



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

*Farm business
Analysis*

March, 1964

REPORT No. 146

UNIVERSITY OF EXETER

Department of Agricultural Economics

SIANNINI FOUNDATION OF
AGRICULTURAL ECONOMICS
LIBRARY



WITHDRAWN
SEP 8 1964

**FIXED CAPITAL INVESTMENT ON A SAMPLE OF
FARMS IN SOUTH WEST ENGLAND, 1961**

by

W. J. DUNFORD

and

G. D. D. DAVIES

Price Five Shillings

**I, COURTENAY PARK
NEWTON ABBOT
DEVON**

UNIVERSITY OF EXETER

Department of Agricultural Economics

Fixed Capital Investment on a Sample of Farms
in South West England, 1961

by

W.J. Dunford

and

G.D.D. Davies

F O R E W O R D

A few years ago in an article entitled "Capital in Agriculture" Colin Clark stated: "..... on the most important component of capital -- farm buildings -- we have for the United Kingdom no general survey, not even a regional survey, and indeed only very scanty information for individual farms However, until some such survey, or an approximation to it, has been made, we are not entitled to say anything at all about the supposed capital requirements of agriculture in the form of buildings."

Recognition of the need to fill this particular gap in our knowledge of the structure of British farming was given tangible form by the decision of the Ministry of Agriculture, Fisheries and Food to undertake, with the help of the Provincial Agricultural Economics Service, a survey of farm investment in land, buildings and works in 1961. Clearly, however, such a survey, though of considerable value, could only constitute a beginning. By its very character and expensiveness capital investment on the majority of farms is likely to be of an intermittent nature and only as a result of data becoming available for a period of years are reliable profiles of investment likely to be obtained.

Conscious of the fact, therefore, that only a first step had been taken and of the magnitude of the task remaining, this Department has welcomed both the decision of the Ministry to continue its survey of fixed capital investment for a second and possible third year and the opportunity to make further contributions to that survey. In the meantime it was felt that detailed results for at least one region, even though relating to a single year, might be of considerable interest in view of the dearth of information at present existing in this field. It is for this reason that this Department, though mindful of the reservations which must be attached to those results, undertook the preparation of the following factual report.

S.T. Morris,

Provincial Agricultural Economist.

C O N T E N T S

	Page
I. Introduction	7
II. The Survey Farms	11
III. Gross Capital Investment	19
By Type of Farming	19
By Size of Farm	20
By Tenure Status	24
By Level of Gross Farm Income	25
IV. Grant-aid to Capital Investment	26
Capital Grants, 1961	26
Level and Distribution of Grant-aid	29
Distribution of Grant-aid by Type of Grant	35
Grant-aid to Capital Investment by Type of Investment	35
V. Net Capital Investment	38
By Type of Farming	38
By Size of Farm	41
By Tenure Status	41
By Level of Gross Farm Income	42
VI. Types of Investment	44
Number of Farms Investing	44
Gross Investment by Type of Investment	45
Grant-aid by Type of Investment	46
Net Investment by Type of Investment	50
Average Size of Investment by Type of Investment	51
VII. Landlords' Contribution to Investment	52
Gross Investment by Landlords	52
Grant-aid to Landlords	55
Net Investment by Landlords	56
Landlords' Gross Capital Investment, Grant-aid and Net Capital Investment Per Acre	56
VIII. Comparative Investment Data: Regional and National	58
Gross Capital Investment	58
Types of Investment	61
Grant-aid to Investment	65
Landlords' Contribution	65
IX. Conclusion	67
Appendix I.	70
Appendix II.	72

ACKNOWLEDGEMENTS

The Department of Agricultural Economics of the University of Exeter at Newton Abbot wishes to express its gratitude to those farmers co-operating in the Farm Management Survey who provided the information on which this report is based.

In addition, the authors of the report would like to extend their own personal thanks to D.G. Balogh, K.G. Tyers and C.H. Craig for their valued assistance in the collection and analysis of data and to those members of the clerical staff of the Department who were involved in the preparation of the report.

Introduction

In 1961 the Ministry of Agriculture, Fisheries and Food sought the co-operation of the various Departments of the Provincial Agricultural Economics Service in the task of compiling data which might more adequately provide a base for estimating the annual volume of capital investment in agriculture. The formulation of such estimates, which are used by the Treasury and the Central Statistical Office, has been particularly difficult since the revocation of building licence orders some years after the war, while the introduction of the Farm Improvement Scheme in 1957, though furnishing much useful information on capital investment, only partially solved the difficulty since it gave no indication of the extent of investment which falls outside the scope of the Scheme.

At the Ministry's suggestion, therefore, a survey was carried out of capital investment in land, buildings and works during 1961 on the farms comprising the national sample of the Farm Management Survey. By raising the results of this survey to the England and Wales level in the manner adopted for the Farm Management Survey results, more complete data relating to annual capital investment would, it was hoped, be obtained. However, the more general benefits which might be expected to stem from the assembly of data in an area of study where little information has hitherto existed was also acknowledged and in this connection it was recognised that individual Departments might wish to utilise the data for their own purposes.

The data on which this present report is based, therefore, formed part of the results of the wider national survey carried out for the Ministry and relate to a sample of 240 farms in the counties of Dorset, Devon and Cornwall. This sample is identical to the sample of Farm Management

Survey farms in the South West on which an earlier report by this Department¹ was based and data for the capital investment survey were, in fact, obtained simultaneously with the collection of data for the Farm Management Survey. This earlier report and the present one can in some respects, therefore, be regarded as being complementary to one another.

The survey of capital investment concerned itself with work actually completed in the calendar year 1961 and all work carried out before the beginning of that year has been excluded. Work in progress at the end of the year has also been ignored. This adherence to the calendar year as the recording period, which was dictated by Ministry requirements, represents a departure from the policy adopted in the case of the Farm Management Survey which includes farms with accounting periods ending at a variety of dates though generally within the period from Michaelmas to the end of the financial year in April. However, the complementarity of this and the earlier report is not thereby greatly impaired.

The present survey embraces capital investment in land, buildings and works carried out by landlords, tenants and owner occupiers but expenditure on the repair and maintenance of capital equipment was, as far as it was possible to distinguish it, excluded.

Recorded expenditure was classified initially into four main types of investment:-

- (a) improvements to farm land
- (b) the erection and improvement of farm buildings other than dwellings
- (c) the erection and improvement of farm houses and farm cottages; and
- (d) the installation and improvement of services.

¹ S.T. Morris, H.W.B. Luxton, G.D.D. Davies. Farm Organisation and Incomes in South West England, 1961-62. Report 139, University of Exeter, Department of Economics (Agricultural Economics).

Investment carried out under each of these main headings was further classified according to its more precise nature. For example, within the first of the categories listed above investment has been classified into expenditure variously incurred in connection with ditching and drainage schemes, land reclamation, hedge removal and the provision of better access facilities to buildings and fields. Within the second, investment has been classified according to either the enterprise concerned or, in the case of buildings not specifically identified with a particular enterprise, according to its intended utilisation. Examples of the latter are implement storage sheds and grain and fodder stores. The classification of capital investment in farm dwellings was confined to that undertaken in connection with farmhouses and that relating to cottages. In the case of both houses and cottages, however, the inclusion of the expenditure in the survey was conditional upon the occupants being engaged in agriculture. Finally, capital expenditure upon farm services was further classified according to the nature of the service involved, that is, into expenditure on water supply, electricity or sewerage facilities.¹

The requirements of the national survey necessitated that a record be made of that portion of each item of investment which was grant-aided under the Farm Improvement Scheme and that where grant-aid was determined on the basis of standard cost, the latter should be entered as the cost of the investment. For the purposes of this regional report, however, the information collected was supplemented by the recording of the actual amount and nature of all grants which were received in connection with investment in fixed equipment and of the actual expenditure incurred in cases where the standard cost procedure was adopted in connection with a Farm Improvement Scheme.

