

Appendices

Appendix 2 – Description of EU Farm Typology Classification System

Introduction

The EU Farm Typology Classification System was developed in order to identify and classify relatively homogeneous groups of farms by reference to two economically based characteristics of the farm, namely, its *type of farming activity* and its *economic size*. Both of these characteristics are determined by the application of *Standard Gross Margin (SGM)* coefficients, estimated regionally on a per hectare of crop or per animal basis, to the individual farm's crop and livestock activities. In this way all the farm's activities can be measured and compared on a common (i.e. SGM) basis. The classification system is used both for the periodic Farm Structures Surveys, the current series of which are conducted under Council Regulation (EEC) No 571/88¹, and the ongoing Farm Accountancy Data Network (FADN) surveys. A complete description of the Farm Typology system is given in Commission Decision 85/377/EEC².

The Standard Gross Margin (SGM)

The Standard Gross Margin (SGM) of an agricultural product is defined as the monetary value of its gross production from which corresponding specific costs are deducted and is determined on a per hectare basis for crops and a per animal basis for livestock. Gross production includes the value of primary and secondary products, evaluated at farm-gate prices (exclusive of VAT) and inclusive of any relevant subsidies. The specific costs cover any direct costs related to the production of the product and are evaluated on a 'delivered-to-farm' basis (exclusive of VAT) less the value of any subsidies linked to these costs.

In the case of crops, these costs relate to:

- seeds (whether purchased or produced on the farm)
- fertilisers purchased
- crop protection products
- other specific costs (for heating, drying, marketing, insurance, etc.)

while those connected with livestock production cover:

- livestock replacement
- feedingstuffs (whether purchased or produced on the farm)
- veterinary, insemination and performance testing services
- other specific costs (for marketing, insurance, etc.)

Indirect costs (e.g. those relating to labour, machinery, buildings, fuel and lubricants, etc.) are not regarded as specific costs.

The SGM coefficient for each product is determined on the basis of a standard 12-month production period and is calculated as a regional average within each Member State, the two regions pertaining to Ireland being Leinster/Munster and Connacht/Ulster (part of). The SGMs used in the case of the 2000 Farm Structures Survey, were referenced on "1996" (i.e. calculated as the 3-year average of 1995, 1996 and 1997 SGMs) and the Irish coefficients are given in Table I.

¹ Council Regulation (EEC) No 571/88 of 29 February 1988 on the organisation of Community surveys on the structure of agricultural holdings between 1988 and 1997 – Official Journal of the European Communities No L 56 of 2 March 1988

² Commission Decision 85/377/EEC of 7 June 1985 establishing a Community typology for agricultural holdings – Official Journal of the European Communities No L 220 of 17 August 1985

Table I: “1996” Standard Gross Margins (SGM) – IRELAND

Agricultural Product	Region	
	Leinster-Munster	Connacht-Ulster
	€	€
Common wheat and spelt	994	994
Barley	790	696
Oats	818	710
Other cereals	804	703
Beans and peas	1,688	1,688
Potatoes	1,910	2,180
Sugar beet	1,322	1,322
Industrial plants	790	790
Fresh vegetables, melons, strawberries:		
Open air	4,060	4,060
Outdoor-market gardening	6,708	6,708
Under glass	39,971	39,971
Flowers and ornamental plants (excluding nurseries): outdoor	1,212	1,212
Temporary grass for forage:		
(A)	0	0
(B)	1	1
Other fodder crops:		
(A)	0	0
(B)	1	1
Other arable land crops	0	0
Set-aside areas under incentive schemes – Fallow land with no economic use	451	451
Kitchen gardens	0	0
Permanent pasture and meadow, Excluding rough grazing:		
(A)	0	0
(B)	1	1
Rough grazing:		
(A)	0	0
(B)	1	1
Fruit and berry plantations	4,060	4,060
Nurseries	20,685	20,685
Mushrooms – aggregate for 4 harvests/annum/are	2,183	2,183
Equidae	236	236
Bovine animals, under one year old	159	177
Male bovine animals, over one but under two years old	261	286
Female bovine animals, over one but under two years old	148	172
Male bovine animals, two years old and over	381	410
Heifers, two years old and over	200	237

(A) Where a farm had one or more activities attracting an SGM its area of permanent or temporary grass (for hay, silage or grazing), other fodder crops and rough grazing were allocated an SGM = 0

(B) Where a farm had no activity attracting an SGM its area of permanent or temporary grass (for hay, silage or grazing), other fodder crops and rough grazing were allocated an SGM = €1 per hectare

Table I: “1996” Standard Gross Margins (SGM) – IRELAND (Contd.)

Agricultural Product	Region	
	Leinster-Munster	Connacht-Ulster
	€	€
Dairy cows	1,005	974
Other cows	246	329
Sheep:		
Ewes	73	77
Other sheep	9	10
Goats (all ages)	91	91
Piglets less than 20 kg liveweight	12	12
Breeding sows of 50 kg and over liveweight	601	601
Other pigs	36	36
Broilers (per 100 birds)	30	30
Laying hens (per 100 birds)	109	109
Other poultry (per 100 birds)	181	181

The treatment of fodder crops in this scheme must be noted. When calculating the SGMs of grazing livestock the specific costs of fodder crops are normally deducted. In this context and under normal circumstances, the SGMs for these fodder crops are set to zero. However, farms which had temporary or permanent grass, other fodder crops or rough grazing but no grazing livestock at the time of the survey (or no other activity attracting an SGM) had a nominal SGM of €1 per hectare applied to the relevant grass area/fodder crop area/rough grazing area. This small technical adjustment was necessary in order to classify such farms as grazing livestock farms rather than leave them as “unclassified”.

