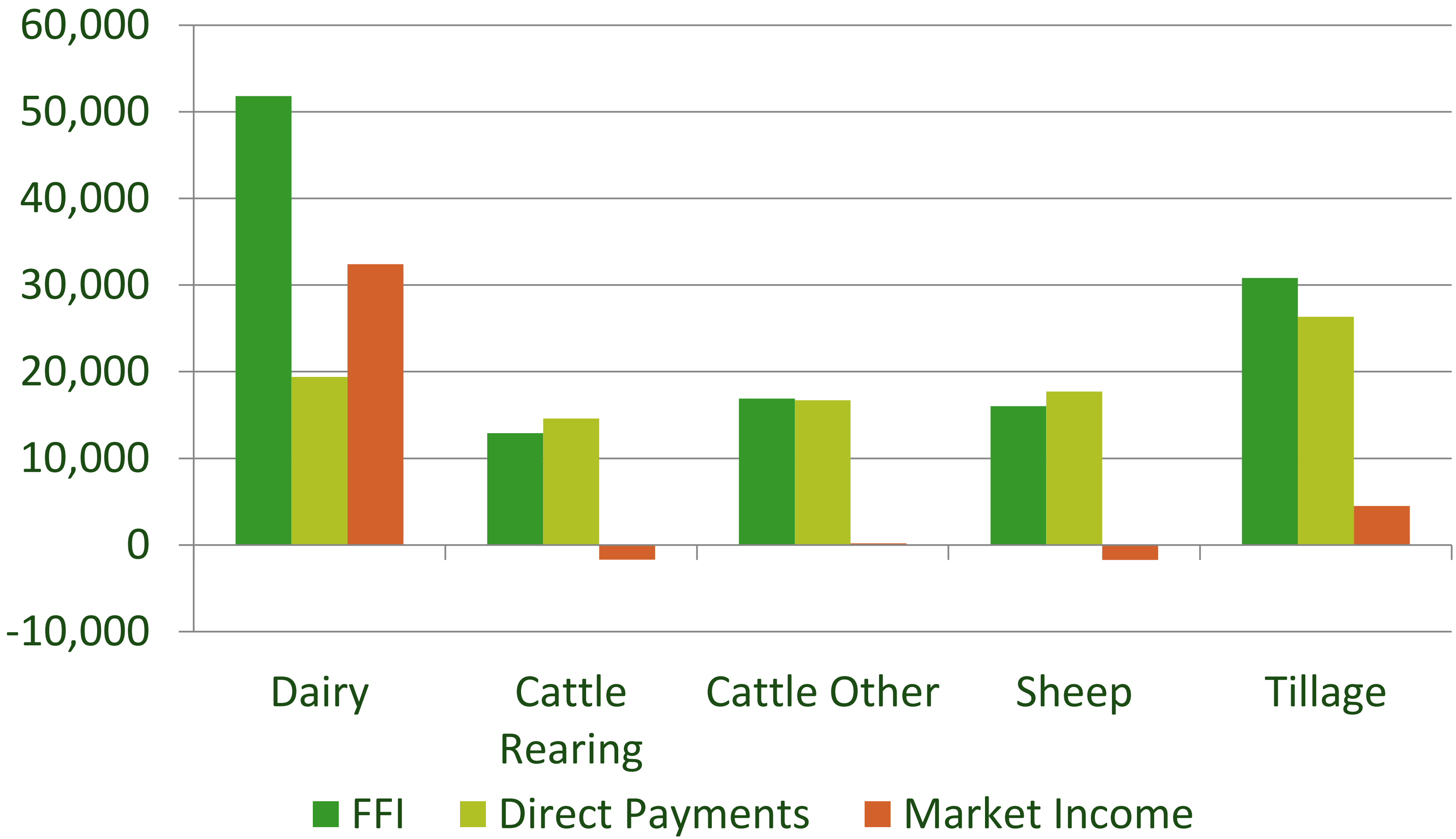
Composition of Direct Payments by System 2016