Where expenditure was incurred on farmhouses the whole of that expenditure has been included in the survey no restriction having been made,

¹ No instance was encountered in the South West F.M.S. sample, however, of capital expenditure which involved the improvement of sewerage facilities.

on recording the investment, in respect of the private element of such investment. In the case of expenditure incurred in connection with farm services, any portion thereof relating to the farmhouse was identified and recorded.

As stated above, the data presented in this report relate to the single calendar year of 1961. However, the national survey of capital investment in land, buildings and works has already been continued for a second year (1962) and will possibly be repeated for 1964, while an extension of the survey at the regional level is being undertaken for 1963. As and when the results of these further investigations become available it is hoped that they will form the subject matter of subsequent reports by this Department so that a body of information relating to capital investment on farms in the South West can be assimilated which will prove a useful supplement to the fairly extensive income data already available.

II

The Survey Farms

As the sample of farms employed for the survey of capital investment described in this report is identical to that which formed the basis of Report No. 139 by this Department it seemed desirable that the same bases of classification by type of farming and farm size should also be retained.

The 240 farms have, therefore, been classified into eight type-of-farming groups which have been distinguished according to the composition of farm output and location. Definitions of these eight farming types will be found in Appendix I of the report but for a full description of the physical and financial features of the farms included in them, the reader is referred to the aforementioned Report No. 139 by this Department. The eight type-of-farming groups, together with the distribution of the sample farms among them, are set out in Table 1. Farms on which dairying was the predominant enterprise account for some 54 per cent. of the farms in the sample while farms of a more mixed nature account for 33 per cent. The remaining 13 per cent. of the farms are composed of cattle and sheep farms.

The sample as a whole exhibits wide size variation ranging from $22\frac{1}{2}$ acres to 706 acres but the size distribution of the farms set out in Table 2 shows that a preponderance of the farms are to be found in the lower size groups. Over 70 per cent. of the farms are, in fact, under 200 acres in size, while only 10 per cent. of the sample are over 300 acres. Despite the distorted distribution of the sample in favour of the smaller farms, however, it seems, from the comparison made in Report 139 of the size distribution of the F.M.S. sample of farms with that of all farms in the South West of 20 acres and over, that the smaller farms are still under-represented in the present study sample and this fact should be borne in mind when interpreting results.

Table 3 shows the distribution of the sample farms according to the tenure status of their occupiers. Farms which were wholly tenanted comprised nearly 43 per cent. of the sample while those wholly owned accounted for approximately 33 per cent. Farms which were partly owned and partly rented have been shown separately. Farmers renting over 50 per cent. of their farmed land have been classified as "mainly tenants" and farms whose occupiers fall into this category account for 8.8 per cent. of the sample. Tenanted land on these farms comprised 81.5 per cent. of their total unadjusted acreage and owned land 18.5 per cent. Those farmers owning over 50 per cent. of their farmed acreage have been designated "mainly owner-occupiers" and farms with occupiers qualifying for inclusion in this group account for 15.4 per cent. of the sample. In the case of these farms, 83.4 per cent. of the total unadjusted acreage consisted of land which was owned and 16.6 per cent. of tenanted land.

A classification of the sample farms according to their level of gross farm income is set out in Table 4. Gross farm income is here defined as the surplus of farm receipts over farm expenditure (adjusted for debtors and creditors) plus or minus any valuation difference, plus the value of farm produce consumed, the proceeds from the sale of any farm physical assets and any capital grants received. This measure of farm income is preferred in the present context of capital investment since it approximates more nearly to disposable farm income than net farm income, the computation of which involves the imputation of certain non-cash charges such as rental value, unpaid family labour and depreciation on machinery and equipment.

The distribution of the farms according to gross farm income shows a marked concentration of farms in the range £1000 - £2999, over 56 per cent. of the farms falling within this range. Some 22 per cent. of the farms had gross farm incomes within the range from £3000 to £6999 and 4.1 per cent. had incomes of £7,000 and over. At the lower end of the income dis-

Table 1. Distribution of Farms by Type of Farming

1961

Type of Farming	Sample Farms		Average Farm Size acres
	No.	Per cent.	
Dorset Dairy	34	14.2	191
East Devon Dairy	36	15.0	106 $\frac{1}{4}$
Devon and Cornwall Dairy and Mixed	44	18.3	107 $\frac{1}{4}$
Devon and Cornwall Mixed Livestock	41	17.1	138 $\frac{1}{2}$
Devon and Cornwall Mixed with Crops	20	8.3	202 $\frac{1}{2}$
Devon and Cornwall Cattle and Sheep			
(a) Lowland	23	9.6	173 $\frac{1}{4}$
(b) Upland	9	3.8	186 $\frac{1}{2}$
Dorset Dairy and Arable	15	6.2	451
Cornwall Dairy and Pigs	18	7.5	97 $\frac{1}{2}$
All Farms	240	100.0	162 $\frac{1}{4}$

Table 2. Distribution of Farms by Size of Farm

1961

Size of Farm	Sample Farms		Average Farm Size acres
	No.	Per cent.	
20 - 49 $\frac{3}{4}$ acres	19	7.9	36 $\frac{3}{4}$
50 - 99 $\frac{3}{4}$ "	71	29.6	74 $\frac{3}{4}$
100 - 149 $\frac{3}{4}$ "	46	19.2	124
150 - 199 $\frac{3}{4}$ "	40	16.7	171 $\frac{1}{4}$
200 - 299 $\frac{3}{4}$ "	39	16.2	238 $\frac{3}{4}$
300 - 499 $\frac{3}{4}$ "	16	6.7	361 $\frac{1}{4}$
500 acres and over	9	3.7	585 $\frac{1}{4}$
All Farms	240	100.0	162 $\frac{1}{4}$

Table 3. Distribution of Farms by Tenure Status of Farmer

1961

Tenure Status	Sample Farms		Average Farm Size acres
	No.	Per cent.	
Wholly Tenant ¹	103	42.9	168 $\frac{1}{2}$
Mainly Tenant ¹	21	8.8	156 $\frac{1}{2}$
Wholly Owner-occupier ²	79	32.9	137
Mainly Owner-occupier ²	37	15.4	203 $\frac{1}{4}$
All Farms	240	100.0	162 $\frac{1}{4}$

¹ More than 50% of farmed land rented.

² More than 50% of farmed land owned.

Table 4. Distribution of Farms by Level of Gross Farm Income

1961

Income Level £	Sample Farms		Average Farm Size acres
	No.	Per cent.	
0 - 999	41	17.1	84
1000 - 1999	82	34.2	106 $\frac{1}{4}$
2000 - 2999	54	22.5	166 $\frac{1}{2}$
3000 - 4999	34	14.1	195
5000 - 6999	19	8.0	301
7000 and over	10	4.1	543 $\frac{1}{2}$
All Farms	240	100.0	162 $\frac{1}{4}$

tribution, 17.1 per cent. of the farms had gross farm incomes of less than £1,000.

In the next three sections of this report the patterns of gross capital investment, grant-aid in respect of capital investment and the resulting net capital investment are in turn examined.¹ In each of those sections the four bases of classification adopted and described in the present section provide the framework for this examination.

Of the 240 farms included in the survey 133, or 55.4 per cent., were found to have undertaken capital investment of one kind or another in the calendar year 1961. When classified by type-of-farming, however, as in Table 5, the proportion of farms undertaking investment is seen to be highest in the two Dorset type groups — the Dorset Dairy and the Dorset Dairy and Arable — in both of which over 70 per cent. of the farms invested in capital schemes. In three groups — Devon and Cornwall Dairy and Mixed, Devon and Cornwall Mixed Livestock and Cornwall Dairy and Pigs — the proportion of farms investing was between 50 per cent. and 70 per cent. while in the remaining three groups, which include the two cattle and sheep groups, the proportion of investing farms was less than half, although in no group was it less than 40 per cent. The East Devon Dairy group, which is the third group with less than 50 per cent. of its farms investing, is rather exceptional among the principally dairying groups for its low incidence of investors.

It will be seen from Table 6 that the proportion of farms investing in land, buildings and works increased fairly consistently with increasing farm size. In the group of largest farms eight out of nine farms invested,

¹ It should be noted that in the text which accompanies the tables presented in this report the terms "gross (or net) capital investment" and "gross (or net) capital expenditure" are used interchangeably.

while in the group of smallest farms the proportion was less than half with only eight out of 19 investing.

