

# Multifunctionality and Pluriactivity across Europe – a comparison between Scotland and Austria

Holger Bergmann, Thomas Dax, Gerhard Hovorka and Kenneth J. Thomson

**Abstract – Multifunctionality of agriculture (MFA) has become a key issue on the European Agenda as well as in WTO talks. In this paper, we compare two different EU NUTS3 areas (UKM41 and AT322) to evaluate the extent to which multiple functions of agriculture are linked to pluriactivity of farms and farm households. The paper presents some initial results from the FP6 project TOP-MARD and highlights one aspect of MFA which is particularly relevant for the two study areas compared. The comparison highlights structural differences and similarities of the chosen areas and gives some indication as to how pluriactivity and MFA are linked. The comparison shows that the prevalence of on-farm pluriactivity is linked with extensive on-farm production and low on-farm incomes. On the other hand, high regional economic importance of nature-based tourism is often but not always an indicator of high MFA.**<sup>1</sup>

## INTRODUCTION

Since the start of substantial CAP reforms in the 1980s, the targets of agricultural policies and the understanding of agriculture's role(s) have undergone essential changes. The economic viability of many farm households has become more dependent on combinations of different forms of income, due to persistently low profitability of agricultural production especially in remote and mountainous areas. In addition, there seems to be a widely shared understanding among rural actors and policymakers that all rural sectors have to contribute to rural development, particularly in peripheral regions, to attain appropriate household incomes and provide functions beyond agricultural production. Incomes from deepening and broadening activities of farm households play a key role in "cushioning" primary production activities from increasing pressure from markets and policies (Kinsella et al. 2006). In most regions off-farm work contributes to a higher percentage than these activities to total farm incomes. With the foundation of the European Agricultural Fund for Rural Development (EAFRD), the functions and benefits of agricultural production as a whole are nowadays more comprehensively assessed within a rural framework and to a certain extent can be summarized in the term MFA.

This paper presents some initial results from the FP6 EU project "Towards a Policy Model of Multifunctionality and Rural Development" (TOP-MARD, no.

501749). It focuses on two study areas marked by their peripheral locations and their difficult conditions for agricultural production, especially the fact that smaller agricultural holdings have to combine on-farm income with off-farm income to earn a living. The NUTS3 areas considered are "Caithness, Sutherland and Ross & Cromarty" (UKM41)<sup>2</sup> in the far north of Scotland, UK, and the mountainous area of Pinzgau-Pongau (AT322) in the province of Salzburg in west Austria<sup>3</sup>. In both areas, the role of pluriactivity, the different strategies of agricultural households and their relation to different aspects of multifunctionality will be described in a territorial context. Furthermore, we show the relevance of the concept of multifunctionality and its impact for further developments of CAP.

## METHOD

Multifunctionality of agriculture (MFA) is the phenomenon that agriculture fulfils different functions (OECD 2001). Pluriactivity describes that a farm household does realise not only agricultural (activities and) income but also non-agricultural on-farm (activities) income and off-farm income. In Scotland (Quinn and Mitchell 2000) and in mountain areas of Austria (Dax and Hovorka (2004) this income-combination is of increasing importance.

Several data bases like Eurostat, national agricultural and economic statistics and other available data –sometimes from prior research – have been used. For UKM41 most data has been delivered by SEERAD (Scottish Executive Environment and Rural Affairs Department). In the case of Austria most of the data has been gathered from agricultural census data of Statistics Austria and CAP monitoring data of the Ministry of Agriculture, Forestry, Environment and Water Management (BMLFUW) by the Bundesanstalt für Bergbauernfragen.

## RESULTS

The total area of UKM41 in 2003 was 12,872 km<sup>2</sup> with a total population of ~88,000 inhabitants. The total area of AT322 in 2003 was 4,396 km<sup>2</sup> with a total population of ~163,600 inhabitants (2003). Both regions have amongst the lowest population densities in their respective countries: UKM41 with only 6.9 inhabitants per km<sup>2</sup>, compared to the Scot-

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Holger Bergmann and Kenneth J. Thomson, both from the University of Aberdeen, UK; Thomas Dax and Gerhard Hovorka, both from Bundesanstalt fuer Bergbauernfragen, Vienna, Austria

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<sup>2</sup> The scottish Case study area is only Caithness and Sutherland.

