



# Socio-economic challenges to HNV farming and farming communities

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EUROPEAN FORUM ON  
NATURE CONSERVATION  
AND PASTORALISM



# Low-intensity management

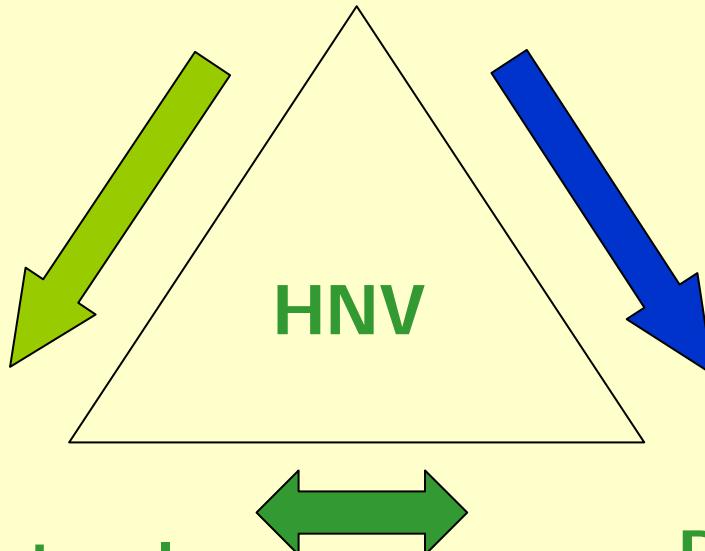
Livestock  
Nitrogen  
Biocides



Type 1

**% of semi-natural  
land cover**

Grass, scrub  
Trees  
Field margins  
Water bodies



Type 2

**Diversity of  
land cover**

Crops  
Fallows  
Grass, scrub  
Trees  
Water bodies