Table 7 reveals that there was a slightly higher proportion of farms which undertook no fixed capital investment in 1961 in the "wholly tenant" group compared with the "wholly owner-occupier" group. In the latter 57 per cent. of the farmers invested compared with 52.4 per cent. in the former. The disparity was rather more marked between the two "mixed" tenancy groups, 64.9 per cent. of the "mainly owner-occupiers" investing compared with 47.6 per cent. of the "mainly tenants" but the smaller sample numbers in these groups make it advisable to treat these figures with reserve.

Finally, the proportion of investing farms is seen in Table 8 to increase fairly steadily with increasing gross farm income. In the group of farms with the lowest gross farm incomes 43.9 per cent. of the farms undertook investment while in the group with gross farm incomes of £7,000 and over all ten farms are seen to have carried out investment in land, buildings or works.

The presence within most classification groups of a proportion of farms which carried out no investment at all in this particular year makes it possible for the financial results relating to capital investment to be expressed in two ways: first, in terms of "all farms" (that is, the total number of farms in the group) and second, in terms of "investing farms". Either basis of measurement could prove to be the more appropriate, depending upon the nature of the enquiry for which it is intended and for this reason both bases have been employed in this report.

Table 5. Number and Proportion of Farms Investing by Type of Farming

1961

Type of Farming	Number of Farms in Group	Investing Farms	
		No.	Per cent.
Dorset Dairy	34	26	76.5
East Devon Dairy	36	17	47.2
Devon and Cornwall Dairy and Mixed	44	24	54.5
Devon and Cornwall Mixed Livestock	41	22	53.7
Devon and Cornwall Mixed with Crops	20	8	40.0
Devon and Cornwall Cattle and Sheep			
(a) Lowland	23	10	43.5
(b) Upland	9	4	44.4
Dorset Dairy and Arable	15	11	73.3
Cornwall Dairy and Pigs	18	11	61.1
All Farms	240	133	55.4

Table 6. Number and Proportion of Farms Investing by Size of Farm

1961

Size Group	Number of Farms in Group	Investing Farms	
		No.	Per cent.
20 - $49\frac{3}{4}$ acres	19	8	42.1
50 - $99\frac{3}{4}$ "	71	35	49.3
100 - $149\frac{3}{4}$ "	46	24	52.2
150 - $199\frac{3}{4}$ "	40	25	62.5
200 - $299\frac{3}{4}$ "	39	22	56.4
300 - $499\frac{3}{4}$ "	16	11	68.7
500 acres and over	9	8	88.9
All Farms	240	133	55.4

Table 7. Number and Proportion of Farms Investing by Tenure Status of Farmer

1961

Tenure Status	Number of Farms in Group	Investing Farms	
		No.	Per cent.
Wholly Tenant ¹	103	54	52.4
Mainly Tenant ¹	21	10	47.6
Wholly Owner-occupier ²	79	45	57.0
Mainly Owner-occupier ²	37	24	64.9
All Farms	240	133	55.4

¹ More than 50% of farmed land rented.

² More than 50% of farmed land owned.

Table 8. Number and Proportion of Farms Investing by Level of Gross Farm Income

1961

Income Level	Number of Farms in Group	Investing Farms	
		No.	Per cent.
£			
0 - 999	41	18	43.9
1000 - 2999	82	42	51.2
3000 - 3999	54	29	53.7
4000 - 4999	34	22	64.7
5000 - 6999	19	12	63.2
7000 and over	10	10	100.0
All Farms	240	133	55.4

Gross Capital Investment

As assistance from Exchequer funds is available to farmers for many types of capital investment¹ a distinction must be drawn between gross investment and net investment. Clearly, gross investment will be the more appropriate measure where the overall annual value of investment in farm fixed equipment is being considered while net investment would be the more relevant one if the subject of enquiry were, for example, the allocation of farm business funds.

In this section, it is the level and distribution of gross capital investment in land, buildings and works within the sample of 240 farms which is being considered. In total this gross investment amounted to £109,531. The average gross investment for all farms in the sample was, therefore, £456 per farm while that for the 133 investing farms was very nearly double this figure at £823. The comparable figures on a per acre basis are £2.8 and £4.5. However, these average figures for the whole sample conceal considerable variations which the following analyses according to type of farming, size, tenure status and income level are designed to reveal.

Gross Investment by Type of Farming

Gross capital investment, per farm and per acre, for each of the eight type-of-farming groups is shown in Table 9. Average gross investment for "all farms" was highest in the case of the Dorset Dairy and Arable group with a figure of £1,669 and lowest for the Devon and Cornwall Cattle and Sheep (Lowland) group where the comparable figure amounted to only £182.

¹ A brief description of the various kinds of grant which were available at the time of the survey will be found at the beginning of Section IV of this report which examines the pattern of grant-aid found within the sample of 240 farms.

These two groups similarly occupy the highest and lowest positions in respect of average gross investment for "investing farms." However, because of the lower proportion of investing farms in the cattle and sheep group, the average gross investment figure of £417 for the investing farms was more than double the average for "all farms" whereas the average for "investing farms" in the Dorset Dairy and Arable group was only greater than the average for "all farms" by roughly one-third.

It is also worth noting that, again, because of the lower incidence of investors among the farms in the group, the Devon and Cornwall Cattle and Sheep (Upland) group had the second highest average gross investment figure for "investing farms" (£965) although this was still less than half the level of investment found on the Dorset Dairy and Arable farms.

When investment is measured on a per acre basis the effect of average farm size is readily apparent and the group with the highest investment figures per acre both for "all farms" and for "investing farms" is the Cornwall Dairy and Pigs group, with figures of £4.9 and £7.8 respectively. However, despite the large average size of the Dorset Dairy and Arable farms (451 acres), capital investment on these farms was of sufficient magnitude to enable them to retain a prominent position among the higher investing groups even when gross investment is measured on a per acre basis. The lowest gross investment per acre for "investing farms" as well as for "all farms" was made, not surprisingly, by the Devon and Cornwall Cattle and Sheep (Lowland) group; with the lowest per farm investment figures this group possesses an average farm size slightly above the average for the whole sample. In this group gross investment per acre amounted, for "all farms" to £1.0 and for "investing farms" to £2.5.

Gross Investment by Size of Farm

Table 10 shows that average gross capital investment per farm for "all

Table 9. Gross Capital Investment per farm and per acre
by Type of Farming

1961

Type of Farming	Gross Capital Investment			
	Per Farm		Per Acre	
	All Farms	Investing Farms	All Farms	Investing Farms
	£	£	£	£
Dorset Dairy	642	839	3.4	4.0
East Devon Dairy	280	592	2.6	5.6
D and C Dairy and Mixed	353	647	3.3	5.2
D and C Mixed Livestock	325	605	2.3	4.0
D and C Mixed With Crops	360	901	1.8	4.1
D and C Cattle and Sheep				
(a) Lowland	182	417	1.0	2.5
(b) Upland	429	965	2.3	4.4
Dorset Dairy and Arable	1669	2276	3.7	4.8
Cornwall Dairy and Pigs	473	774	4.9	7.8
All Farms	456	823	2.8	4.5

Table 10. Gross Capital Investment per farm and per acre
by Size of Farm

1961

Size of Farm	Gross Capital Investment			
	Per Farm		Per Acre	
	All Farms	Investing Farms	All Farms	Investing Farms
	£	£	£	£
20 - $49\frac{3}{4}$ acres	241	574	6.6	16.2
50 - $99\frac{3}{4}$ "	230	467	3.1	6.1
100 - $149\frac{3}{4}$ "	341	653	2.7	5.3
150 - $199\frac{3}{4}$ "	402	644	2.3	3.7
200 - $299\frac{3}{4}$ "	495	877	2.1	3.7
300 - $499\frac{3}{4}$ "	841	1223	2.3	3.4
500 acres and over	2677	3011	4.6	5.1
All Farms	456	823	2.8	4.5

Table 11. Gross Capital Investment per farm and per acre by Tenure Status of Farmer

1961

Tenure Status	Gross Capital Investment			
	Per Farm		Per Acre	
	All Farms	Investing Farms	All Farms	Investing Farms
	£	£	£	£
Wholly Tenant ¹	443	846	2.6	4.6
Mainly Tenant	527	1106	3.4	5.6
Wholly Owner-occupier ²	365	640	2.7	4.3
Mainly Owner-occupier	649	1000	3.1	4.2
All Farms	456	823	2.8	4.5

¹ More than 50% of farmed land rented.