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

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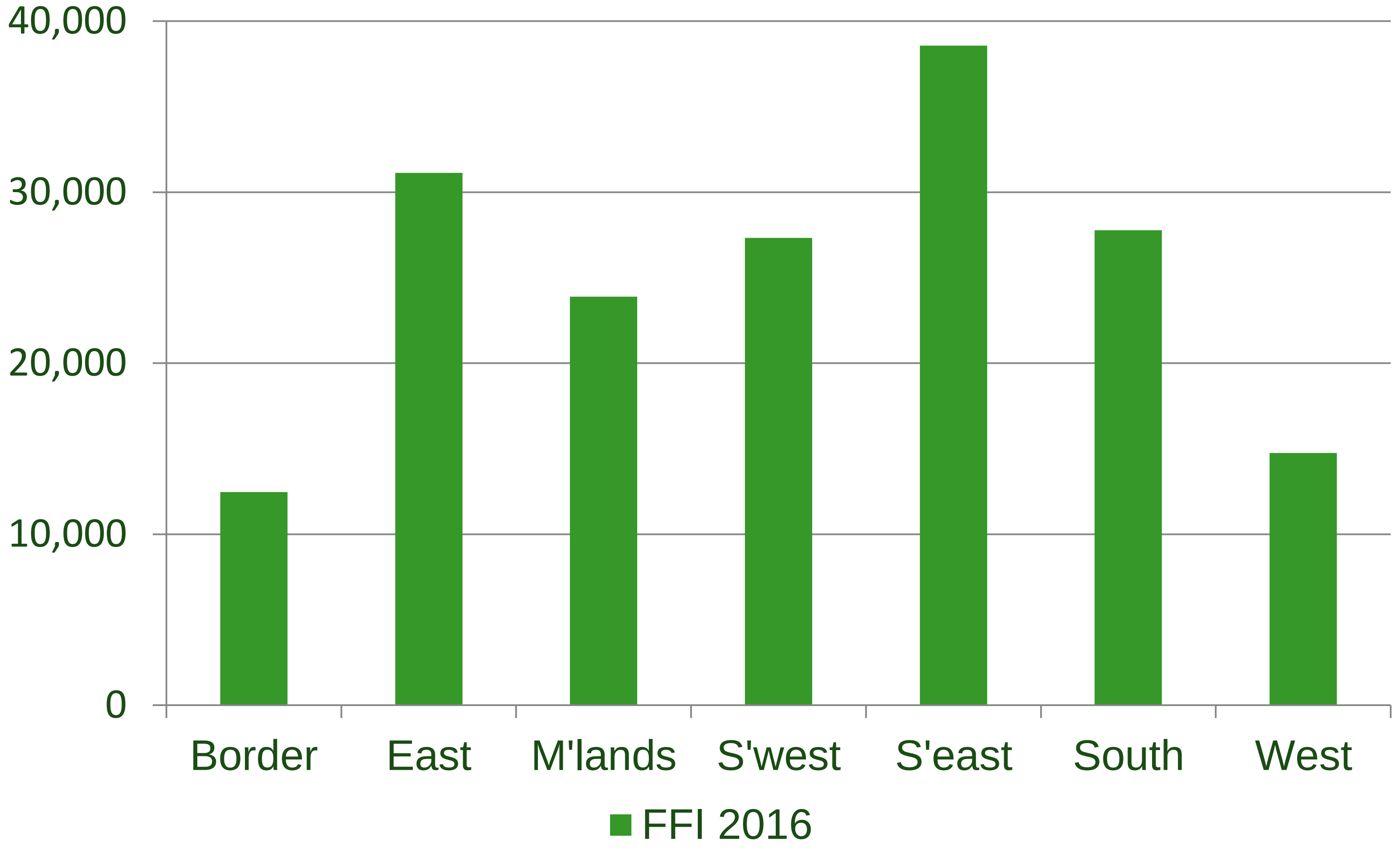
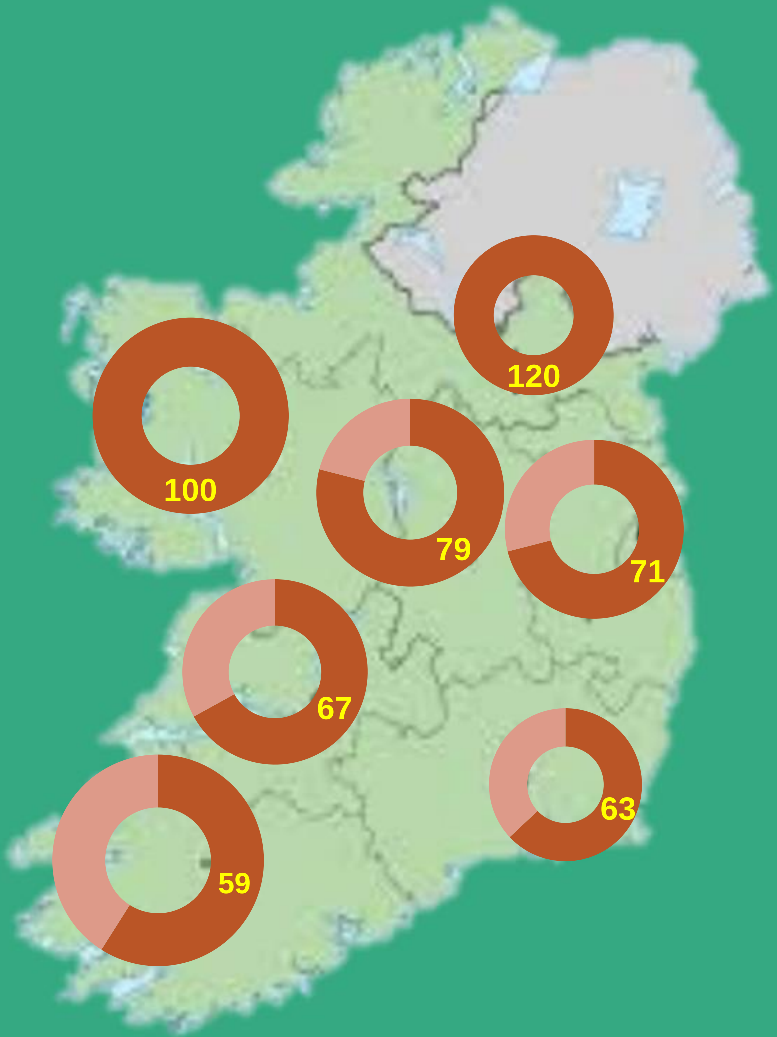