# Where is HNV farmland?

- Poor land **MOST COMMON**
- Historic land use patterns retained even on good land **LESS COMMON**
- Land use associated with other socio-economic drivers (e.g. other employment, hobby. Poor and rich “suburbia”)
- Most HNV farmland is on **economically-small farms**





ipluiden

Midden-Delfland

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51°58'04.06" N 4°17'11.35" E elev -10 ft

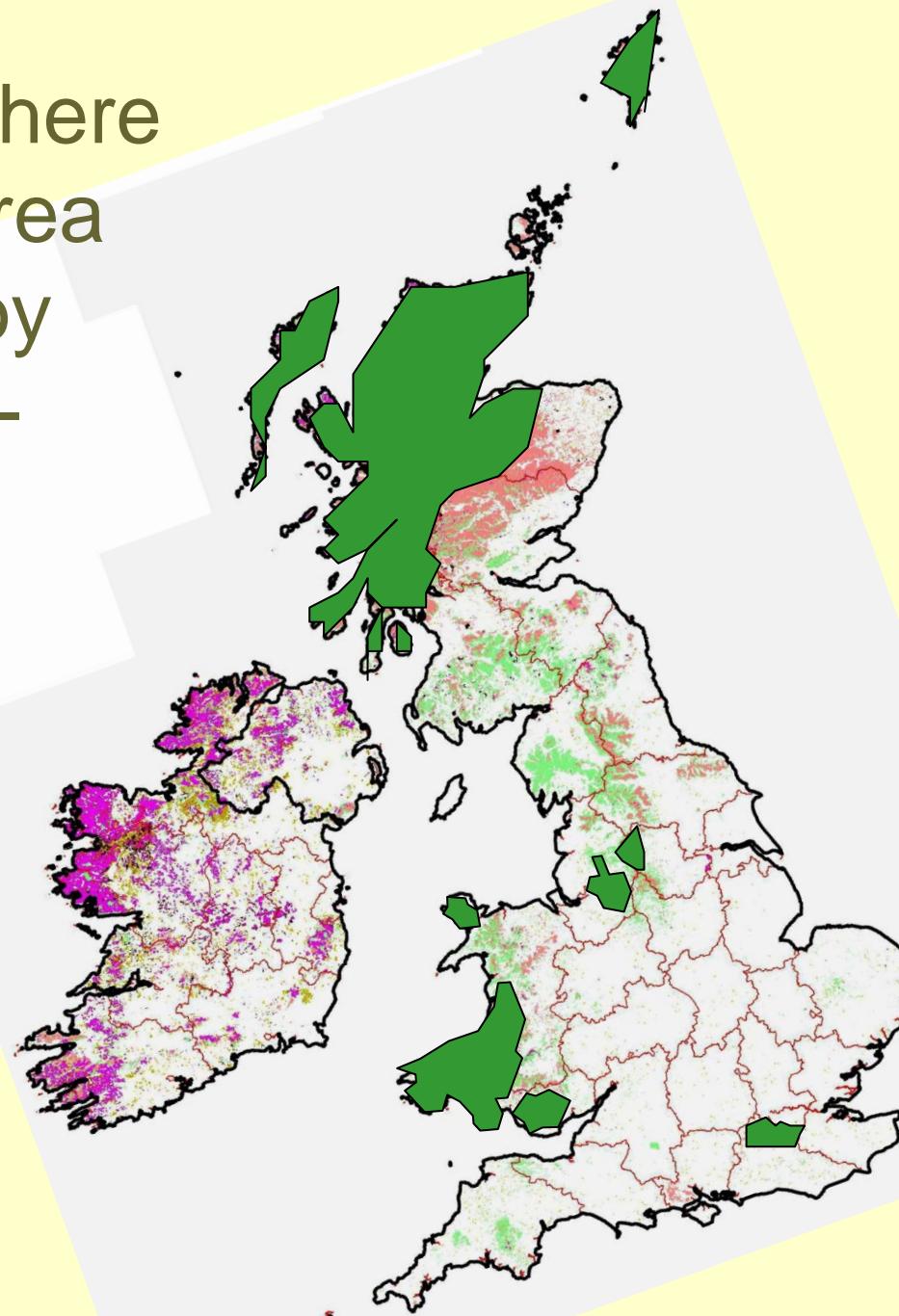
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# Economic size