² More than 50% of farmed land owned.

Table 12. Gross Capital Investment per farm and per acre by Level of Gross Farm Income

1961

Income Level	Gross Capital Investment			
	Per Farm		Per Acre	
	All Farms	Investing Farms	All Farms	Investing Farms
£	£	£	£	£
0 - 999	220	501	2.6	6.1
1000 - 1999	199	388	1.9	3.5
2000 - 2999	312	580	1.9	3.4
3000 - 4999	537	829	2.7	4.3
5000 - 6999	1124	1779	3.8	6.2
7000 and over	2780	2780	5.1	5.1
All Farms	456	823	2.8	4.5

farms" may be said generally to have increased, with the exception of a slight deviation in the case of the 50 - 99 $\frac{3}{4}$ acre group, over the range of the distribution. For the group of smallest farms the average gross investment for "all farms" was £241; for the group of largest farms, £2,677. This broad pattern is repeated in the case of average gross investment per investing farm, the latter ranging from £574 for the smallest farms to £3,011 for the largest.

Average gross investment per acre for "all farms" is highest for the smallest farms at £6.6 per acre, and declines with increasing farm size up to and including the 200 - 299 $\frac{3}{4}$ acre group as increasing average farm size more than offsets increasing investment per farm. With the two groups of largest farms, however, average gross investment per acre for "all farms" is seen to rise again as the level of investment on these farms outweighs the effect of increasing average farm size and, in fact, the group of largest farms has, at £4.6 the second highest "all farms" gross investment figure per acre.

When gross investment per acre is calculated for "investing farms" a slightly different pattern emerges. The highest figure (£16.2) is still achieved by the group of smallest farms while the rate of investment per acre declines with increasing farm size until the largest size group is reached when an increase in gross investment per acre occurs with a figure of £5.1. The distribution of investment per acre by size of farm for the investing farms shows, however, that the second highest rate of investment is achieved by the 50 - 99 $\frac{3}{4}$ acre group with £6.1 per acre, and the third highest by the 100 - 149 $\frac{3}{4}$ acre group with £5.3 per acre. The group of farms of 500 acres and over occupies fourth place with £5.1 per acre.

The slightly differing patterns presented by the per acre figures for "all farms" and "investing farms" respectively are due, in all probability, to the variation in the proportion of non-investing farms within each size

group, and to a lesser degree, perhaps, to the extent of the deviation from the group averages of the size of these non-investing farms. No attempt to assign significance to those differences will, therefore, be made. They are, in fact, in accordance with one's expectation with a wider disparity occurring between the per acre figures for "all farms" and "investing farms" in the case of the smaller size groups, where a smaller proportion of investing farms was found, than in the case of the largest farms.

What should be noted perhaps is the occurrence, in the case of both ranges of per acre figures, of the higher rates of gross investment at either end of the size distribution and the much lower, but fairly constant, rate of investment per acre over the size range from 150 acres to $499\frac{3}{4}$ acres.

Gross Investment by Tenure Status

Analysis of investment according to tenure status (Table 11) shows that on average wholly tenanted farms, with a gross investment of £443 per farm for "all farms", invested rather more than the wholly owned farms with a comparable figure of £365. This difference, however, would appear to be attributable to the fact that the wholly tenanted farms were, on average, slightly larger than the wholly owned farms and, when measured on a per acre basis for "all farms", gross investment is shown to be closely similar for both these tenure groups -- £2.6 and £2.7 per acre respectively.

The figures for "investing farms", in the "wholly tenant" group and "wholly owner-occupier" group respectively, of £846 and £640 per farm and £4.6 and £4.3 per acre reflect the relative proportions of investors in these two groups: 52.4 per cent. in the case of the tenanted farms and 57.0 per cent. in the case of the owned farms.

Again, in view of the smaller sample numbers, the wider disparity in the proportion of investing farms and a reversal of the average size relationship which the two mixed tenure groups exhibit compared with the two homo-

geneous tenure groups, the data relating to gross investment in the "mainly tenant" and "mainly owner-occupier" groups is merely presented without comment.

Gross Investment by Level of Gross Farm Income

The group of farms with the smallest incomes (£0 - £999) are shown by Table 12 to have had an average gross investment for "all farms" of £220 while the corresponding figure for "investing farms" was £501. Comparable figures for the £1000 - £1999 group are seen, at £199 and £388 respectively, to have been even lower but, thereafter, average gross investment per farm both for "all farms" and for "investing farms" rose in successive groups to a figure of £2,780 in the case of the group of farms with incomes of £7,000 and over.

When gross investment is measured on a per acre basis two adjacent groups -- the £1000 - £1999 group and the £2000 - £2999 group -- share the distinction of possessing the lowest investment rate of all the groups with an identical figure of £1.9 for "all farms" and closely similar figures of £3.5 and £3.4 for "investing farms". The gross investment figure of £2.6 and £6.1 per acre respectively for "all farms" and "investing farms" in the smallest income group are not, in fact, exceeded to any appreciable extent until the two largest income groups are encountered. In these two groups the scale of investment is apparently sufficient to offset the effect of the increase in average farm size which occurs with increasing gross farm income levels and enables the two groups concerned to claim the two highest rates of gross investment per acre for "all farms" and two out of the three highest rates of gross investment per acre for "investing farms".

IV

Grant-aid to Capital Investment

Before examining the levels and distribution of grant-aid within the sample of 240 F.M.S. farms, it will perhaps be useful to describe briefly the nature of the various types of assistance from public funds available to farmers undertaking investment in farm land, buildings and works in the year of the present survey¹.

Capital Grants 1961

By far the most comprehensive assistance to farmers in recent years towards the cost of capital improvements has been provided by the Farm Improvement Scheme which was first introduced in 1957. Under the provision of Part II of the Agriculture Act of that year this Scheme made available, for a period of ten years, grants of one-third of the approved cost of a wide range of long-term improvements to farm land and farm buildings. Improvements eligible for assistance under the Scheme include the erection, alteration, enlargement or reconditioning of permanent farm buildings other than dwelling houses, farm sewage disposal, the making and improvement of roads, bridges, fences, walls, gates and cattle grids, the construction of collecting and dipping pens, the supply of electricity, land reclamation, the establishment of shelter belts, hedge removal and claying and marling.

Grants under the Farm Improvement Scheme, which are not available for machinery or other tenant's fixtures, are available only for improvements costing £100 or more with an estimated life of not less than fifteen years irrespective of the standard of maintenance. However, grant approval which must be obtained before the commencement of work, is conditional upon the cost of improvement being not unreasonably high in relation to the expected benefit.

¹ The grants described are those available in England and Wales.

The Scheme also provides for grants to be made available towards some of the incidental costs involved in the voluntary amalgamation of uneconomic holdings.

For farms in upland livestock rearing areas financial assistance was available under the Hill Farming and Livestock Rearing Acts which provide for grants of up to 50 per cent. of the cost of work on approved schemes of improvement. These include improvements to farmhouses, cottages, buildings, roads, bridges, water and electricity supplies, improvement of grazings and land reclamation, drainage and fencing and the planting of shelter belts.

In addition to these two comprehensive grant schemes, a number of other grants were available to farmers in the survey sample which were rather more specific in nature. First, grants were available to farmers, at a maximum rate of 50 per cent. of the actual cost, towards the cost of approved schemes of ditching and drainage. Where improved ditches would have required the erection of protective fencing, this work was also eligible for grant-aid. Normal maintenance work was not eligible for a grant but work on ditches in a poor condition due to lack of adequate maintenance which had not previously been grant-aided might possibly have been eligible.

