
**Federal Institute for Less-favoured and
Mountainous Areas**

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***Mountain Farmers
in Austria***

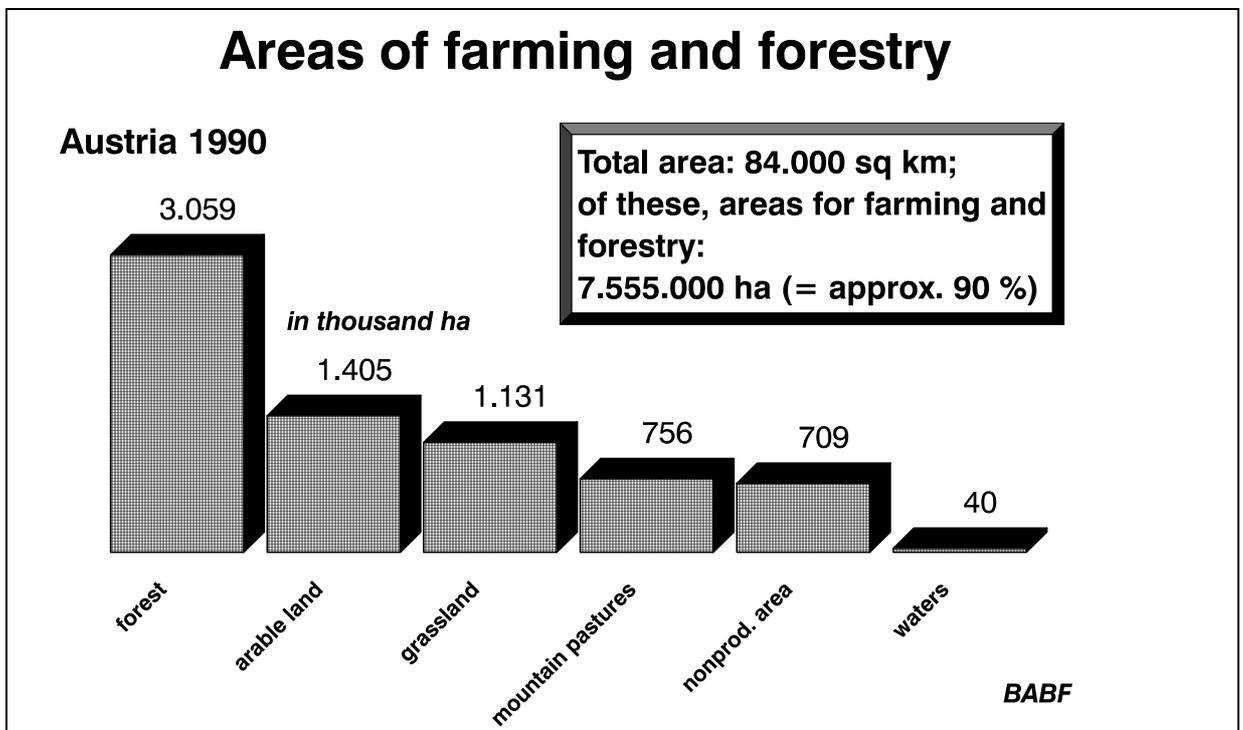
***Their Importance and
Promotion Schemes***

