

Small scaled family farms in Austria

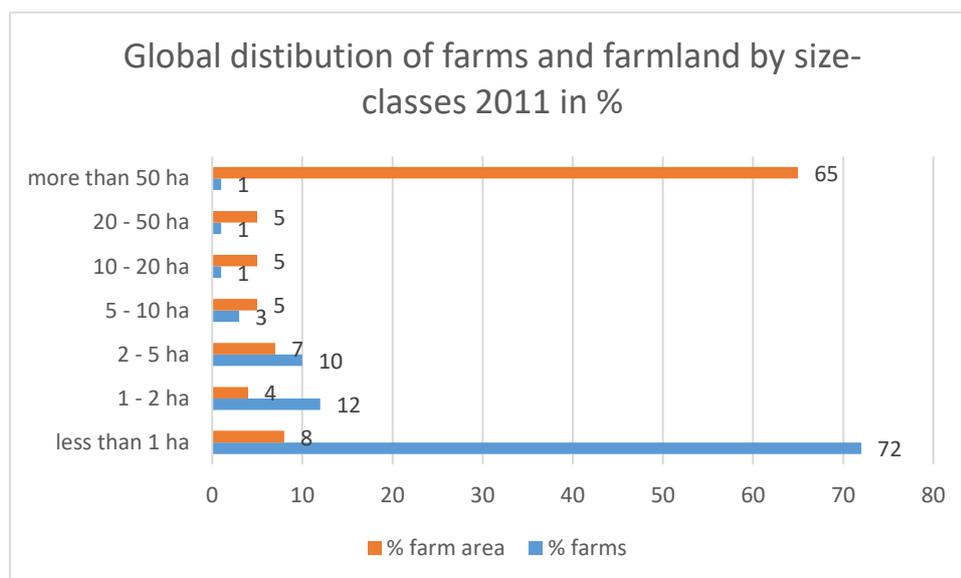
Michael Groier, Bundesanstalt für Bergbauernfragen, 2016

Due to the topographical circumstances – 70 % of the territory is categorized as mountain area – Austria’s agriculture is largely based on small scaled family farms. Average farm size is about 22 ha UAA and about 36 ha cultivated area including forest (2014). Corresponding to these figures, Austria clearly ranks above the EU-average of 16 ha UAA (2013).

International context

To illustrate the international context of small scaled agriculture in Austria, initially some core figures should be mentioned.

Studying international literature, FAO determines holdings up to 1ha as small farms, which corresponds to 365 Mio. small farms or 72 % of all farms worldwide. Of these by far the biggest portion are subsistence-farms which more or less grant food security for the majority of the population in Africa and Asia, but also in certain regions of Europe (e.g. Romania, Bulgaria or Greece).



Source: FAO 2014

For further discussion of the importance and functions of small scaled farms, it’s important to differentiate between developed and less developed or emerging countries. Small scaled farms: on the one hand expected as a basis for further development of competitive agricultural structures, but also an important part of sustainable regional development in developed countries. And on the other hand, a global imperative for safeguarding livelihood in many parts of the world.