- Economic Size Unit (ESU)
- 1 ESU = €1200 of Gross Margin
- Gross Margin is a measure of the profitability of farming activities (Gross output minus Variable costs), but excludes Fixed costs
- Commonly used thresholds/estimates:
  - <=1 ESU – semi-subsistence [or hobby?]
  - 2-8 ESU – part-time
  - >8 ESU – full-time



Regions where  
>30% of area  
occupied by  
farms <full-  
time





North Erradale

Data SIO, NOAA, U.S. Navy, NGA, GEBCO

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51°43'35.90" N 3°50'52.79" W elev 288 ft

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Eye alt 5190 ft



ing's Cross

Matfield

Brenchley

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51°08'30.76" N 0°21'55.12" E elev 349 ft

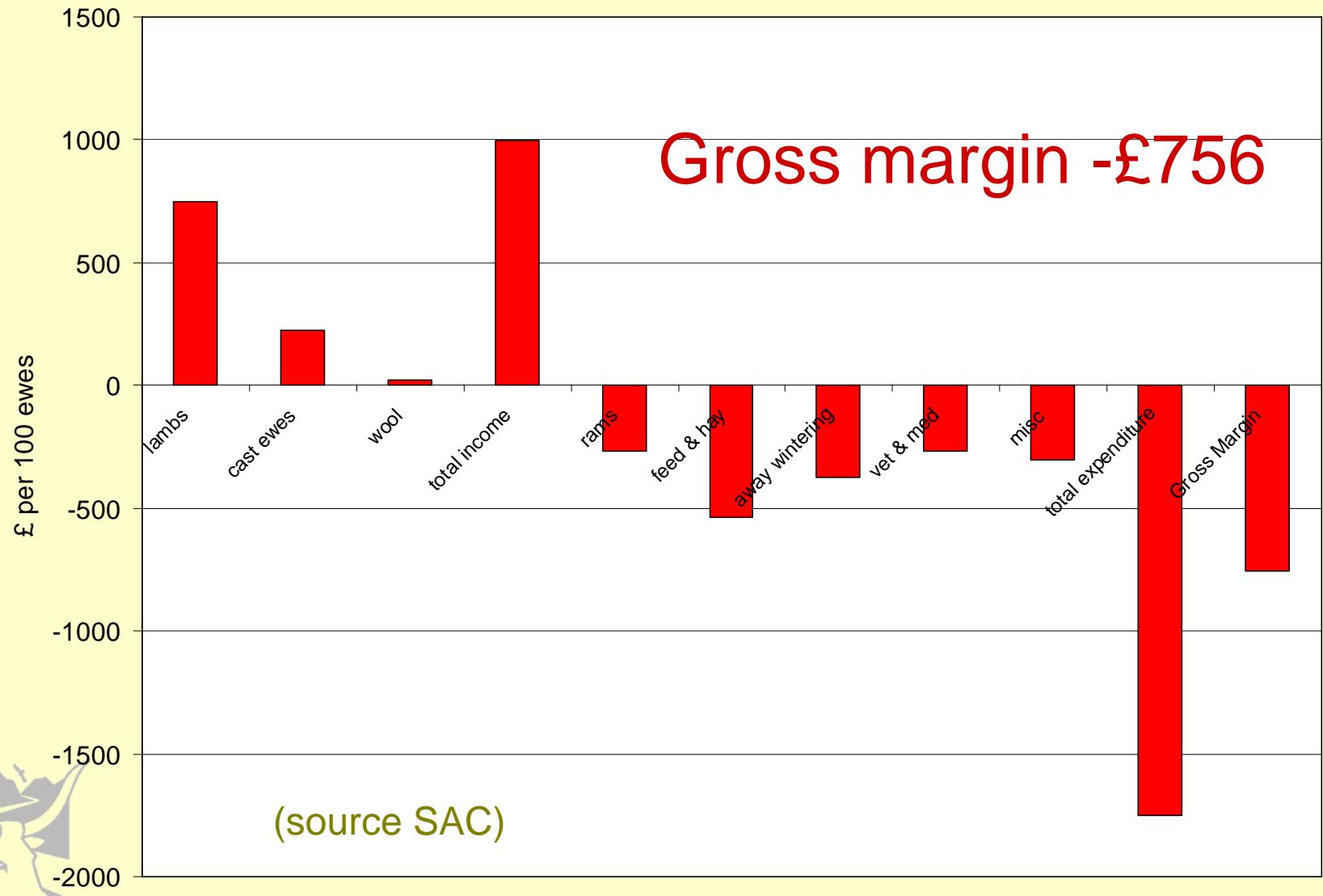
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# Why might economically-small farms be HNV?

- Poor ground (maybe large farms in terms of area) - low economic return, so small economic size
  - Land likely to be dominated by semi-natural vegetation
- (Physically) small farms offering low economic return are also of small economic size, lack capital and sometimes motivation and therefore often managed at low-intensity
  - Low-intensity farming in a mosaic landscape with a significant proportion of semi-natural vegetation
- These types of small farm are High Nature Value!



## A 'poor land' example: NW Highland Blackface flock gross margin per 100 ewes WITHOUT CAP support



## Other costs

- Fixed costs (labour, rent, power & machinery, property maintenance, depreciation, finance.....)
- Not high in this system, but maybe still £1000?
- Net margin could be -£1700



# Labour

- QMS - 100 ewes need c. 400 hr of labour
- If bought in, costs c. £7.50/hr
- SAC figures show 200 hr non-family labour
- As no. neighbours decrease, more of this £1500 will need to be paid
- Own/family labour is c. 200 hr
- What are other opportunities in the economy for the farmer/crofter?



## So then....

- Total loss from keeping 100 ewes (cost) is £1700
- When neighbours retire £3200?
- AND means giving up some work time, perhaps in skilled work??
- Could easily cost £4000 in future
- A costly hobby??