Facts & Features Nr. 1a - June 1993

1 MOUNTAIN FARMERS: THEIR SERVICES AND IMPORTANCE

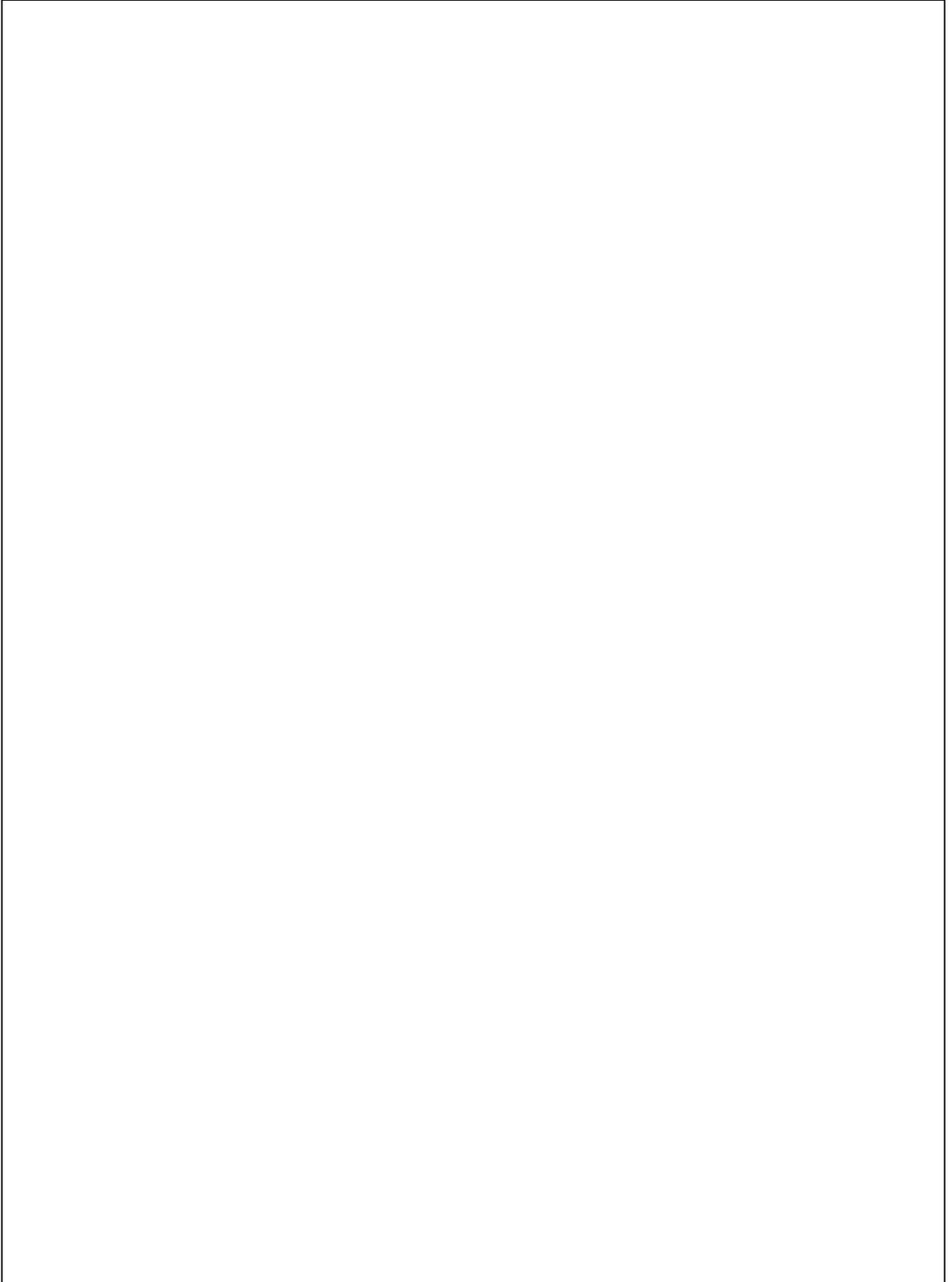
In the early 1990s, Austria counted 273,000 agricultural and forestry enterprises. These farms own, manage and care for about 90% of the Austrian territory. Fig. 1 provides a breakdown of farm areas by types of cultivation and other area categories.

Fig. 1



Mountain farmers make up 36% of overall farms. Fig. 2, „Number of agricultural and forestry enterprises“. Mountain farmers cultivate approximately 42% (mountain pastures included) of the overall territory of Austria. Therefore mountain farmers cover a paramount importance in sustaining and giving shape to Austria's landscape, as they operate in exposed regions most of the time.