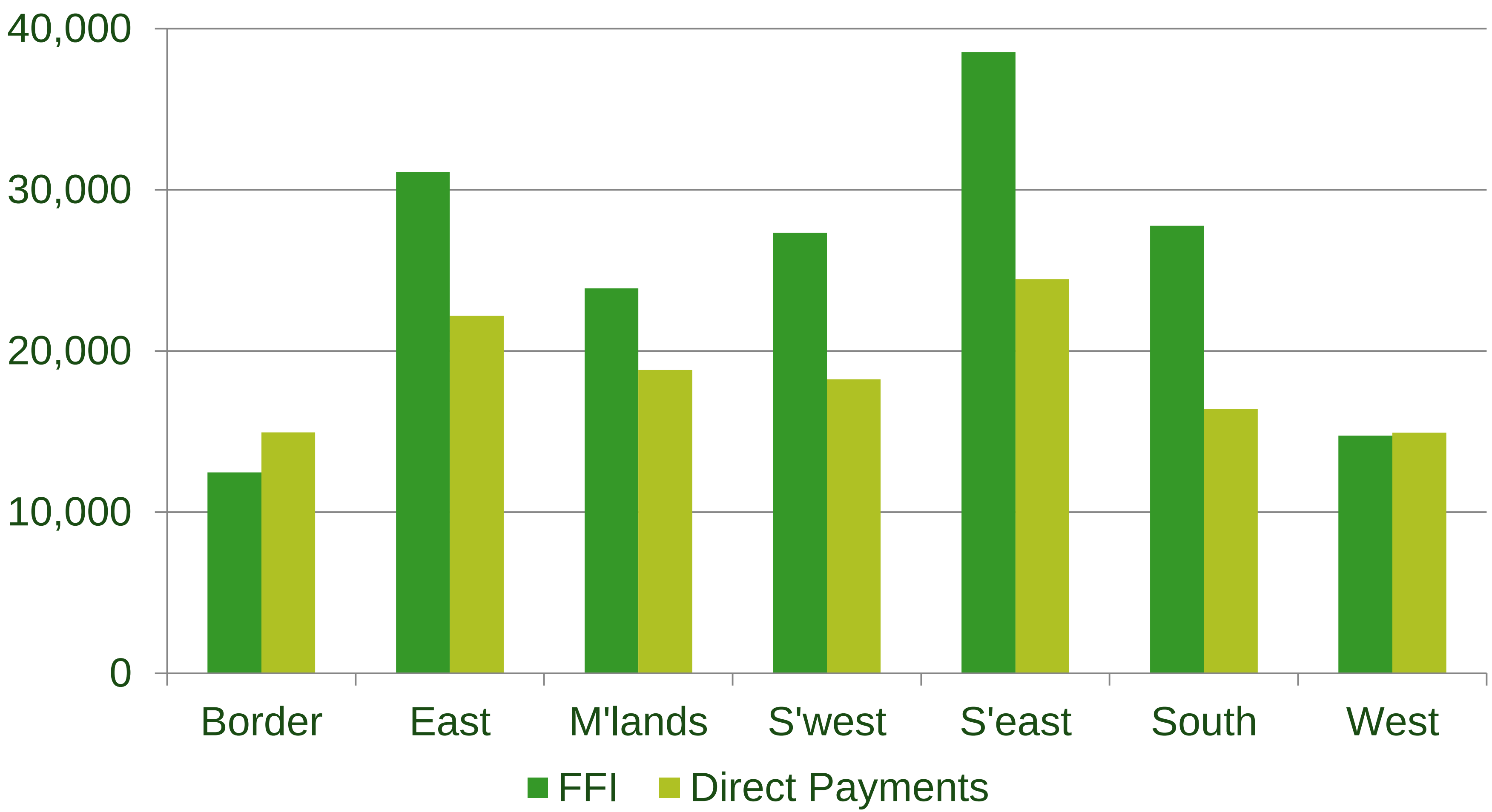
Regional overview – Family Farm Income 2016