Second, grants were available towards the reasonable cost of installing or extending water supplies in respect of farmhouses and cottages, buildings and fields. The rate of grant is 25 per cent. where the scheme is one for bringing water from a public main and 40 per cent. where the scheme involves the tapping of a private source, in the absence of a suitable public one. Eligibility for grant extends to the sinking of bore-holes and wells, abstraction from springs and streams, installation of pumping machinery, supply of drinking troughs to fields and laying of inter-connecting pipes.

Third, grants were available to the survey farmers for the construction or improvement of silos for the conservation of good grass or fodder crop

silage. Standard rates of subsidy, calculated to cover approximately 50 per cent. of reasonable costs are laid down for specific work but the aggregate amount of payments for eligible work would not, under the terms of the scheme, have exceeded £250 for each farm in the case of covered silos and £125 in the case of unroofed ones.

A number of grant schemes were also available to farmers which were of rather more limited application. Government grants at the rate of 50 per cent. of the approved cost were available for the eradication of bracken on pastoral land and also to assist farmers to destroy rabbits and prevent them damaging crops by clearing scrub, destroying potential breeding places and erecting protective fencing.

Finally, financial assistance was available to the farmers in the sample from Local Authorities in respect of the erection and improvement of rural housing. Grants of up to £10 per annum for 40 years could be obtained from this source for the building of new housing accommodation for agricultural workers while Local Authorities were also able, under certain conditions, to make grants to private owners towards the cost of improvements to existing houses, of converting buildings into dwellings and of enlarging houses and cottages where that cost was not less than £100. Grants, where given, would not have exceeded half the estimated cost of the approved work and would have been limited to £400. Grants were also available from Local Authorities under the House Purchase and Housing Act of 1959 towards the cost of providing certain standard toilet amenities and food storage facilities. The rate of such grants is 50 per cent. of the cost of the work up to a maximum grant of £155.

Many of the grants described above have continued to be available since the year of the survey. However, there have been some subsequent changes and it must be stressed that the description of grants provided refers strictly to the position which obtained in 1961.

Level and Distribution of Grant-aid

The pattern of grant-aid, which in total amounted to £25,310 for the sample of 240 farms, is depicted in Tables 13, 14, 15 and 16. These tables show the level of grant-aid by type of farming, by size of farm, by tenure status of farmer and by level of gross farm income. Also shown in these tables is the proportion of gross capital expenditure represented by grant-aid both in total and in each of the groups within the four main classifications. Total grant-aid, it will be seen, amounted to 23.0 per cent. of total gross capital investment.

Grant-aid for capital improvements averaged £190 per investing farm for the entire sample but varied considerably for the various groups within the sample. When classified by type-of-farming the most important recipient is seen to be the Dorset Dairy and Arable group with £618 per investing farm while at the other end of the scale the Devon and Cornwall Cattle and Sheep (Lowland) group only availed itself of public funds, in connection with its capital works, to the extent of £64 per investing farm. The other Dorset group — Dorset Dairy — received the second largest measure of assistance with £227 accruing on average to each investing farm while the average levels of grant-aid for the remaining six groups all fell within a range of £100 from £97 to £197.

On a per acre basis for "investing farms" the two groups with the smallest farms — the Cornwall Dairy and Pigs group and the East Devon Dairy group — are the most favoured beneficiaries of Government assistance for capital improvements with £2.0 and £1.4 per acre respectively. However, the Dorset Dairy and Arable group, despite the largeness of its average farm size, also appears among the groups with the highest grant-aid figures per acre. Grant-aid per acre for the investing farms in the six remaining groups falls neatly into three pairings: £1.1 and £1.2 respectively for the two other Dairy groups (Dorset Dairy, and Devon and Cornwall Dairy and Mixed), £0.6

and £0.7 for the two Mixed groups and £0.4 for each of the two Cattle and Sheep groups.

The pattern of grant-aid follows broadly that of gross capital investment. Measured on a per farm basis the groups with the higher levels of gross capital investment receive the larger sums of grant-aid and those with the lower capital investment receive the smaller measure of grant-aid. This much is, perhaps, to be expected. Nevertheless it would seem that variations in the proportion of grant-attracting work undertaken by the various groups were sufficient to produce marked variation in the incidence of grant-aid among them. Those groups which achieved the highest levels of gross capital investment per farm received a proportionately greater amount of grant-aid than those groups with the lowest levels of investment per farm. This would indicate that the groups with the highest levels of gross capital investment per farm tend to undertake a greater proportion of work of a grant-attracting nature than those with lower levels of investment, particularly as these latter groups tend to utilise to a greater extent those grants which command a rate of 50 per cent. rather than F.I.S. grants at 30 per cent. (see Table 2 in Appendix II).

When classified by size of farm grant-aid per investing farm shows an overall increase with increasing farm size — from £127 per farm in the group of smallest farms to £801 in the group of farms of 500 acres and over — although the trend is not particularly well defined among the farms under 200 acres. On a per acre basis, the greatest incidence of grant-aid is found in the smallest size group. A declining incidence occurs with increasing size of farm over the middle ranges of size groupings reaching a figure of £0.7 for "investing farms" in the 200-299 $\frac{3}{4}$ acre group, after which the incidence of grant-aid rises again to a figure of £1.4 per acre for the group of largest investing farms.

The variation between groups in the proportion of gross capital expenditure financed by grants is seen to be less when the farms are classified by

Table 13. Grant-aid per farm and per acre
by Type of Farming

1961

Type of Farming	Grant-aid				Grant-aid as percent. of Gross Capital Investment
	Per Farm		Per Acre		
	All Farms	Investing Farms	All Farms	Investing Farms	
	£	£	£	£	
Dorset Dairy	174	227	0.9	1.1	27.1
East Devon Dairy	69	146	0.6	1.4	24.6
D and C Dairy and Mixed	79	145	0.7	1.2	22.4
D and C Mixed Livestock	53	99	0.4	0.6	16.3
D and C Mixed with Crops	63	157	0.3	0.7	17.5
D and C Cattle and Sheep					
(a) Lowland	28	64	0.1	0.4	15.4
(b) Upland	43	97	0.2	0.4	10.0
Dorset Dairy and Arable	453	618	1.0	1.3	27.1
Cornwall Dairy and Pigs	121	197	1.2	2.0	25.6
All Farms	105	190	0.6	1.0	23.0

Table 14. Grant-aid per farm and per acre
by Size of Farm

1961

Size of Farm	Grant-aid				Grant-aid as percent. of Gross Capital Investment
	Per Farm		Per Acre		
	All Farms	Investing Farms	All Farms	Investing Farms	
	£	£	£	£	
20 - $49\frac{3}{4}$ acres	53	127	1.5	3.6	22.0
50 - $99\frac{3}{4}$ "	53	107	0.7	1.4	23.0
100 - $149\frac{3}{4}$ "	81	156	0.6	1.3	23.8
150 - $199\frac{3}{4}$ "	84	135	0.5	0.8	20.9
200 - $299\frac{3}{4}$ "	95	168	0.4	0.7	19.2
300 - $499\frac{3}{4}$ "	209	304	0.6	0.8	24.8
500 acres and over	712	801	1.2	1.4	26.6
All Farms	105	190	0.6	1.0	23.0

Table 15.

Grant-aid per farm and per acre
by Tenure Status of Farmer

1961

Tenure Status	Grant-aid				Grant-aid as percent. of Gross Capital Investment
	Per Farm		Per Acre		
	All Farms	Investing Farms	All Farms	Investing Farms	
Wholly Tenant ¹	£ 123	£ 234	£ 0.7	£ 1.3	27.8
Mainly Tenant ¹	142	299	0.9	1.5	26.9
Wholly Owner-occupier ²	56	98	0.4	0.7	15.3
Mainly Owner-occupier ²	143	220	0.7	0.9	22.0
All Farms	105	190	0.6	1.0	23.0

¹ More than 50% of farmed land rented.

² More than 50% of farmed land owned.

Table 16.