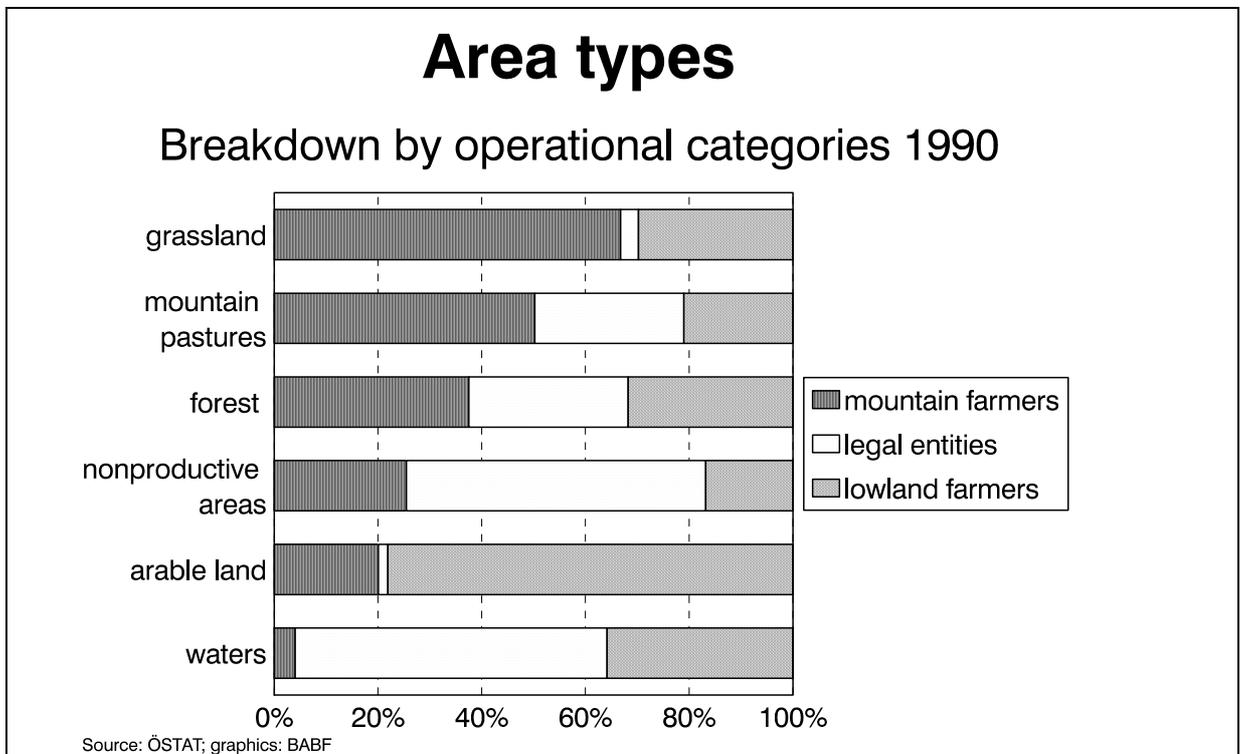
Fig. 2:



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Mountain farmers are obviously dominant in grassland management. Their care and maintenance service for the benefit of varied landscapes of small structures is the basis for the coveted aesthetics of the alpine region as a symbiosis of cultural landscape, man-made monuments and wildlife. Tilling is of minor significance with regard to area even though its contribution is significant to bolster self-supporting for many mountain farms. Fig. 3, „Area types“, illustrates the percentage distribution of grassland, forests, arable land and other areas, partly nonproductive, between mountain farmers, agricultural and forestry enterprises maintained by the so-called legal entities (e.g. public-sector or church farms) and farmers in flat and hilly country (called „lowland farmers“ for simplicity).

Fig. 3:

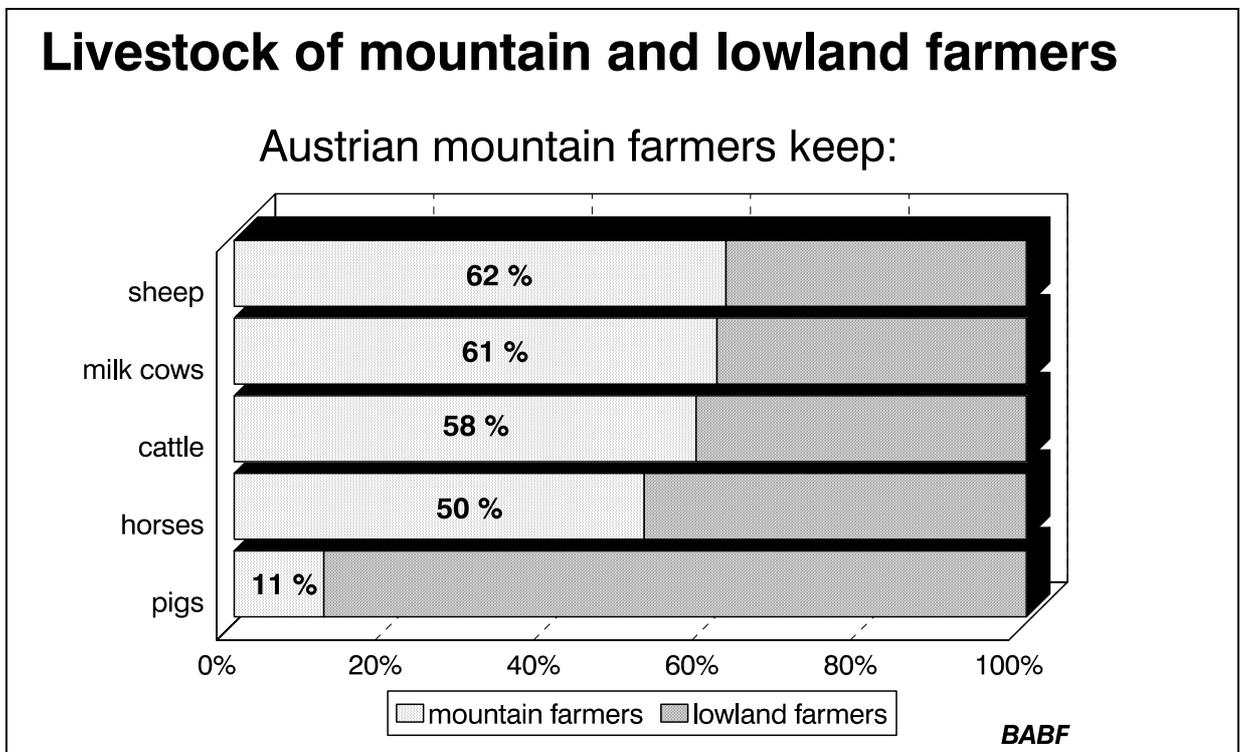


1.1 Agricultural production:

The agricultural production of mountain farmers (overall production share of mountain farmers) is important with regard to cattle, dairy products and sheep. The (relative) share contributed by mountain farmers with regard to pigs, poultry and eggs has declined constantly over the last 40 years. It is of minor importance only for their market production even though it continues to be a mainstay to ensure self-support of mountain farm households.

Contribution by mountain farmers to the Austrian livestock:

cattle	58%
milk cows	61%
suckler cows	86%
sheep	62%
pigs	11%
poultry	15%

Fig. 4:

In view of natural production conditions which are little suited to support tillage, mountain farmers contribute a low total share of field crops. Yet we find noticeable shares of traditional products used for self-support, such as potatoes and bread cereals, grown on a large number of small and minute fields. Nevertheless, the arable land owned by mountain farmers - exactly 20% of total Austrian arable land - is primarily used to grow fodder.

Broken down by cultures, mountain farmers manage the following areas (census of 1990):

52% of potato fields
47% of oats fields
46% of rye fields
17% of barley fields
38% of dredge grain fields
7% of wheat fields
33% of silage maize fields
64% of grass-clover ley fields
56% of clover fields and grass-clover ley fields

1.2 The „new“ functions of mountain farming

The importance of mountain farming is not restricted to agricultural production but is to be found in other contexts as well:

- ◆ sustained preservation of natural resources such as soil, water and air;
- ◆ protection and shaping of ancient cultivated landscapes;
- ◆ protection of settlement density and infrastructure in the mountains;
- ◆ maintenance of useful employment and business activities;
- ◆ preservation of agricultural areas as production reserves.

2 PROMOTIONAL SCHEMES FOR MOUNTAIN FARMERS

2.1 Categories of Austrian mountain farmers

Austria has a long tradition of designation of aggravating conditions suffered by mountain farmers. A first register of mountain farms, broken down by farms, was made as early as the 1950s. Ever since the passage of the Agricultural Law of 1960, agricultural policy has been governed by the postulate of granting special preferential treatment to mountain farmers. The Law also furnished a legal definition of mountain farming territory. In order to be deemed mountain farm entitled to enjoy special promotional privileges, the farm needs to be included in the Decree issued by the Minister of Agriculture and Forestry. Currently, mountain farms are assigned to one of four zones reflecting the degree of their conditions of disadvantage.