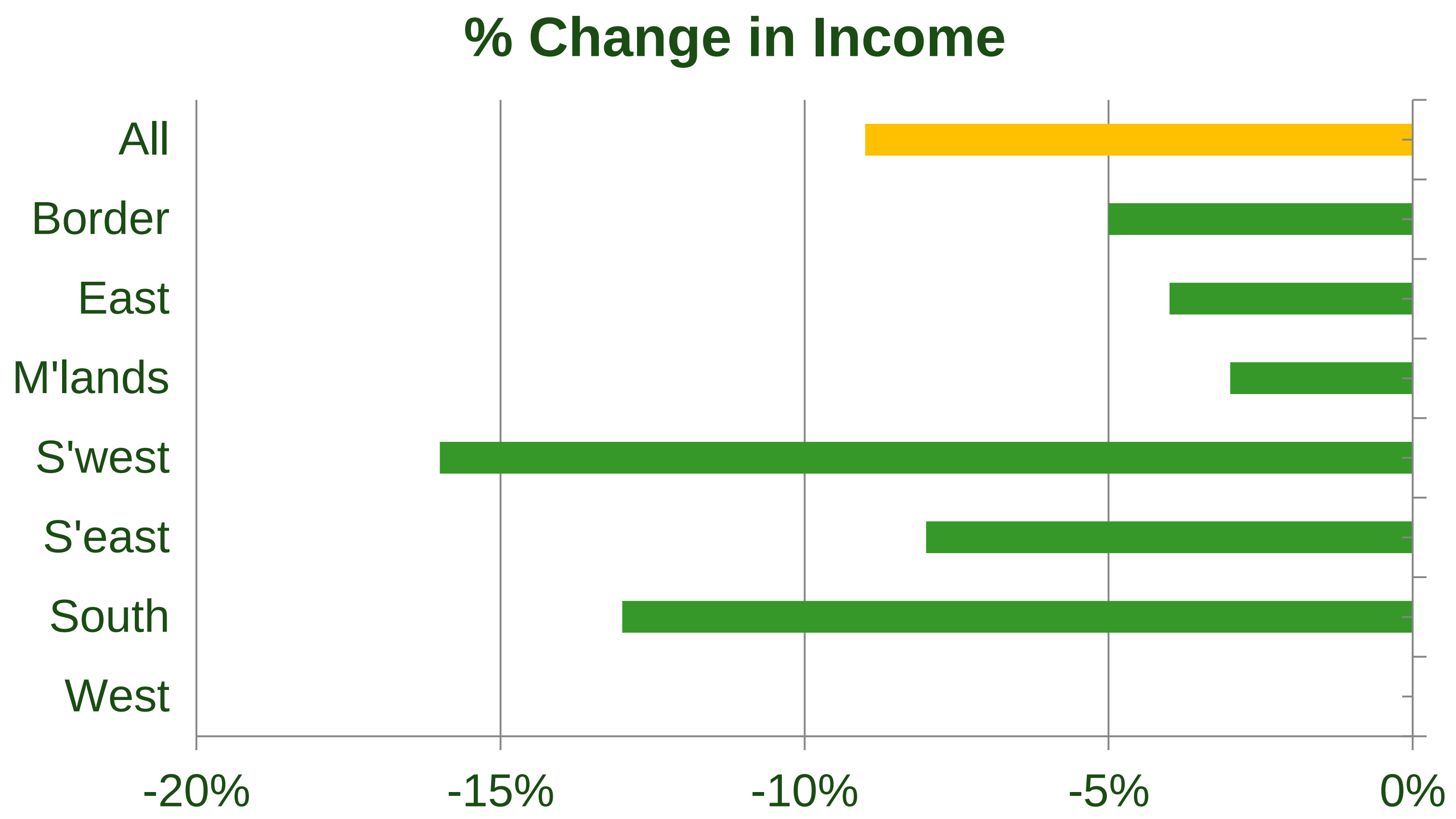
Direct Payments as a % of Income by region 2016