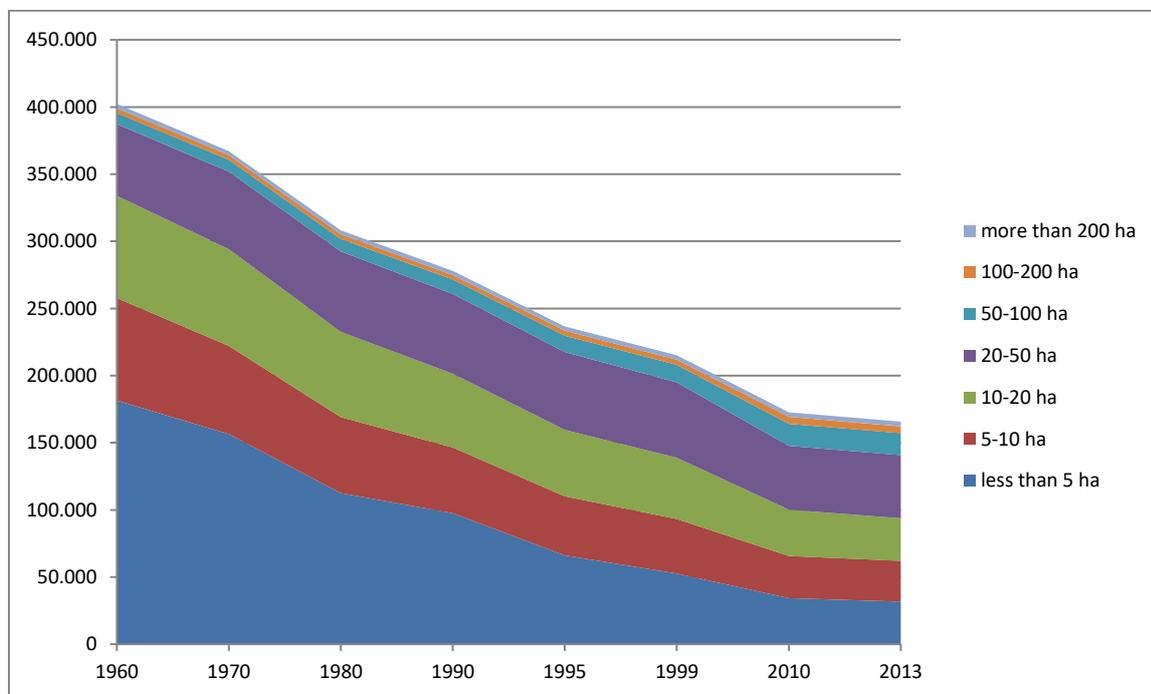
Agricultural structural change in Austria

As in many other industrialized countries, in Austria the process of “growing or giving way” has led to a decrease in farms by over 60 % since 1951; most of these farms were small family farms. The main reasons for this structural change can be listed as follows:

- Progress in productivity achieved by technical and organizational development and breeding
- Strong demand for workers in the growing industrial sector
- Globalization and intensification of competition by liberalized food markets
- Change in socio-cultural values creating alternative education and employment biographies
- Implementation of economies of scale disadvantaging small farms
- High proportion of small part-time farms suffering from double burden (agriculture and off-farm jobs) as well as uncertain farm successions

Since 1960, the number of farms has dropped from 402.000 to 166.000 holdings, a loss of 236.500 farms in total.