Criteria for registering natural and economic disadvantages of mountain farms:

- ◆ **climate** (climate category of agricultural value assessment);
- ◆ **external traffic conditions** (accessibility by motor vehicles, peripheral location);
- ◆ **internal traffic conditions** (sloping of farming areas - percentage incline).

Depending on the degree of disadvantage determined by the above criteria, mountain farms are assigned to one of four zones, where:

- zone 1** = minor disadvantage,
- zone 2** = medium disadvantage,
- zone 3** = major disadvantage,
- zone 4** = extreme disadvantage.

The above categorisation serves as a basis for numerous agricultural promotion schemes so that it is regularly updated to reflect the latest status. As of May 1992, it included 101,000 farms. („Official“ awarding of the „mountain farmer“ status must not be confused with the farmer’s self-categorisation for statistical enquiries: actually the two data bases show slight differences in the number of mountain farms given.)

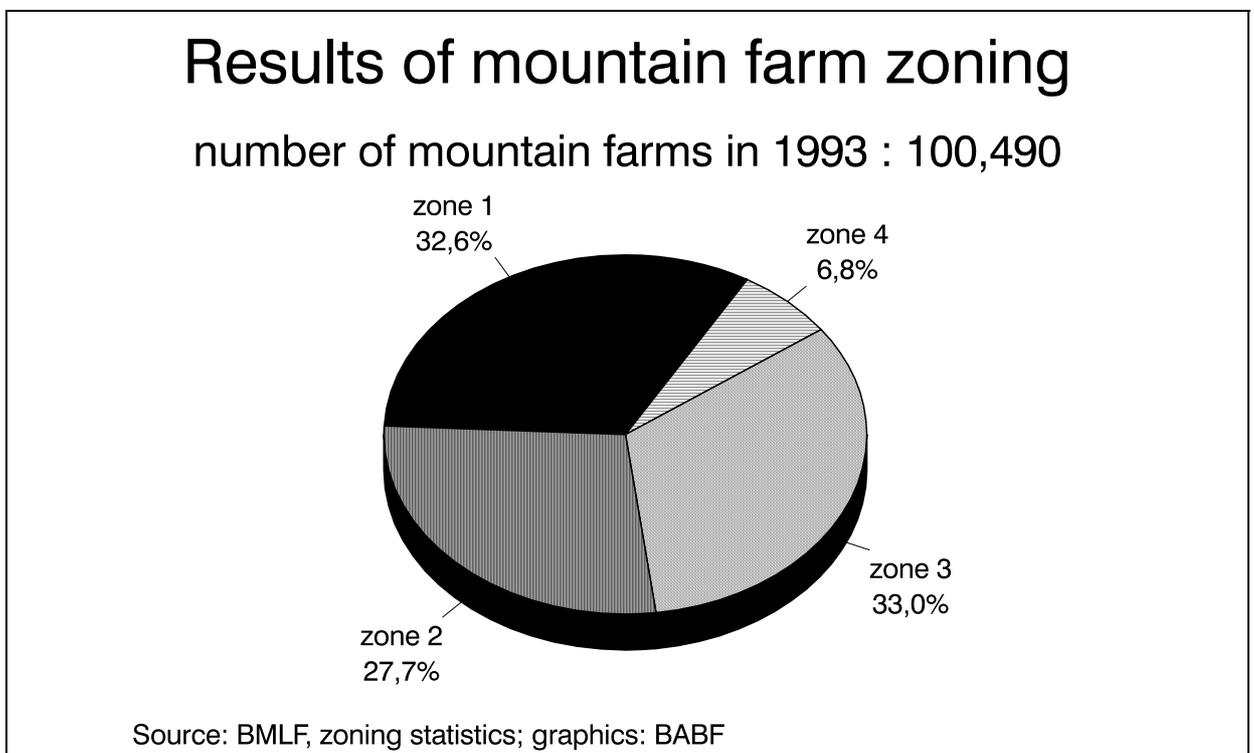
The following table covers mountain farms broken down by zone of disadvantage and federal provinces:

Province	Zone 1	Zone 2	Zone 3	Zone 4	Sum total
Burgenland	201	774	11	0	986
Carinthia	2.260	2.817	5.189	1.378	11.644
Lower Austria	9.958	6.261	5.937	99	22.255
Upper Austria	11.183	6.031	5.317	126	22.657
Salzburg	1.992	2.150	2.274	834	7.250
Styria	3.812	5.512	7.830	669	17.823
Tyrol	2.670	3.061	5.117	3.098	13.946
Vorarlberg	691	1.195	1.439	604	3.929
Austria	32.767	27.801	33.114	6.808	100.490

Status as of May 1993

Fig. 5 shows the Austrian-wide distribution by zones at a glance.