Grant-aid per farm and per acre
by Level of Gross Farm Income

1961

Income Level	Grant-aid				Grant-aid as percent. of Gross Capital Investment
	Per Farm		Per Acre		
	All Farms	Investing Farms	All Farms	Investing Farms	
£	£	£	£	£	
0 - 999	49	111	0.6	1.3	22.3
1000 - 1999	45	88	0.4	0.8	22.6
2000 - 2999	61	113	0.4	0.7	19.6
3000 - 4999	143	221	0.7	1.1	26.6
5000 - 6999	267	423	0.9	1.5	23.8
7000 and over	641	641	1.2	1.2	23.1
All Farms	105	190	0.6	1.0	23.0

size than when classified into type-of-farming groups. The proportion varies only from 19.2 per cent. for the 200 - 299 $\frac{3}{4}$ acre group to 26.6 per cent. for the 500 acres and over group while the percentage for the other five groups are closely and evenly distributed around the average for all farms of 23.0 per cent.

The pattern which emerges when the farms are classified according to the tenure status of the farmer is not without interest. On average investing farms among the "wholly tenant" group received £234 per farm in grant-aid for capital improvements compared with a figure of only £98 for investing farms among the "wholly owner-occupier" group. On a per acre basis the comparable figures for these two groups are £1.3 and £0.7 respectively, suggesting that tenants make fuller use of the available grant schemes than owner-occupiers, though whether this comes about as a result of the failure of the latter to avail themselves of grant-aid for which they are eligible or as a result of a proportionately greater emphasis on non-eligible work is a moot point.

The difference in the level of grant-aid per investing farm is far less pronounced in the case of the "mainly tenant" and "mainly owner-occupier" groups. While the figure of £299 for the "mainly tenant" farms is not greatly in excess of the comparable figure for the "wholly tenant" group, the figure for investing farms in the "mainly owner-occupier" group greatly exceeds that for the "wholly owner-occupier" group. This is undoubtedly due in large measure, however, to the fact that the average size of farm of the "mainly owner-occupier" group (203 acres) was considerably larger than that of the "wholly owner-occupier" group (137 acres) and, on a per acre basis, a similar relationship to that existing between the two homogeneous groups can be discerned between the "mainly tenant" and "mainly owner-occupier" groups. Grant-aid per acre for the two latter groups averaged £1.5 and £0.9 respectively.

The tendency, noted above, for tenants to receive proportionately

greater assistance from public funds towards the cost of capital improvements is further demonstrated in the final column of Table 15. Grant-aid as a percentage of gross capital expenditure in the case of the "wholly tenant" and "mainly tenant" groups is seen to be closely similar at 27.8 per cent. and 26.9 per cent. respectively. The comparable figures for the two owner-occupier groups, though exhibiting a greater disparity, are both considerably below this level; assistance from Ministry or Local Authority sources amounted to 15.3 per cent. of gross capital expenditure in the case of the "wholly owner-occupier" group and 22.0 per cent. for the "mainly owner-occupier" group.

Grant-aid per investing farm showed little variation over the range of gross farm incomes below £3,000 (see Table 16); it varied, in fact, only between £88 and £113 per farm for the three income groups within this range. With increasing level of gross farm income above £3,000, however, grant-aid per investing farm also rose -- from £221 in the case of the £3000 - £4999 group to £641 for the £7000 and over group. Over much of the entire range of gross farm incomes, however, the proportion of gross capital expenditure financed by capital grants remained remarkably consistent; below £2,000 and above £5,000 the proportion varied only between 22.3 per cent. and 23.8 per cent. In the £2000 - £2999 group the proportion fell to 19.6 per cent., and in the £3000 - £4000 group rose to 26.6 per cent.

On a per acre basis, investing farms in the £1000 - £1999 and £2000 - £2999 groups received the least assistance from capital grants -- £0.8 and £0.7 per acre respectively. Grant-aid per acre for investing farms in the remaining groups varied from £1.1 for the £3000 - £4999 to £1.5 for the £5000 - £6999 group. The pattern of grant-aid per acre thus reflects closely in this respect the pattern of gross capital expenditure per acre. Above the £3,000 income level gross capital expenditure per acre is incurred and grant-aid received at rates sufficient to offset the increasing average size

of farm over this income range and give rise to per acre rates comparable with those of the smaller farms which comprise the lowest income group.

Distribution of Grant-aid by Type of Grant

Table 17 provides details of the number of grant-aided schemes carried out by the 133 investing farms in the sample and of the distribution of the total sum of capital grants by type of scheme. Of the total grant-aid received (£25,310) by far the greater part — nearly three-quarters, in fact — consisted of grants received under the Farm Improvement Scheme. Next in importance were Local Authority grants which accounted for 11.7 per cent. of all grants received while Drainage grants and Water Supply grants amounted to 7.4 per cent. and 6.4 per cent. of the total respectively. Livestock Rearing grants only comprised 1.8 per cent. of all grants received but this is not unexpected in view of the exclusive nature of the conditions governing the administration of these grants: only a relatively small number of the farms included in the sample — falling mainly in the Cattle and Sheep (Upland) group — would have been eligible for such grants. It should also be borne in mind that, while grants other than those provided under the Farm Improvement Scheme only form for the most part a small proportion of the total grants received, within certain individual type-of-farming groups some of these grants, particularly Livestock Rearing grants and Local Authority grants, assume a far greater relative importance, as will be seen from Tables 1 and 2 in Appendix II.

Grant-aid to Capital Investment by Type of Investment

Before concluding this section on the financial assistance provided from public funds towards the cost of capital improvements on the sample farms, some indication should perhaps be given of the apportionment of grant-aid between improvements of various kinds. This has been done in Table 18 which shows the number of grant-aided schemes carried out within each of the

Table 17.

Distribution of Grant-aid
by Type of Grant

1961

Type of Grant	Grant-aided Schemes		Grant-aid	
	No.	Per cent.	Amount	Per cent.
			£	
Farm Improvement Scheme	77	65.8	18319	72.4
Drainage	16	13.7	1870	7.4
Livestock Rearing	4	3.4	454	1.8
Local Authority	9	7.7	2971	11.7
Water Supply	9	7.7	1625	6.4
Other	2	1.7	71	0.3
Total	117	100.0	25310	100.0

Table 18.

Distribution of Grant-aid
by Type of Investment

1961

Type of Investment	Grant-aided Schemes		Gross Capital Investment	Grant-aid		Grant-aid as percent. of Gross Capital Investment
	No.	Per cent.		Amount	Per cent.	
			£	£		
Land	37	31.6	13,955	3,940	15.6	28.2
Buildings	46	39.3	66,814	15,034	59.4	22.5
Houses	9	7.7	16,298	2,971	11.7	18.2
Services	25	21.4	12,464	3,365	13.3	27.0
Total	117	100.0	109,531	25,310	100.0	23.0

four main categories of investment and the amount and proportion of grant-aid which each of these categories attracted. Table 18 shows that the largest proportion of the grants received, 59·4 per cent., was in respect of improvements to farm buildings. Land improvements attracted some 15·6 per cent. of the grants and the improvement of farm services 13·3 per cent. The smallest share of the grants, 11·7 per cent., accrued to expenditure on farmhouses and farm cottages.

Land improvements received, proportionately, the greatest measure of assistance, grants awarded for such work amounting to 28·2 per cent. of the gross capital expenditure involved. Least assisted were improvements to farmhouses and farm cottages, only 18·2 per cent. of the capital cost of which was met from public funds. The installation of farm services and the construction and improvement of farm buildings received assistance to the extent of 27·0 per cent. and 22·5 per cent. respectively.

Net Capital Investment

The two preceding sections of this report have, in turn, examined the pattern of gross capital investment and of grant-aid found among the 240 farms in the survey sample. This section describes the level and distribution of net capital investment on these farms. Net capital investment represents, of course, the actual contribution of farmers to the cost of improvements and as a measure will be particularly relevant to studies concerned with the allocation of the farmer's own business funds.

Net capital investment on the 240 farms amounted to £84,221 which, for all farms in the sample represents net investment of £351 per farm or £2.2 per acre. If the investing farms only are considered net investment per farm amounted to £633 and net investment per acre to £3.5.