Regional overview – Direct Payments 2016

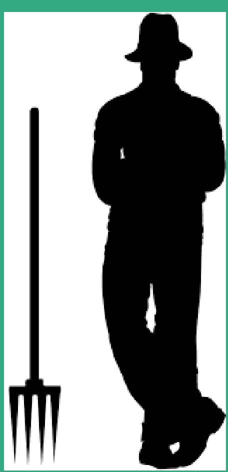


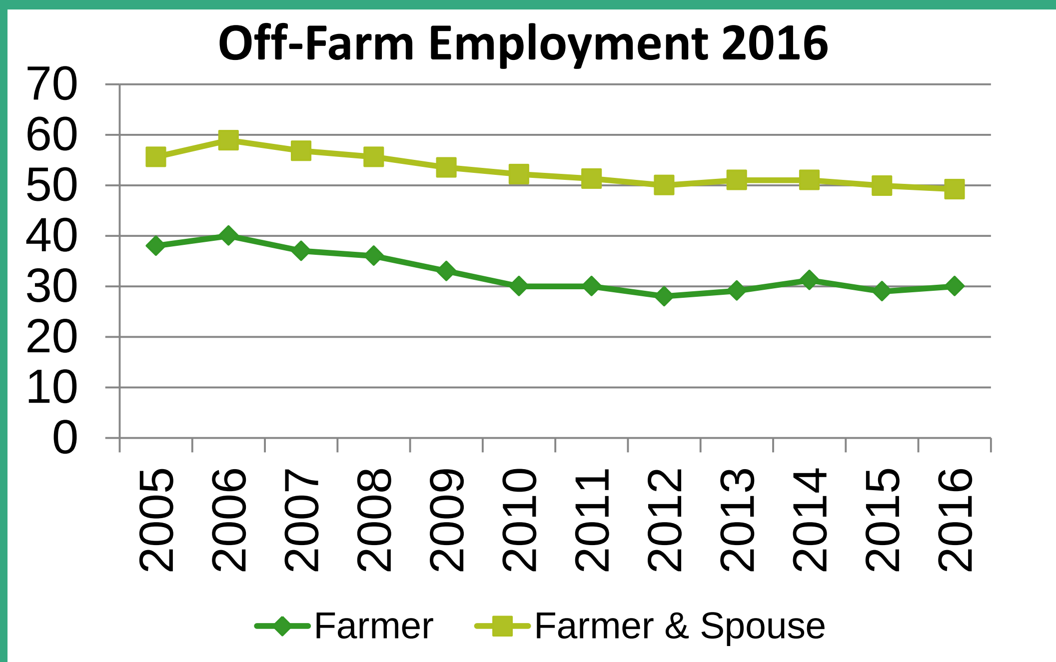
Regional Income Changes 2016



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