Fig. 5:



2.2 „New Register of Mountain Farms“ project

The categorisation of mountain farms is currently undergoing a thorough revision by the Federal Ministry. Aggravations affecting mountain farms are registered by means of state-of-the-art computer methods and remote surveying from the air. These activities will provide Austria with the most modern classification system broken down by individual mountain farms by the turn of the century, which will also be used as an objective basis for promotional schemes covering mountain farms, and may serve as a foundation for regional and cultural planning.

In parallel, and supported by the data already collected for the new Register of Mountain Farms, experts from the Ministry, Chambers of Agriculture and provincial governments meet in a working group appointed by Federal Minister Fischler and headed by an international EC expert to discuss the issue of identifying mountain farming regions and other disadvantaged areas acceptable to the EC as provided in EC Directive 75/268 and effects of EC membership on national promotion schemes for mountain farmers.

2.3 Promotion schemes

Beside milk regulations (milk quota scheme) and livestock sales in line with market policy considerations - which is a highly important aspect to maintain the mountain farmers' production function - promotional measures are intended to ensure farm-style agriculture over a maximum of territory (general objective of the Austrian agricultural policy - cf. „eco-social agricultural policy“ and its statutory expression as the new Agricultural Law):

They cover the following fields:

- ◆ **direct payments;**
- ◆ **changes in livestock production (keeping of suckler cows, production of mutton) and pecuniary recognition of environmentally friendly cultivation methods (grants to organic farmers);**
- ◆ **measures to solidify ownership through traditional investment subsidies for individual farms and by improving and maintaining rural infrastructures.**

Direct payments

In Austria, direct payments were introduced in the early 1970s, initially as specific support to mountain farmers. In the meantime, as it is done within the European Community, they have developed into a key promotion measure which directly affects incomes of farms generally

located in disadvantaged regions. The direct payment instrument of greatest importance for Austrian mountain farmers is the:

2.3.1 Federal Mountain Farmers Grant

Concept:

The Mountain Farmers Grant:

- ◆ is production-neutral,
- ◆ reflects disadvantaged factors,
- ◆ depends on incomes,
- ◆ recognizes land cultivation,
- ◆ is conditional upon a farm with year-round residency and management.

In order to be awarded a Mountain Farmers Grant, the farmer must reside in and manage the farm all year round. This criterion reflects the socially desirable goal of maintaining a minimum settlement density in the mountainous regions.

In 1991, the Mountain Farmers Grant, which before had been calculated solely to reflect aggravation and income levels, was supplemented by an area allowance. This area allowance is intended to put more stress on the aspect of remunerating mountain farmers for their service in preserving land cultivated by man. Currently (1993), the area allowance is granted for the fourth to tenth hectare of agricultural area, i.e. a maximum of seven hectares. Mountain farmers managing fewer than three hectares of agricultural areas receive only the basic allowance.

Accordingly, the Mountain Farmers Grant is designed as follows:

	Influencing factors:		1993 grant level
	Aggravation	Income	
Basic allowance	depends on aggravation level (measured by zone)	depends on income level (measured by the fictitious assessed value)	ATS 2,000 to 27,100 per farm
+ area allowance	depends on aggravation level (see above)	does not depend on the income level	ATS 400 to 1,800 per ha / respectively max. ATS 3,200 to 14,400 per farm
= Mountain Farmers Grant			ATS 400 to 41500 per farm