<sup>3</sup> Henceforth the both study areas will be abbreviated using the NUTS3 nomenclatura UKM41 and AT322.

tish average of 66.1, and AT322 with 37.2 inhabitants per km<sup>2</sup> compared to the Austrian average of 96.8 (2003).

From a national economic point of view, both regions exhibit lagging economic development as Gross Domestic Product (GDP) per inhabitant is lower than the corresponding national level.

The primary sector (i.e. agriculture, forestry, fishing and mining) in UKM41 is responsible of 8% of the regional Gross Value Added (GVA) in 2003 compared to the Scottish average of less than 3%. Tourism is a major employer in UKM41, second to the public sector.

The primary sector in AT322 is responsible for 2.4% of GDP in the region which is more than the Austrian average of 2.3 (all data for 2001). The predominant industrial branch in AT322 is tourism with 18.3% of the active population in this sector (compared to 6.7% for Austria).

Agricultural land use in both areas is marked by a large proportion of grassland (UKM41 with more than 75% and AT322 with more than 99% of UAA and small crop areas (UKM41 with 3% and AT322 with less than 1%). Both areas are mountainous areas (UKM41 with 54% of the area and AT322 100% according to Eurostat definition) and their farm structures are marked by specialised sheep husbandry (UKM41) and specialised cattle breeding (AT322). Forestry in both areas is the second largest land user with 11% in UKM41 and 37% in AT322.

In both areas, part-time farming is the main form.

In UKM41 in 2004 33 per cent of farms were run by full-time working owner occupiers or spouses. Only about 36 per cent of the AT322 farms are full time.

A first indicator of multiple functions of agriculture (especially as regards the understanding of the broader public) is the provision of agri-environmental services (both positive, and the prevention of negative environmental effects, such as flooding) by agriculture. The share of farms which participate in the UK in agri-environmental schemes is ~12% while this percentage in Austria is about 95% (2004).

A second indicator of MFA is the provision of accommodation, as it can be assumed that most tourists coming to remote rural areas will do this in demand of rural amenities and particularly landscape features. While the figures for UKM41 show that under 1% of all farms offer this service, the situation in AT322 is quite different as the region is one of the most intensive tourist regions of Austria. Tourism intensity is not only a general regional issue, but linked closely to farming in the area: About 35% of all farms in AT322 offer accommodation facilities (2001).

At least one indicator showing why farmers are pluriactive is the income sources of farm households. In both compared areas the proportion of non-agricultural on farm and off-farm income is quite high. In UKM41 the total income of specialised sheep farms depends to 80% and of specialised beef farmers depends to more than 50% on non-agricultural income sources in the average from 1999 to 2004. In AT322 off-farm income is also very relevant not only for part-time farms but also for full-time farms (35% of total income). Additionally on-farm non-

agricultural income (in particular farm tourism) is a major income source.

## DISCUSSION

MFA, can be found in both study areas. Both study areas are characterised typically as predominant rural areas. Agriculture has an economic importance over the according national average in both areas. Land use is marked by high proportions of grassland and very small portions of crop land. UKM41 as well as AT322 do have due to less favourable natural conditions considerable production difficulties. In both study areas farms are mainly part-time managed. Most farm households in both areas are pluriactive complementing the farm income. However, while this income source in AT322 can be found in offering farm accommodation and other farm-related activities and therefore shows a relation between pluriactivity and MFA, owner occupiers in UKM41 tend only to a small proportion to this non-agricultural income source. Therefore, while in AT322 there seems to be a strong relation between pluriactivity, tourism and MFA, this relation is less important in UKM41. The long-term discussion on the tasks of mountain farms and on the development of appropriate support schemes has led to the recognition of these "services" by the local and wider society, and fostered the perception of mountain farmers that they are providing core aspects of MFA in the region.

The comparison stressed the specific relationships developed through the predominant types of farm management in these LFAs and the regional economy.

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