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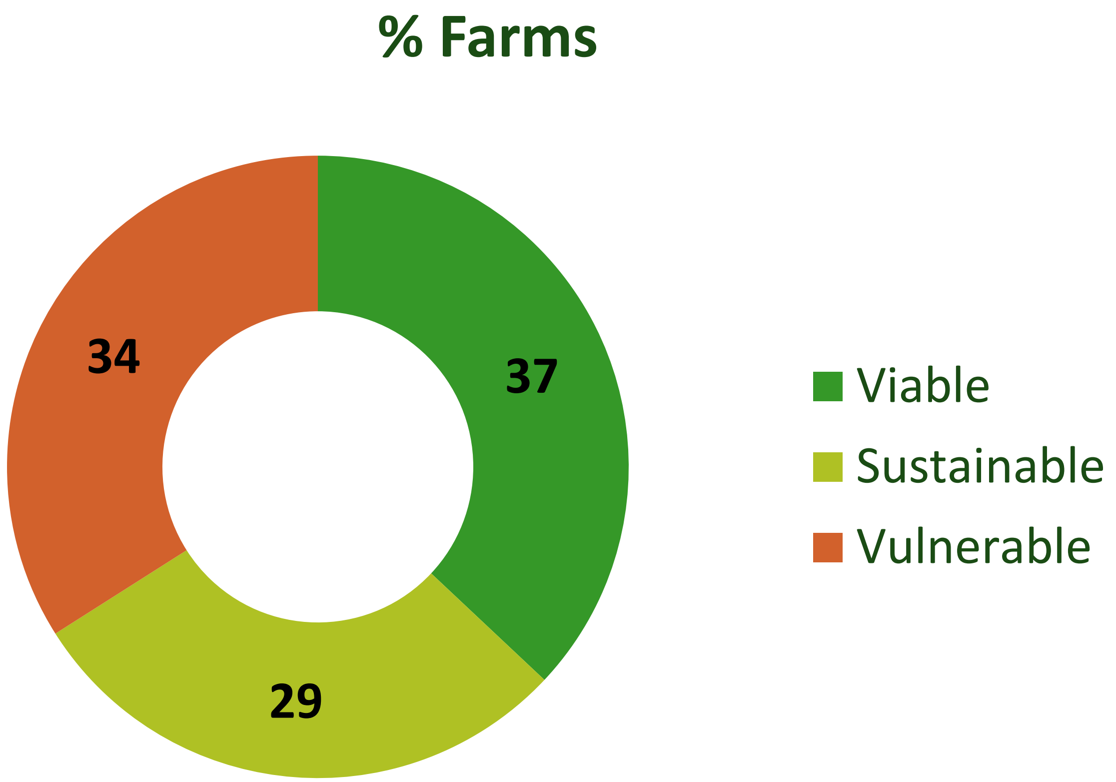
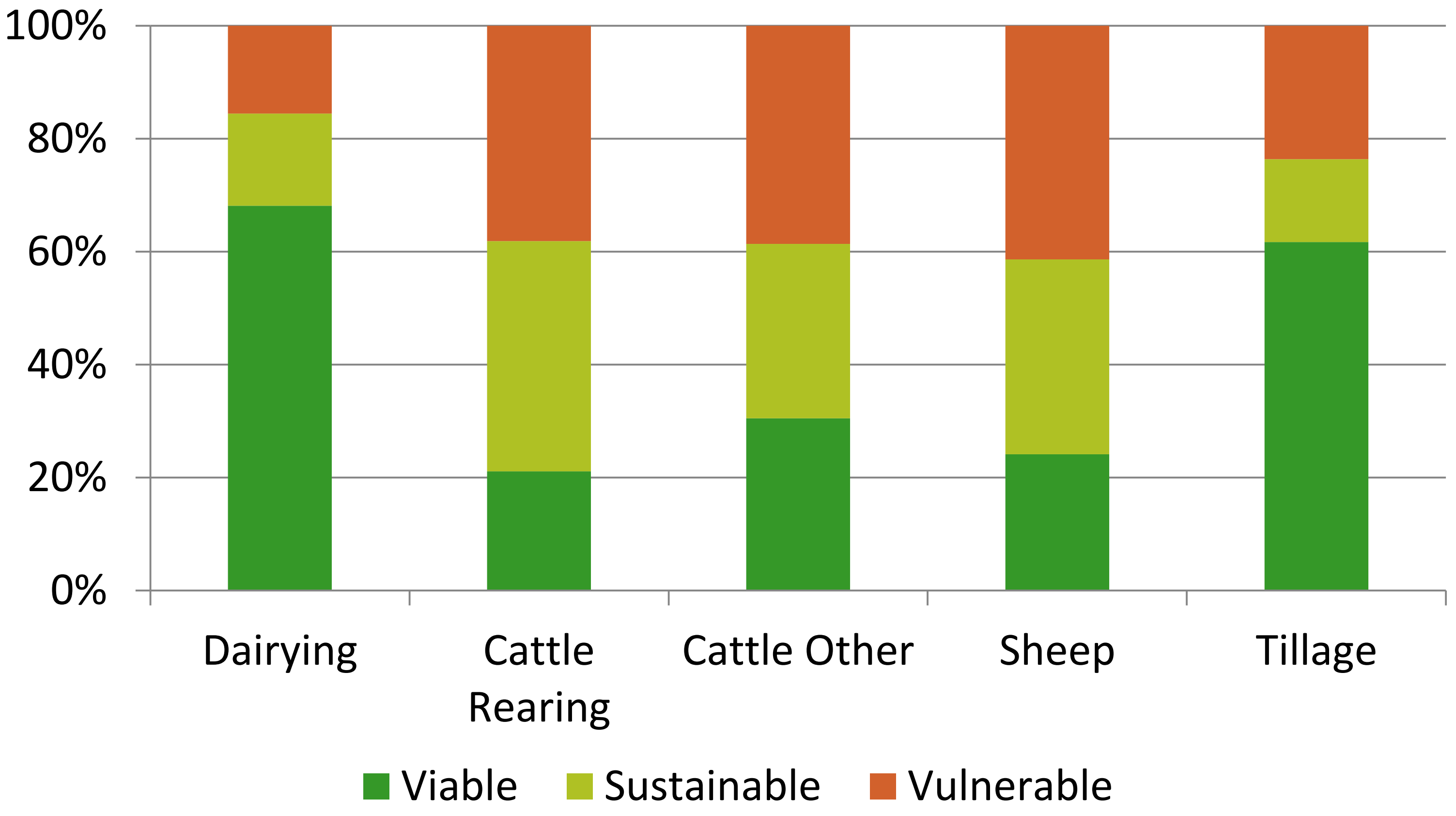
Farm Viability – Some Definitions

- **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.