Support granted in 1993 in detail, depending on aggravation an income

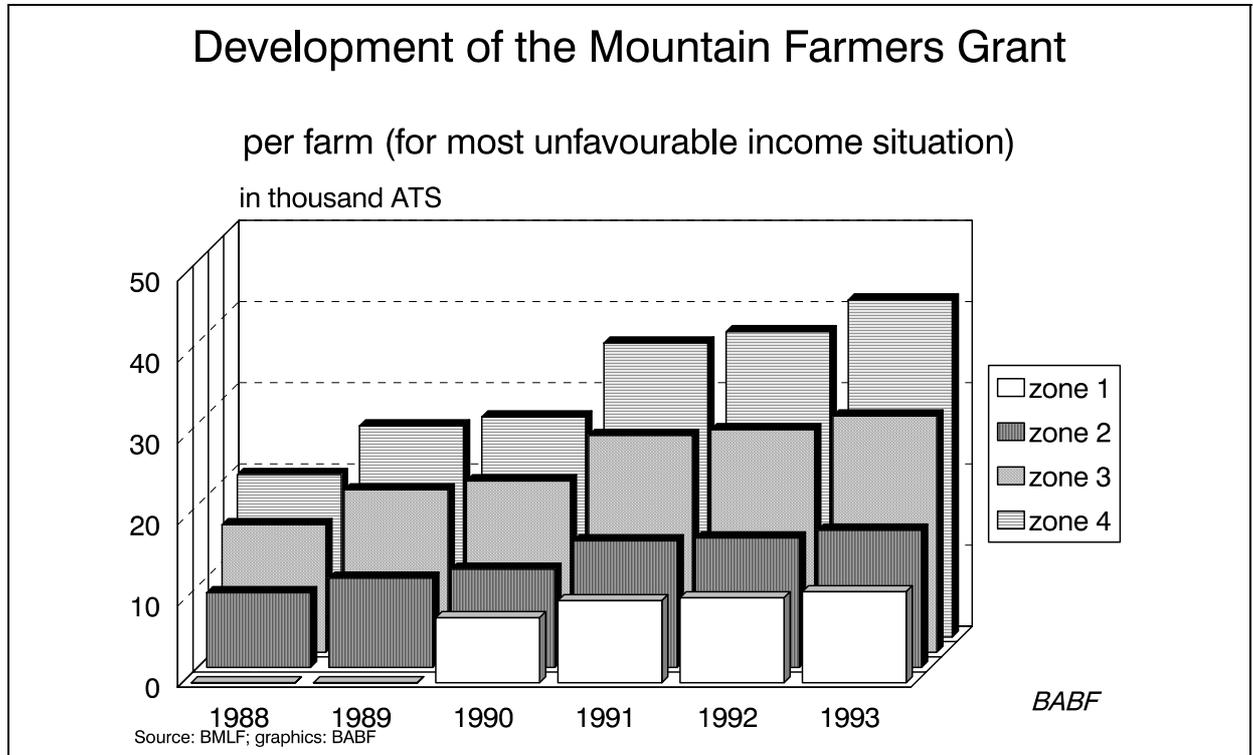
Basic amount:				
for each farm with an fictitious unity value of	Zone 4	Zone 3	Zone 2	Zone 1
up to 70.000,-	27.100,-	21.100,-	12.100,-	8.000,-
70.001 to 130.000.-	20.800,-	15.800,-	7.600,-	6.000,-
130.001 to 230.000.-	15.600,-	12.600,-	5.300,-	4.000,-
230.001 to 330.000.-	13.600,-	10.600,-	4.500,-	3.000,-
330.001 to 400.000.-	5.300,-	3.800,-	2.300,-	2.000,-

Area related contribution:				
	Zone 4	Zone 3	Zone 2	Zone 1
for each ha credited AUA (max 8 ha per farm)	1.800,-	1.000,-	600,-	400,-

AUA = agriculturally utilized area

Figures 6 and 7 illustrate the enormous development of the Mountain Farmers Grant, particularly in recent years, reflected with regard to individual farms who had already enjoyed the benefit before and newly qualified farmers (zone 1: 1990, 1991 area allowance) as well. Likewise the considerable increase of this payment is reflected in the agricultural budget. Apart from the market regulations, the Mountain Farmers Grant is the most significant item of federal agricultural promotion activities.

Fig. 6:



2.4 Premiums granted by the federal provinces

In the seventies the federal provinces have started to support their mountain farmers by introducing premiums for their farm-land and alpine premiums for the cultivation of alpine grassland.