# Even if we couple the payments.....

- Support payments:
  - (say) £1500 SFP
  - (say) £700 LFA
- Profit of £500 just now
- For a family time commitment of 200 hrs - £2.50/hr
- Minimum wage is >£6/hr



# But with decoupling can....

- Claim £1500 SFP
- AND actually earn the £1500
- Minimum real income of £1500
- Possible profit of £3000 (i.e. AFTER costs)



## Economically small farm

- Not necessarily small in area
- E.g. *coupled* Gross Margin on this same flock is about €8/ewe, so 1 ESU approx. 150 Blackface ewes
- Stocking rates in that area are  $\leq$  0.15 LU/ha, so 1 ESU equates to c. 150 ha and a full time farm **in terms of income** would have 1200 ewes or 180 LU and 1200 ha
- In a similar area in SW Ireland, average livestock managed by 1 Annual Work Unit (i.e. 1 full time equivalent) was 60 LU (1/3 full time wage for full time job??)
- Inadequate return to labour – lower than the minimum wage, even before fixed costs and money for reinvestment



# Some interim thoughts?

- HNV farms on poor land give a poor return to labour, illegal in employed work
- Farms often depend on social networks which are collapsing and which will cost money to replace
- Decoupling makes farming purely a socio-cultural choice (i.e. not economically rational)
- Better-paying options in the economy can be a threat as well as an opportunity
- I don't see anything about this in RDPs.....



## Types of 'solutions'

- Pluriactivity
- Retirement
- Hobby farming/ large-scale gardening
- Enduring (or accepting) poverty (e.g. full-time semi-subsistence)

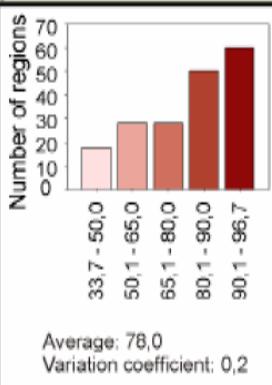


## Share of holdings with <2 ESU in total holdings 2005

33,7 - 50,0  
 50,1 - 65,0  
 65,1 - 80,0  
 no data

0 125 250 500 Kilometers

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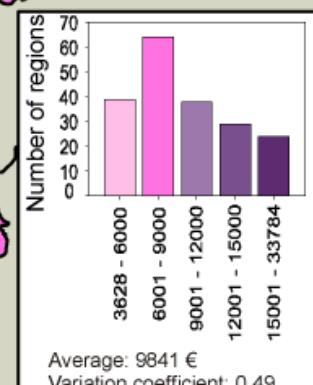


## GDP per capita (PPP) 2004

3628 - 6000  
 6001 - 9000  
 9001 - 12000  
 12001 - 15000  
 15001 - 33784

0 125 250 500 Kilometers

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# Large-scale small farms and nature value

- Linked to important habitats, some found mainly on them
- Already large, so economies of scale difficult
- Problem is not underemployment of capital or labour, but low return on labour
- Futures?
  - Amalgamation? Not likely – labour is major cost!
  - ‘hobbification’? Not likely either
  - Abandonment?
- What are the policy objectives?
- Do we know what we need to do to achieve them?

# Small-scale mosaics and nature value

- Most fragile, most rare landscape in Europe, most socially vulnerable
- Linked to important species (and habitats), some found mainly on them
- Futures?
  - Amalgamation? Possible, but is it likely and do we want it?
  - ‘hobification’? Possible in some areas, but does it ‘deliver’ and is it sustainable?
  - Abandonment?
- What are the policy objectives?
- Do we know what we need to do to achieve them?

- Most farmers old
- Many farmers bachelors
- 30 young farmers out of 2000
- 16% 'not in money economy'
- Paperwork?
- Self-image/ respect of peers?
- Girls willing to marry a farmer?



## Some more thoughts...

- Problem is not fundamentally about allowing everyone to make a living as full-time farmers
- Problem is low return on labour for the hours worked (esp. poor when considering public goods vs. minimum wage)
- And/or continuous falling behind in returns from the land compared to other opportunities
- And/or non-financial pressures (e.g. paperwork, regulations)
- And/or loss of prestige/self-respect
- 'Money isn't everything', but
  - Society shouldn't ask people to work for it for poverty wages
  - Non-financial motivations are poorly transferred between generations when prestige low and alternative opportunities high
- Need to plot a 'direction of travel' and support in RDPs



## And the last ones.....

- Small farms are a complex group especially as regards socio-economic characteristics
  - Different economies
  - Different motivations
  - Different drivers for change and/or 'last straws'
- Needs assessments are essential – one size won't fit all
- If any of these types are important in a country, surely RDP should discuss the relevant issues and plot out a 'direction of travel'
- Carrying out this analysis is an essential part of identification and monitoring of HNVF





# Thanks very much

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