Net Investment by Type of Farming

Although, in describing the pattern of grant-aid revealed by a classification of the farms by type of farming, the tendency was noted for the type groups with the higher levels of gross capital investment per farm to receive proportionately more grant-aid than those with lower levels, these variations in the proportion of grant-aid were not sufficient to cause the pattern of net capital investment to differ markedly from that of gross capital investment. Table 19 shows that the Dorset Dairy and Arable group possessed the highest net investment figures per farm both for "all farms" and for "investing farms" and the Devon and Cornwall Cattle and Sheep (Lowland) group the lowest. Average net investment per investing farm in the former group was £1,658 compared with only £353 in the latter. The Devon and Cornwall Cattle and Sheep (Lowland) group also possessed the lowest per acre net investment figures of all the groups: £0.9 and £2.1 respectively for "all

Table 19. Net Capital Investment per farm and per acre
by Type of Farming

1961

Type of Farming	Net Capital Investment			
	Per Farm		Per Acre	
	All Farms	Investing Farms	All Farms	Investing Farms
	£	£	£	£
Dorset Dairy	468	612	2.5	2.9
East Devon Dairy	211	446	2.0	4.2
D and C Dairy and Mixed	274	502	2.6	4.0
D and C Mixed Livestock	272	506	1.9	3.4
D and C Mixed with Crops	297	744	1.5	3.4
D and C Cattle and Sheep				
(a) Lowland	154	353	0.9	2.1
(b) Upland	386	868	2.1	4.0
Dorset Dairy and Arable	1216	1658	2.7	3.5
Cornwall Dairy and Pigs	352	577	3.7	5.8
All Farms	351	633	2.2	3.5

Table 20. Net Capital Investment per farm and per acre
by Size of Farm

1961

Size of Farm	Net Capital Investment			
	Per Farm		Per Acre	
	All Farms	Investing Farms	All Farms	Investing Farms
	£	£	£	£
20 - $49\frac{3}{4}$ acres	188	447	5.1	12.6
50 - $99\frac{3}{4}$ "	177	360	2.4	4.7
100 - $149\frac{3}{4}$ "	260	497	2.1	4.0
150 - $199\frac{3}{4}$ "	318	509	1.8	2.9
200 - $299\frac{3}{4}$ "	400	709	1.7	3.0
300 - $499\frac{3}{4}$ "	632	919	1.7	2.6
500 acres and over	1965	2210	3.4	3.7
All Farms	351	633	2.2	3.5

Table 21. Net Capital Investment per farm and per acre
by Tenure Status of Farmer

1961

Tenure Status	Net Capital Investment			
	Per Farm		Per Acre	
	All Farms	Investing Farms	All Farms	Investing Farms
	£	£	£	£
Wholly Tenant ¹	320	612	1.9	3.3
Mainly Tenant ¹	385	807	2.5	4.1
Wholly Owner-occupier ²	309	542	2.3	3.6
Mainly Owner-occupier ²	506	780	2.4	3.3
All Farms	351	633	2.2	3.5

¹ More than 50% of farmed land rented.

² More than 50% of farmed land owned.

Table 22. Net Capital Investment per farm and per acre
by Level of Gross Farm Income

1961

Income Level	Net Capital Investment			
	Per Farm		Per Acre	
	All Farms	Investing Farms	All Farms	Investing Farms
£	£	£	£	£
0 - 999	171	390	2.0	4.8
1000 - 1999	154	300	1.5	2.7
2000 - 2999	251	467	1.5	2.7
3000 - 4999	394	608	2.0	3.2
5000 - 6999	857	1356	2.9	4.7
7000 and over	2139	2139	3.9	3.9
All Farms	351	633	2.2	3.5

farms" and "investing farms". The highest net capital investment rates of £3.7 and £5.8 per acre for "all farms" and "investing farms" respectively were achieved by the small but intensive Cornwall Dairy and Pig farms.

Net Investment by Size of Farm

For the most part net capital expenditure among the defined size groups follows a similar pattern to that presented by gross capital investment. From Table 20 it will be seen that net capital expenditure per farm both for "all farms" and "investing farms" rose steadily, with the exception of the 50 - 99 $\frac{3}{4}$ acre group, over the entire size range: from £188 to £1,965 for "all farms" and from £447 to £2,210 for "investing farms".

On a per acre basis net investment rates show a similar trend to that depicted by the gross investment figures, with declining rates occurring generally with increasing farm size until the group of largest farms — those of 500 acres and over — is reached when the level of investment undertaken was sufficient, notwithstanding the high proportion of grant-aid received, to reverse the trend in net investment per acre. The ranges in net capital investment are quite wide, however: from £1.7 per acre for "all farms" in the 200 - 299 $\frac{3}{4}$ acre and 300 - 499 $\frac{3}{4}$ acre groups to £5.1 per acre in the 20 - 49 $\frac{3}{4}$ acre group and from £2.6 to £12.6 per acre for "investing farms" in the 300 - 499 $\frac{3}{4}$ acre and 20 - 49 $\frac{3}{4}$ acre groups respectively.

Net Investment by Tenure Status

The pattern of net capital investment revealed by the classification of farms according to tenure status is again rather confused due to the tendency for the two mixed tenure groups to show marked differences in the average size of farm and the proportion of investing farms from their homogeneous counterparts. For this reason comment is again confined to data relating to the "wholly tenant" and "wholly owner-occupier" groups.

As a result of the tendency, discerned in the preceding section, for

tenants to make rather fuller use of grants than owner occupiers, the net investment pattern shows some change from the gross investment pattern depicted in Table 11. Table 21 shows that, while net investment per farm in the "wholly tenant" group (both for "all farms" and for "investing farms") slightly exceeded that in the "wholly owner-occupier" group, net investment per acre (again, for both "all farms" and "investing farms") was lower for the tenants than for the owner-occupiers -- £1.9 and £2.3 respectively for "all farms" and £3.3 and £3.6 respectively for "investing farms".

Net Investment by Level of Gross Farm Income

The gross capital investment pattern which an analysis according to the level of gross farm income reveals is largely repeated in the case of net capital investment. The figures in Table 22 show that net investment on a per farm basis falls slightly between the £0 - £999 group and the £1000 - £1999 group, both for "all farms" and "investing farms" but, thereafter, rises from £154 to £2,139 and from £300 to £2,139 respectively. On a per acre basis the lowest rate of net capital investment is achieved, as in the case of gross capital investment, by the £1000 - £1999 and the £2000 - £2999 groups which have identical rates of £1.5 and £2.7 per acre for "all farms" and "investing farms" respectively. For "all farms" the £0 - £999 group and the £3000 - £4999 group achieved an identical rate of net capital investment per acre of £2.0; for the two groups of farms with the highest incomes net investment per acre was rather higher -- £2.9 in the case of the £5000 - £6999 group and £3.9 for the farms with incomes of over £7,000.

However, with a lower proportion of farms investing in the lower income groups than in the higher ones the rate of net investment per acre achieved by "investing farms" in the £0 - £999 group was not exceeded by any other income group although the £5000 - £6999 group came close to equalling it with a rate of net investment of £4.7 per acre. In the group of farms with the highest incomes, in which every farm undertook capital investment, the

same rate of net investment of £3.9 per acre is derived for both "all farms" and "investing farms".

TYPES OF INVESTMENT

Earlier sections of the report have been mainly concerned with the overall levels of investment, both gross and net, and with grant assistance found within the sample of 240 F.M.S. farms. Attention is now turned to a description of the more specific types of investment undertaken and of the allocation of investment expenditure and grant-aid among the various investment categories.

For the purposes of this analysis the four main categories of investment already employed in providing a broad indication of grant-aid to various types of investment have each been further sub-divided according to the more precise nature of the investments. The results of the analysis are presented in Table 23.

Number of Farms Investing

The most popular sector for investment was clearly that of farm buildings, there being 81 farms out of the total of 133 investing farms on which a scheme (or schemes) of this nature was carried out. Next in popularity were land improvements, these occurring on 52 of the farms. Thirty six of the farms carried out investments designed to improve the two main farm services of water and electricity, while 14 farms undertook capital expenditure in connection with the improvement of farm accommodation.