Development of number of farms by size classes in Austria between 1960 and 2013



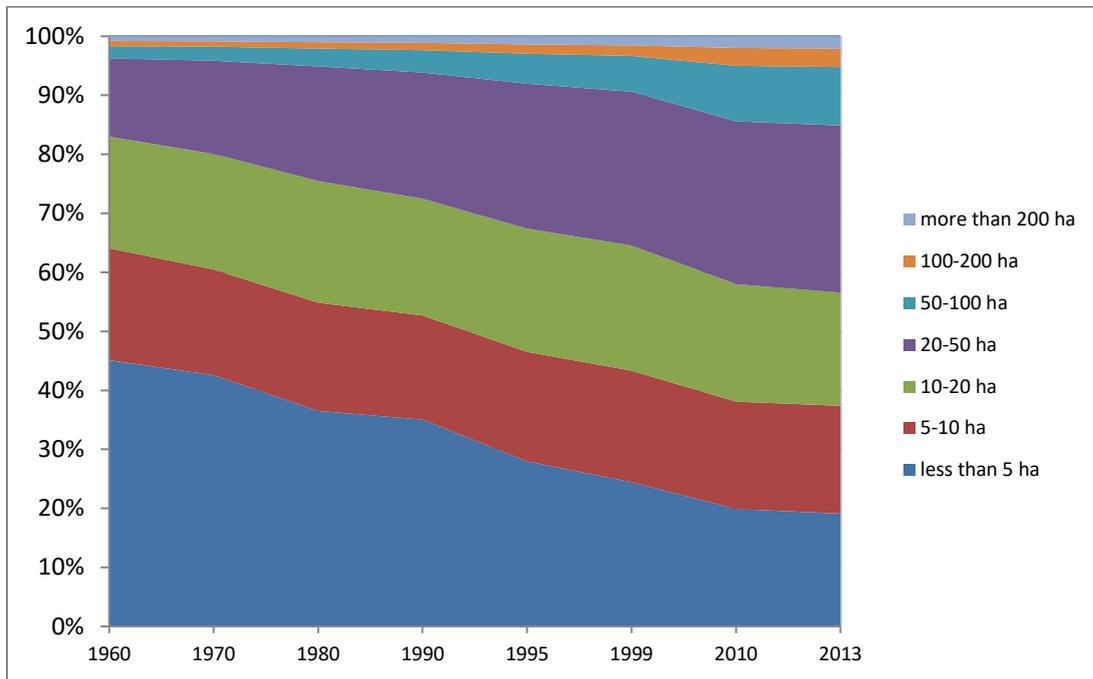
Source: Statistic Austria

Differentiated by farm size, the number of small farms (less than 10 ha total farm size) decreased by more than three quarters, those less than 5 ha by 83 %.

Apparently, this massive reduction in farms has taken place mainly in regions with a high share of arable farming, especially in Eastern Austria (Burgenland, Lower Austria), where cultivation of expanding farm holdings by means of mechanization and rationalization can be realized much easier than in mountain areas with difficult production conditions.

The chart below shows that the process of structural change in Austria is still unbroken, but less dynamic in recent years.

Development of proportion of farms by size classes in Austria between 1960 and 2013 in %



Source: Statistik Austria

In this period, the proportion of small farms (less than 10 ha) dropped from 64 % to 37 % in 2013. These figures undeniably illustrate a worrying process, but also reflect the continuing importance of small scaled agriculture in Austria.

The importance of small farms in Austria

In the tradition of multifunctionality in Austria small family farms –in addition to their production function - provide several public goods for society.

- Winegrowers or farms specialized in alternative (organic) production provide consumers with regional food specialties (e.g. goat or buffalo cheese, herbs, rare vegetables or products from endangered animal races /breeds)
- Small farms or farm co-operations practicing direct or regional marketing (farmgate sells) for better contacts between producers and consumers (short chains) and the strengthening of social cohesion (Groier 1999)
- Subsistence or semi-subsistence farms serving as “experimental labs” for developing alternative, post-materialistic concepts of life (urban incomers) and creating innovation
- Small mountain farms maintaining alpine cultural landscapes as a precondition for tourism in Austria
- Small farms maintaining biodiversity by fragmentation of UAA
- New models of diversified farm households engaging in several types of social farming (elderly care, therapeutic treatment for disabled persons and drug patients, re-socialization assistance for juvenile offenders, “School on the Farm” etc.) offering socio-therapeutic services

Summing up, all types of small farms strengthen social capital in rural regions, help to maintain minimum settlement and rural infrastructure, support biodiversity by segmented field-structures and generally contribute in keeping rural regions vital and prosperous.

