

Getting into farming—taking over from dad is not the only way

The future health of the farm sector depends upon the continuing entry to the industry of people with appropriate skills, knowledge, attitudes, and motivations, as well as adequate financial capital. There are concerns, however, not only that current economic pressures are forcing many of the younger operators from the industry, but also that the best new entrants are not being attracted into it. Little is known, however, of how people make the decision to get into farming, and of the influence of various obstacles to their entry.

The Centre received a grant from the Rural Industries Research & Development Corporation to research this issue.

The objectives of this project were :

- to describe the paths by which people enter the occupation of farming;
- to identify the key impediments they have encountered;
- to isolate the factors associated with a successful entry to farming; and
- to propose ways of assisting the entry processes in the interests of industry adjustment.

Three mailed surveys were conducted. The target populations were:

- (i) a randomly selected sample (n=213) of current farmers in two dissimilar geographic regions (namely the Northern Statistical Division in New South Wales and the Goulburn Valley of central Victoria);
- (ii) two cohorts of graduates of agricultural colleges and universities (n=262); and
- (iii) recent purchasers of agricultural land in the above regions (n=111), specifically those for whom land purchase was associated with entry to farming.

In addition, fourteen individuals and couples from the above groups were interviewed on their entry into farming. The key points to emerge from these case studies were:

- There is considerable diversity in how people currently enter farming, and there are diverse and complex family arrangements associated with that entry. In families where the 'conventional' path is followed, remarkably high levels of intra-family harmony, shared long-term aspirations, and effective communication are required.
- A number of entrants, from both farming and non-farming backgrounds, had come into farming following another career, and had conducted their entry with deliberate attention to both business planning and lifestyle objectives. They exhibited considerable initiative in finding ways of acquiring the required financial capital, knowledge and experience, and seemed very open to innovation and to seeking objective advice. They commonly saw advantages in entering farming after gaining experience, financial capital, and business perspective in other pursuits.
- Entry to the industry in the northern Victorian dairy industry was markedly different from entry to the broadacre dryland grazing and cropping industries in the northern NSW region. There seem to be a number of vehicles for the transmission of knowledge, advice, encouragement and so on in the dairy industry, which perform many of the roles elsewhere performed by the entrant's (farming) family. This seems to have had a liberating and innovative effect in this industry.



In summary, analysis of the mailed surveys found:

- the most important influences on the decision to go into farming are those associated with the *intrinsic* attributes of the occupation (interesting, challenging, outdoor work, being your own boss, etc.), rather than its tangible or *instrumental* rewards (money, security, employment);
- the way into farming is highly likely to involve a considerable period outside agriculture entirely;
- many of those who initially became involved in their family's farm business subsequently left, either to farm on their own or to leave the industry, resulting in psychological costs to themselves and economic costs to both themselves and the industry;
- entrants commonly perceived both advantages and disadvantages to getting into the industry via their family's existing farming business;
- the conditions on which a young family member becomes involved in a family's farm business are often unattractive and unclear, and can erode both family harmony and business performance;
- entry is often accompanied by quite high levels of commercial debt, making the business vulnerable to the risky environment of farming;
- relatively low proportions of entrants reported having problems borrowing money from financial institutions; and
- farming is, perhaps increasingly, an occupation that is likely to require some continuing involvement in other sectors of the economy.

IMPLICATIONS

There are **several alternative paths into the occupation of farming**, and all are capable of satisfying both the entrant's occupational and lifestyle objectives and the broader economic objective of recruiting efficient operators into the industry. This undermines the implicit assumption that the 'typical' path necessarily offers special advantages to the entrant, is efficient for the industry, and is crucial to the survival of family farming as an organisational form.

When entry is undertaken within a farm family, a number of characteristic pitfalls and challenges need to be dealt with. These include:

- the desire on the part of parents to be fair to all children, where it is often difficult to offer more than one child a place in the existing business, effectively 'tying up' the prospective inheritance of the others;
- sibling rivalry, where more than one child is brought into the business;
- negotiating conditions of employment and adequate rewards for the entering generation;
- negotiating the gradual sharing and transfer of control; and
- financing, and determining an appropriate role for the senior generation in retirement.

It is often necessary to maintain entrants' motivation and commitment over a long period, so that they do not leave prematurely. *The entry process, therefore, needs to be consciously managed.* Education and extension packages which assist entrants and their families to plan for and undertake the successful entry of a family member are needed, as are education and extension packages for those who enter or plan to enter the industry following careers in other occupations or industries.

The cost of finance is not a major barrier to entry. Therefore, *financial assistance in the form of subsidised loans for intending entrants is not recommended.* Any such assistance is likely to be capitalised directly into the price of land, effectively raising the entry price for all operators and defeating its purpose. Rather, lending institutions should refine their loan assessment methods so as to allow greater weight to be given to the quality of the human capital (education, motivation, adaptability) of prospective entrants.

Does the dominant and favoured position of inheritance in farming significantly inhibit the competitive entry of those from non-farm backgrounds? The study found that there are significant numbers of entrants from such backgrounds. Nevertheless, the relatively high demand for land from within farm families raises its price, which can inhibit farm adjustment. Furthermore, it would appear that merit is not always the sole determinant of occupational choice within farm families.

INTEGRATING A FARMING CAREER INTO THE WIDER ECONOMY

As part of changing the stereotypes of farming, there needs to be greater emphasis on considering the *choices* available to farm families at all stages of the family life-cycle. There is an increasing number of successful farmers who have followed indirect paths into the industry and who have kept important links to the non-farm economy, perhaps even returning to it. Such mobility and integration into the wider economy can be contrasted with the view that farming is not so much an occupation as a vocation - into which one is born and remains until death. Such immobility can lead to the poverty and social isolation characteristic of peasant agriculture.

At this stage of Australia's agricultural history, a career in farming rather needs to be seen as a satisfying occupation which is deliberately chosen for its economic opportunities and intrinsic rewards, which requires careful planning within the context of the family business, and which is likely to require a considerable and continuing involvement in the non-farm economy.

For details on the full report:

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