When the SGMs of the individual activities are aggregated the total standard gross margin of the farm is obtained and this is a measure of its *economic size*. A comparison of the sub-aggregates of the total standard gross margin corresponding to the individual enterprises on the farm determines the *farm type*.

Farm Type Classification

The *farm type* characteristic of a farm is determined on the basis of the relationship between its constituent enterprise gross margins and its overall total standard gross margin.

The *farm type* classification is a four-level hierarchical nomenclature which divides types of farming into the following structure:

- Level 1: General farm types (9 headings)
- Level 2: Principal farm types (18 headings)
- Level 3: Particular farm types (51 headings)
- Level 4: Subdivisions of Level 3 (72 headings)

The complete classification including the definition of farm types is described in Commission Decision 85/377/EEC².

For EU purposes all farms covered in the 2000 Census of Agriculture and included in the 2000 Farm Structures Survey were classified down to the most detailed farm type classification level (i.e. Level 4). The results to be published by the Statistical Office of the EU Commission (i.e. EUROSTAT), however, will give details only down to Levels 1 and 2 generally and this is found to be adequate for most analytical purposes. A description of the headings comprising these two levels of the basic typology classification as well as the definitions of the headings are given in Table II.

² Commission Decision 85/377/EEC of 7 June 1985 establishing a Community typology for agricultural holdings – Official Journal of the European Communities No L 220 of 17 August 1985

Table II: Farm Typology Classification (Levels 1 and 2)

Code	Description	Definition (in terms of contribution to total SGM)
1	Specialist field crops 11 Specialist cereals 12 General field crops	Field crops > 2/3 Cereals > 2/3 Field crops > 2/3 and Cereals ≤ 2/3
2	Specialist horticulture	Horticulture > 2/3
3	Specialist permanent crops 31 Specialist vineyards 32 Specialist fruit † 33 Specialist olives 34 Various permanent crops	Permanent crops > 2/3 Not relevant Fruit and berries > 2/3 Not relevant All other farms in class 3
4	Specialist grazing livestock 41 Specialist dairying 42 Specialist cattle – rearing and fattening 43 Cattle – dairying, rearing and fattening combined 44 Sheep, goats and other grazing livestock	Grazing livestock > 2/3 Dairy cattle > 2/3 and Dairy cows > 2/3 of Dairy cattle All cattle > 2/3 and Dairy cows ≤ 1/10 All cattle > 2/3 and Dairy cows > 1/10 but excluding farms in class 41 Grazing livestock > 2/3 and Cattle ≤ 2/3
5	Specialist granivores	Pigs and poultry > 2/3
6	Mixed cropping	[Grazing livestock < 1/3 and Pigs or Poultry < 1/3] combined with [1/3 < Field crops ≤ 2/3 or 1/3 < Horticulture ≤ 2/3 or 1/3 < Permanent crops ≤ 2/3]
7	Mixed livestock 71 Mixed livestock – mainly grazing animals 72 Mixed livestock – mainly granivores	[Field crops ≤ 1/3 and Horticulture ≤ 1/3 and Permanent crops ≤ 1/3] combined with [1/3 < Grazing livestock ≤ 2/3 or 1/3 < Pigs or Poultry ≤ 2/3] 1/3 < Grazing livestock ≤ 2/3 and No other activity > 1/3 1/3 < Pigs or Poultry ≤ 2/3 and [Field crops ≤ 1/3 and Horticulture ≤ 1/3 and Permanent crops ≤ 1/3]
8	Mixed crops and livestock 81 Field crops and grazing livestock combined 82 Various crops and livestock combined	Farms excluded from headings 1 to 7 but having a non-zero total SGM Field crops > 1/3 and Grazing livestock > 1/3 Farms in class 8 excluding those in 81; Field crops > 1/3 and Pigs/poultry > 1/3
9	Non-classifiable farms	Farms excluded from headings 1 to 8 ie with a total SGM=0

† including citrus fruit

Apart from one specific Level 3 farm type, the two-level typology classification is generally adequate to meet national requirements for farm type analyses. To provide data for farms engaged in specialist sheep production, those units classified to the Level 3 heading 441 Specialist sheep (where the farm's gross margin for sheep is greater than two-thirds of its total standard gross margin) must be identified within typology class 44 (Sheep, goats and other grazing livestock).

To facilitate the presentation of the 2000 Census of Agriculture results according to type of farming, seven summary farm type classes of general interest in Irish agriculture were selected from particular groupings of the farm typology classification headings described above. These derived farm type classes are identified as:

Table III: Irish Farm Type Classes

Heading	Typology Code	Description
Specialist tillage	1	Specialist cereals, specialist field crops but excluding specialist horticulture
Specialist dairying	41	
Specialist beef production	42	
Specialist sheep	441	
Mixed grazing livestock †	43 } and } 44 } excl } 441 }	No dominant enterprise; dairying and cattle rearing and fattening combined, mixed cattle and sheep systems as well as farms having silage, hay, pasture or rough grazing but no reckonable SGM
Mixed crops and livestock	8	No dominant enterprise; various crops combined with grazing or other livestock enterprises
Other	2 } 3 } 5 } 6 } 7 } 9 }	Specialist horticulture or fruit, specialist pig or poultry, mixed crops or mixed livestock as well as "unclassified" farms

† See comment on the treatment of fodder crops in earlier section on SGMs

Economic size (ESU) Classification

The *economic size* characteristic of a farm which is determined as its total standard gross margin in Euro, is expressed in terms of the Community standard, European Size Unit (ESU). The ESU for the reference year "1996" is defined in Commission Decision 90/36/EEC³ as €1,200.

³ Commission Decision 90/36/EEC of 16 January 1990 fixing the agro-economic trend coefficient to be used for defining the European size unit in connection with the Community typology for agricultural holdings – Official Journal of the European Communities No L 19 of 24 January 1990