Definition and delimitation of small farms in Austria

In line with the discussion of how to define small scaled farms, in Austria two aspects of delimitation have been taken into account:

- General or regional definition
- Use of physical/structural or/and economic indicators

In order to operationalize the term “small family farm” for further analyses, in Austria it has been defined in connection with a current research project (Groier, Machold 2016) as follows:

- Presence of UAA or CA (cultivated area: UAA plus forest land)
- At most 20 ha CA
- Not more than 15.000 € Total-Standard output (T-SO including agricultural as well as forest production)

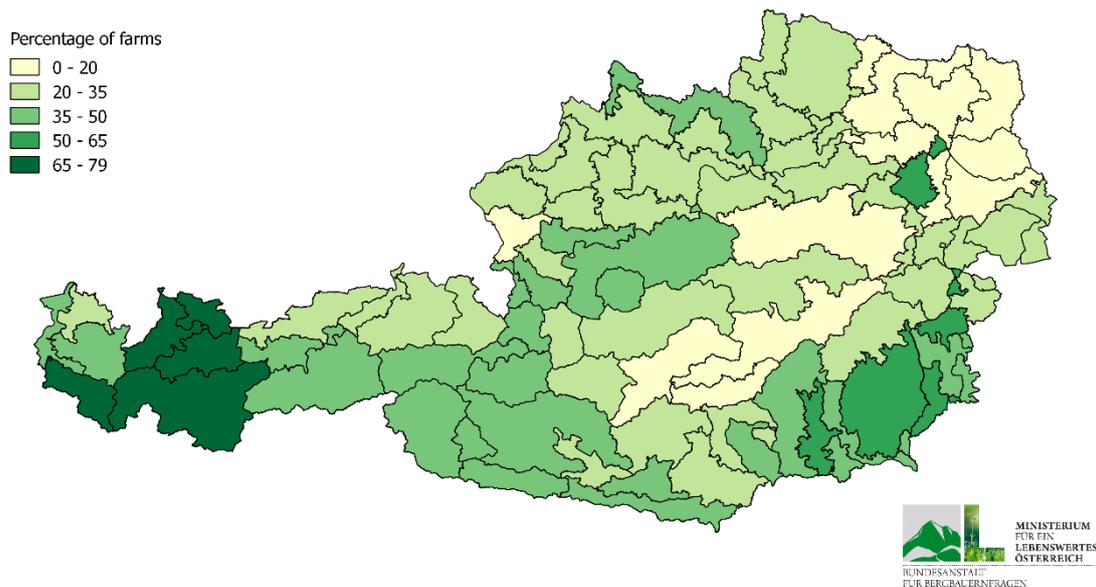
According to this definition, it should be noted that small farms in Austria consists of approximately 5 ha UAA and 3 ha forest in average.

After specifying that, quantitative analyses impressively enlighten the importance and structure of small scaled agriculture in Austria in a regional context. According to this definition, in Austria approximately one third of all farms (40.000 holdings) can be categorized as small farms (Invekos/IACS 2014).

Regional distribution of small farms in Austria

Using the indicators mentioned before it is possible to give an understanding of the distribution of small farms in Austria by agricultural production areas.

Share of small farms up to 20 ha cultural area and 15.000€ Total Standard Output in agricultural production areas, 2014



Source: Invekos 2014, Groier, Machold 2016

This chart illustrates that small scaled farming in Austria is mainly situated in regions where property traditionally was divided among all heirs. Geographically, small farms can be mainly found in peripheral regions of western Austria (provinces Tyrol and Vorarlberg) and in the southeast of the country (provinces Styria and Burgenland).

In the Tyrol and Vorarlberg small scaled farming is characterized by mountain farms. cattle breeding, milk production, sheep rearing and forestry. In the border areas of southern Styria and Burgenland mixed agricultural activities like pig fattening and arable farming are widespread. In southern Burgenland and parts of Lower Austria a lively scene of small farms of urban incomers stimulates socio-cultural local networks.

