

Mountain Farming Support in Austria

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Autumn in Waidhofen in lower Austria. Photo: Gerhard Hovorka.

Introduction

In Austria, a predominantly mountainous country in the middle of Europe, in general high nature value farming, clean environment and rich cultural and natural heritage prevail. The landscape is characterised by the high proportion of less-favoured areas (LFA), most of which is classified as mountain area. The mountain area comprises 70 percent of Austrian territory and 58 percent of the Utilized Agricultural Area (UAA). The area of permanent settlement in the mountain area is very limited (BMLFUW 2007).

Since a long time, agricultural policy in Austria has aimed to preserve multifunctional agriculture and family farming, maintain the cultural landscape and provide targeted support to farmers in less-favoured areas, in particular to mountain farmers. In pursuing these objectives, Austria has gained considerable experience of mountain farming subsidies, as well as with regional programmes specific to the mountain area and agri-environmental programmes over recent decades. These payments are particularly important in Austria because mountain farming has a key role in safeguarding the sensitive eco-system through the preservation of the multifunctional landscape and the general living and working space (Hovorka 2004 and 2006).

Country profile: Austria

Size: 83,858 km² (70 percent mountain area)
Population: 8.0 million; 78 percent live in rural areas
Capital: Vienna (1.6 million inhabitants)
Highest point: Grossglockner 3,797 meters and lowest point: Lake Neusiedl 115 meters
Farming: 189,000 agricultural holdings manage 3,3 million hectares agricultural land (of which 1.8 million hectares is grass land) and 3.3 million forestry land
Farm management: 56 percent of all farms are managed on part-time basis and 10 percent are organic farms
Main components of the food sector: meat, dairy products, cereals, wine, fruit and vegetables

Delimitation of mountain area and mountain farm classification system

The Austrian mountain area forms part of two of Europe's mountain massifs, the Alps and the Bohemian massif. The criteria established for Austria by the EU Commission for the delimitation of mountain areas were (Hovorka and Dax 2007):

- An altitude of at least 700m above sea-level or
- A mean gradient (slope) of at least 20 percent or
- A combination of at least 500m above sea-level and a mean gradient (slope) of at least 15 percent.

Beyond delimitation of mountain areas, Austria has a long experience in assessing the degree of handicap faced by mountain farms. Taking into consideration that farming handicaps in the mountain area are different, the Austrian system uses a classification of site-specific farming handicaps experienced through the particular situation of each individual mountain farm. Since the early 1970s, a differentiated classification system of 4 groups has been the basis for defining support levels for mountain farms. The change to a more differentiated payment structure was planned during the 1990s and a revised classification system has been applied since 2001. This "mountain farmer registry point system" (BHK - points system) addresses the positive externalities of mountain farming more clearly. A detailed system of attributing points is used. The elements used in the calculation are grouped into three categories: "farm situation (internal situation)", "farm situation (external situation)" and "soil and climate". Out of these, the internal situation, indicating the proportion of the agricultural area with production handicaps (slopes), receives the highest weight. Points for each of the indicators are aggregated. In addition, the system allows for annual changes by taking account of the actual land use of mountain farms (Hovorka 2006). In 2005, according to the agricultural census, there were 72,095 mountain farms in Austria. As a proportion of all farms with UAA, mountain farms make up 41 percent (BMFLUW 2008).

Evaluation of compensatory allowances in Austria

The dominant objective for LFA policy is to maintain an agricultural and forestry sector based on environmental principles and small family farms. The aim is sustainable resource management e.g. through preservation of soil, water and air, maintenance of the agricultural and recreational landscape and protection from natural hazards.

Since the beginning of the 1970s, support for mountain farming has been improved through a specific support programme. As a national concern, the "Mountain Farmers' Special Programme" has not just focused on site-specific farming handicaps but has also attached importance to the social situation of farm households and their insertion in the rural economy, aimed at the preservation of mountain landscapes. This has taken account of the necessity of developing concepts oriented at multifunctional aspects in mountain farming and land use. Since then, the total amount of aid has been significantly increased and its circle of recipients has been extended. The adoption of EU policy brought about drastic alterations for direct payments to farms in less-favoured areas (OECD 1998).

According to the Rural Development Programme of Austria (2000 - 2006) mountain farms received annually LFA payments.



Autumn sun on an Alpine pasture in Styria. Photo: Gerhard Hovorka

In 2006, in all 70,957 mountain farms received €243.6 million compensatory allowances, an average of €3,430 per farm each year. The average support sum per farm rises sharply with increasing levels of handicap, up to €5,270 for mountain farms with extreme farming handicaps (MF category 4). The new Rural Development Programme 2007 - 2013 includes again a high priority for LFA compensatory allowances. The budget is €276 million per year of which 88 percent is for farms in mountain areas (BMLFUW 2007).

The importance of LFA and agri-environmental payments on farm income

There are substantial income differences between mountain farms and non-mountain farms - although income includes public support, as well as income from farm tourism and other sources of farm pluriactivity.

LFA payments (CA) narrow this income gap. CA as a proportion of agricultural income achieves 23 percent for all mountain farms (average). LFA payments become more important as the production handicaps increase: with category 4 farms, the LFA support is 47 percent of agricultural income. For these mountain farms, two subsidies, the LFA payment (CA) and the agri-environmental payments together make up 87 percent of the income from agriculture. But CA and agri-environmental payments also make up 56 percent of the agricultural income on average for all mountain farms.

Table 1. Agricultural income situation and public support per farm category (average 2005/2006)

Categories of MF farms	CA as % of farm income	EP as % of farm income	TP as % of farm income
MF Category 1	15.3	29.2	81.0
MF Category 2	21.7	34.2	88.9
MF Category 3	29.4	32.2	85.5
MF Category 4	46.7	39.9	112.2
All mountain farms (average)	23.3	32.8	87.9

Source: Hovorka 2007; own calculations

Note: MF = mountain farms; CA = compensatory allowances is defined as LFA payment from EU reg. 1257/99; EP = agri-environmental payments; TP = total public support is regarded as income; it includes all support measures from public sources.

Conclusions

In Austria the situation of multifunctional mountain farming in terms of local food production, environmental impacts, and threat of land abandonment, natural hazards, rural development and agricultural policies has been discussed as a subject of major national concern for a long time. Multifunctional mountain farming is also an important basis for tourism. Many regions in the Alps are well known for intensive winter tourism (skiing).

The CA is an important part of the agricultural income in mountain areas and its relevance is increasing with higher level of farming handicaps. Thus CA and agri-environmental payments together have an important impact on mountain farming income, ensuring continued agricultural land use and maintaining multifunctional farming in the mountain areas of Austria.

References

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