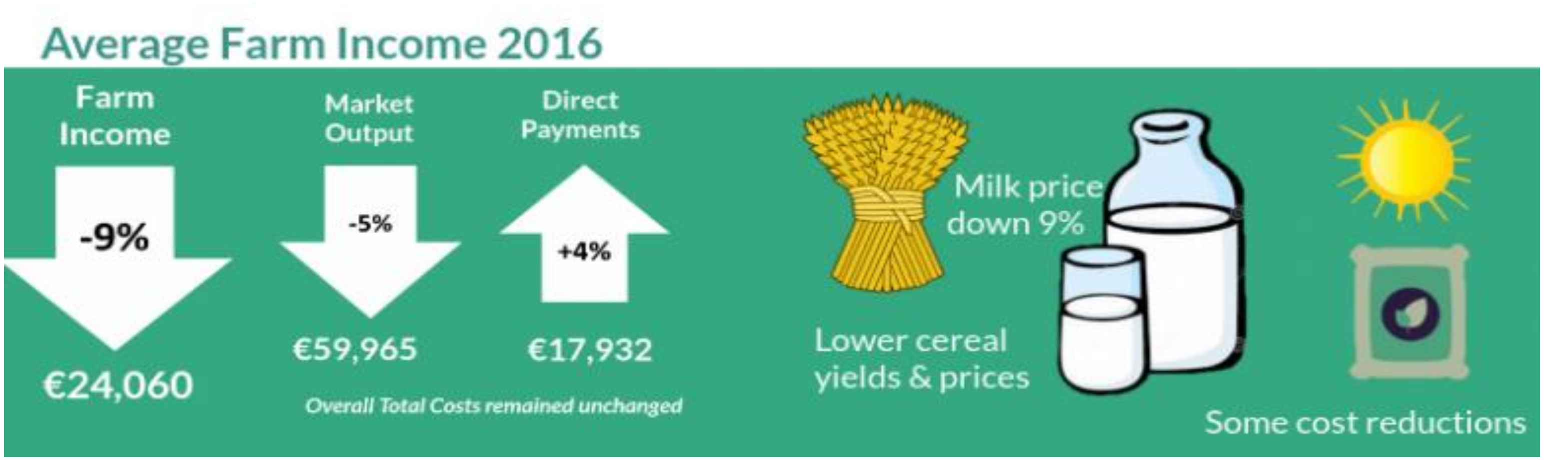
Viability of Irish Farming 2016

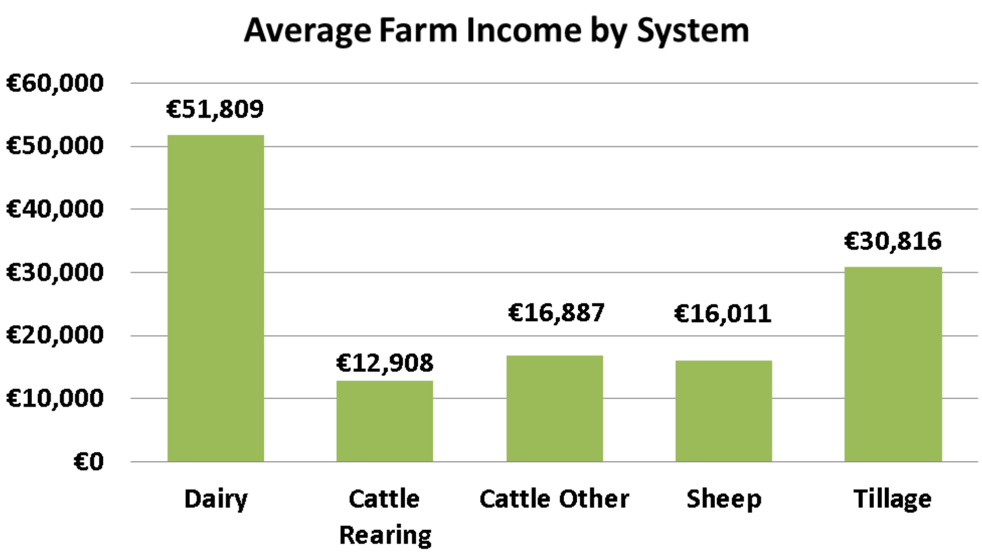


Viability by Farming System 2016



Conclusions





Dairy -17%

Cattle Rearing +2%

Cattle Other +3%

Sheep -1%

Tillage -10%

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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.

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