Policies for small scaled agriculture

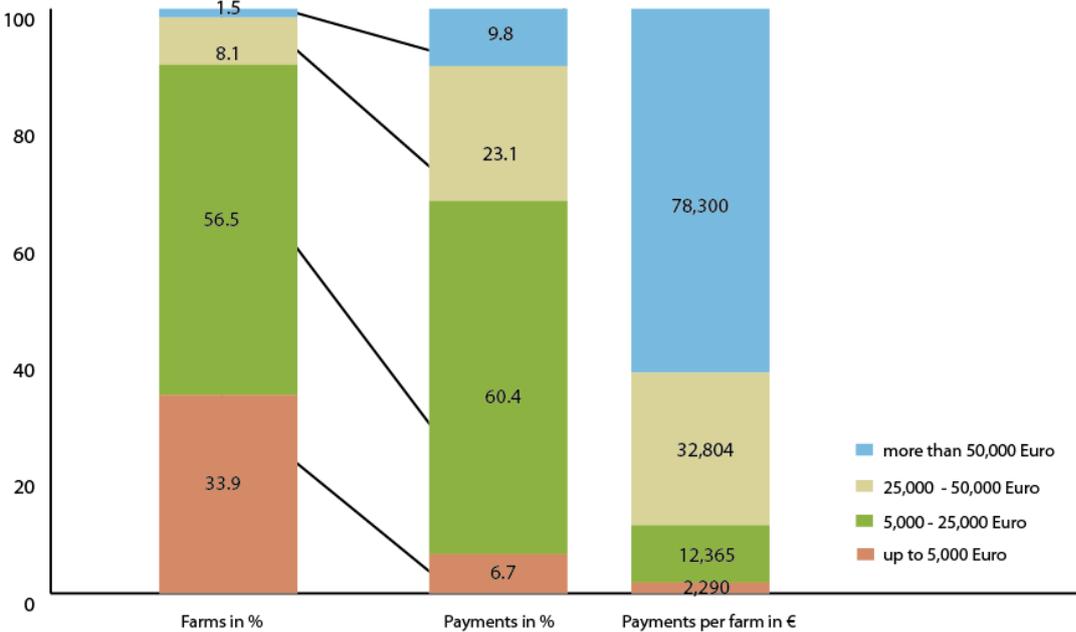
Since the 1970s agricultural politicians have been successful in the support of small scaled agriculture especially in mountainous areas by improving infrastructure and offering investment grants and direct payments for mountain farmers. That is one reason that structural change in mountain regions has been slower than in other European mountain areas (e.g. Italy, France).

However, in Austria and Europe it has been discussed for some time if small farms are an obstacle for realizing competitive agricultural structures, and if dynamic agricultural structural change is a risk especially for the stability of mountain-, peripheral- and less-favoured regions or not.

Due to the mainly area-based CAP-payments in 2014 small farms only receive 6 % of the first and 11 % of the second pillar of CAP even though they represent 33 % of all farms (and about 8 % of farm area) in Austria.

Chart below (different database) illustrates the distribution of direct payments and payments per farm in subsection to farm size.

Distribution of Direct Payments¹ 2015



¹ Payments for 1. Pillar, Agri Environmental Programme and ANC (1,305.7 mil €)
Source: Grüner Bericht 2016, BMLFUW



It visualizes that 33 percent of Austrian farms only get 7 % of total payments and 2.300€ per farm in average. In contrast, the biggest farms (1,5 % of total) receive 10 % of the payments and obtain 78.000€ per farm in average. Thanks to the major percentage of second pillar payments, average GAP-premia per ha of small farms exceed those of bigger holdings.

Not for nothing models of alternative support like working time based payments are discussed in order to compensate the services and public goods provided by small scales farms and farm households. In the knowledge that a fair distribution of payments cannot be the only, although important base of a bundle of support measures to maintain small scaled agricultural structures, regional integration, the opportunities of cooperatives, the maintenance of regional infrastructures as well as the creation of off-farm jobs might be additional key points for successful future strategies.

It is hoped that the findings of the FAO World Agriculture Report 2008 and the wide distribution of subsistence and semi-subsistence farms all over the world - which also still are a necessary factor of regional stability within the EU and Austria- will raise awareness for the importance of small farms as well as the need to establish appropriate policy strategies and instruments.

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