The **acreage premiums** constitute a compensation for acreage related disadvantages and are intended to keep the land under cultivation and to preserve and shape the traditional, men-shaped landscape of the mountain region.

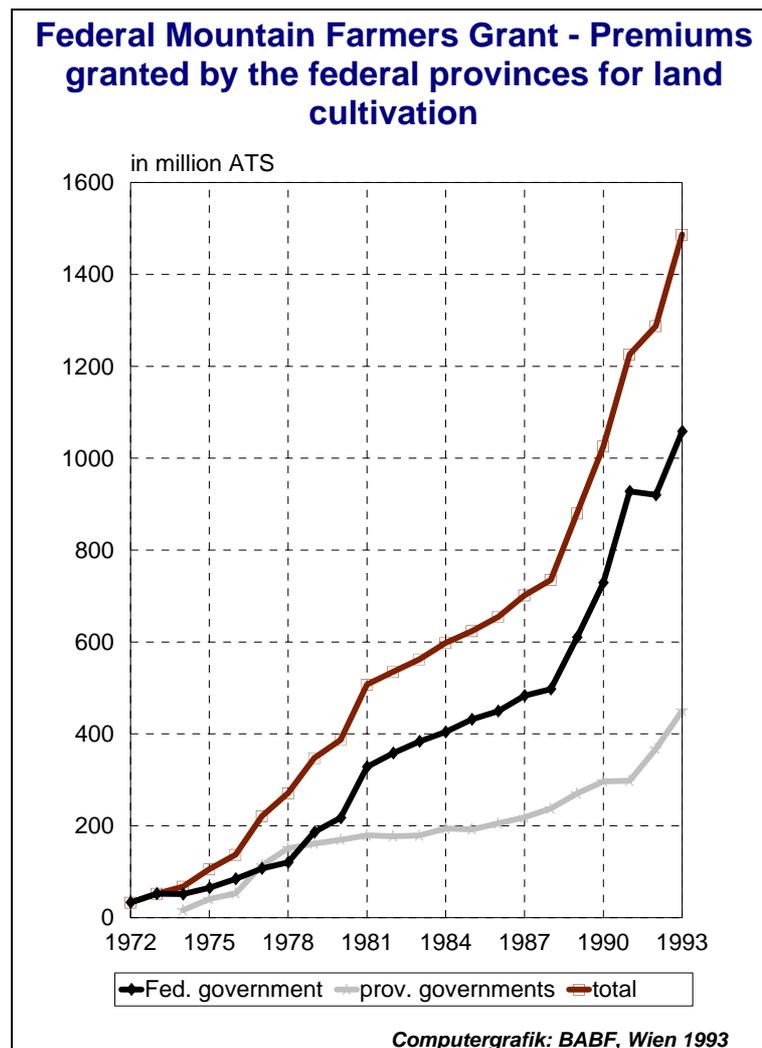
The guidelines for these mountain farm premiums are geared to the specific needs of the provinces. All measures taken by the federal provinces have in common that they take into consideration the degree of disadvantage for the farm supported in the assessment of the premiums. In part (i. e. in Lower Austria, Upper Austria and Styria) income-related criteria are taken into consideration when calculating or limiting the global allowance for each farm (see survey: the mountain farm premiums in comparison). In addition the federal province of Vorarlberg grants a direct payment to farms in extreme regions which is similar to the basic amount in the mountain farmers` allowance (aid to mountain farmers of the federal province of Vorarlberg). By this allowance the federal province of Vorarlberg wants to directly counteract the extreme high rate of farms being abandoned in extreme regions.

Overview: Premiums granted by the federal provinces

As shown in figure 7 the federal provinces too have strongly increased their financial means for the mountain farm premiums in recent years, so that in 1993 450 million ATS are expected to be transferred to mountain farms under this heading.

The **alpine pasture premiums** are granted for moving flocks to alpine pastures, they aim at securing the further cultivation of alpine grassland. In this way livestock owners in alpine regions get compensated for their contribution to secure the fragile ecosystem by adequate forms of cultivation and animal husbandry in line with the natural yield. The annual volume of the alpine pasture premiums is about 50 million ATS, and focuses on the high alpine zones in the western parts of Austria. In addition some federal provinces grant support to the shepherds on alpine pastures by contributing to their social security costs.

Fig. 7:



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