Among schemes of investment involving farm buildings, those representing expenditure in respect of the dairy enterprise figured most prominently. In all, 30 farms undertook capital investment on buildings predominantly used for dairying purposes. Schemes of capital expenditure on grain and fodder storage rank second in order of numerical importance with 20 farms undertaking investments of this kind and those in connection with the cattle

enterprise third with 17 farms investing.

Occupying a pre-eminent position among the schemes of land improvement were those designed to provide better access facilities such as roads and yards. These were undertaken on 24 farms while schemes of ditching and drainage were next in importance being carried out on 18 farms.

Not surprisingly the number of schemes involving the provision or improvement of the farm's electricity supply (25) was almost double that of schemes of improvement to farm water supplies (13) while schemes of capital expenditure on farm cottages were found to have been undertaken on 11 farms compared with four farms on which investment was made in connection with the farmhouse itself.

Gross Investment by Type of Investment

The number of farms investing in a given type of investment can only be, however, a rough guide to the importance of that investment sector, since the investment demands of the various capital items will inevitably show marked differences. For most farm business purposes, therefore, the monetary value of the investments will provide the more useful measure of relative importance.

In gross terms, investment in farm buildings was by far the most important sector accounting for 61.0 per cent. of the total gross investment found in the sample. Within this sector 53.0 per cent. of gross investment was directed to buildings employed for dairying purposes, 13.0 per cent. to grain and fodder storage, 12.5 per cent. to buildings used for cattle rearing and fattening and 11.9 per cent. to buildings utilised for poultry.

Whereas schemes of land improvement ranked second in numerical importance, the second most important investment sector in terms of gross investment was that of farm accommodation, which claimed 14.9 per cent. of total gross capital expenditure. Most of this, however, (93.3 per cent.) was

directed to the improvement of farm cottages. Land improvements, in fact, represented 12.7 per cent. of total gross investment with access facilities (roads, bridges and yards) and ditching and drainage schemes accounting for 50.9 per cent. and 31.3 per cent. respectively of the expenditure within this category.

Gross capital expenditure on farm services amounted to 11.4 per cent. of the total and, of this, 58.1 per cent. was incurred by electricity schemes and 41.9 per cent. by water supply schemes. Of the total gross expenditure incurred in connection with improvements to farm services, however, it has been estimated that something like 8 per cent. was concerned with improvements directly benefiting the farmhouse.

Grant-aid by Type of Investment

As a result of variations in the rate at which grants are given and also in the proportion of gross capital expenditure on which grants were claimed, the distribution of grant-aid among the various categories of investment differs slightly from that of gross capital investment. Reference to the broad distribution of grant-aid among the four main categories of investment has already been made in Section IV of this report but here it is possible to compare this distribution with that of gross capital investment and also to examine the more detailed allocation of grant-aid within the four main fields of investment.

Buildings, which accounted for 61.0 per cent. of gross capital investment attracted only a slightly smaller proportion of total grant-aid (59.4 per cent.) but land improvements which claimed 12.7 per cent. of gross capital expenditure commanded 15.6 per cent. of total grant-aid. Of the other two main investment categories the share of total grant-aid awarded to farm dwelling improvements (11.7 per cent.) was rather smaller, and that to farm service improvements (13.3 per cent.) rather larger, than the

Table 23. Distribution of Gross Capital Investment, Grant-aid and Net Capital Investment
by Type of Investment

1961

Type of Investment	Number of Farms Investing	Gross Capital Investment			Grant-aid			Net Capital Investment			Grant-aid as percent. of Gross Cap. Investment
		£	per cent.	per cent.	£	per cent.	per cent.	£	per cent.	per cent.	
Land:											
Ditching/drainage	18	4370	31.3	4.0	1973	50.1	7.8	2397	23.9	2.8	45.1
Reclamation	2	267	1.9	0.2	88	2.2	0.4	179	1.8	0.2	33.0
Hedge removal	8	809	5.8	0.7	238	6.0	0.9	571	5.7	0.7	29.4
Fencing/gates	8	1247	8.9	1.1	196	5.0	0.8	1051	10.5	1.2	15.7
Roads/yards	24	7103	50.9	6.5	1410	35.8	5.6	5693	56.9	6.8	19.9
Pens/dipping	1	159	1.2	0.2	35	0.9	0.1	124	1.2	0.2	22.0
Total	52	13955	100.0	12.7	3940	100.0	15.6	10015	100.0	11.9	28.2
Buildings:											
Dairy	30	35421	53.0	32.3	10572	70.3	41.8	24849	48.0	29.5	29.8
Cattle	17	8376	12.5	7.6	1825	12.2	7.2	6551	12.6	7.8	21.8
Pigs	10	5651	8.5	5.2	379	2.5	1.5	5272	10.2	6.3	6.7
Poultry	13	7941	11.9	7.3	-	-	-	7941	15.3	9.4	0.0
Implements	5	473	0.7	0.4	-	-	-	473	0.9	0.6	0.0
Grain/Fodder	20	8653	13.0	7.9	2258	15.0	8.9	6395	12.4	7.6	26.1
Other	2	299	0.4	0.3	-	-	-	299	0.6	0.3	0.0
Total	81	66814	100.0	61.0	15034	100.0	59.4	51780	100.0	61.5	22.5
Houses:											
Farmhouses	4	1099	6.7	1.0	155	5.2	0.6	944	7.1	1.1	14.1
Cottages	11	15199	93.3	13.9	2816	94.8	11.1	12383	92.9	14.7	18.5
Total	14	16298	100.0	14.9	2971	100.0	11.7	13327	100.0	15.8	18.2
Services:											
Water Supply	13	5221	41.9	4.8	1728	51.4	6.8	3493	38.4	4.1	33.1
Electricity	25	7243	58.1	6.6	1637	48.6	6.5	5606	61.6	6.7	22.6
Total	36	12464	100.0	11.4	3365	100.0	13.3	9099	100.0	10.8	27.0
TOTAL	133	109531	-	100.0	25310	-	100.0	84221	-	100.0	23.0

Table 24. Average Size of Gross and Net Capital Investment per investing farm by Type of Investment

1961

Type of Investment	Number of Farms Investing	Average Gross Investment per investing farm	Average Net Investment per investing farm
Land:		£	£
Ditching/drainage	18	243	133
Reclamation	2	134	90
Hedge removal	8	101	71
Fencing/gates	8	156	131
Roads/yards	24	296	237
Pens/dipping	1	159	124
Total	52	268	192
Buildings:			
Dairy	30	1180	828
Cattle	17	492	385
Pigs	10	565	527
Poultry	13	611	611
Implements	5	95	95
Grain/Fodder	20	433	320
Other	2	150	150
Total	81	825	639
Houses:			
Farmhouses	4	275	236
Cottages	11	1382	1126
Total	14	1164	952
Services:			
Water Supply	13	402	269
Electricity	25	289	224
Total	36	346	253
TOTAL	133	823	633

corresponding proportions of total gross investment accounted for by these two sectors which were 14.9 per cent. and 11.4 per cent. respectively.

Within the four main categories of investment, however, rather more marked differences are found between the proportion of total gross capital expenditure represented by specific types of investment and the proportion of total grant-aid attracted by them. Thus investment in dairy buildings which accounted for 53.0 per cent. of total gross investment in farm buildings attracted 70.3 per cent. of the grants received by this sector.

Ditching and drainage schemes which claimed 31.3 per cent. of the total gross investment in land improvements received 50.1 per cent. of the grant-aid which accrued to the latter, while farm access improvements (roads, bridges and yards) claimed 50.9 per cent. of total gross investment in land improvements but only 35.8 per cent. of the grant-aid to this sector. The smaller share of total gross investment was also awarded the greater share of grant-aid in the case of investment in farm services.

The differences between the proportion of total gross investment absorbed by various categories of investment and the proportion of total grant-aid which the latter attracted are reflected in the varying degree to which different types of investment are assisted by grant-aid. This is shown in the final column of Table 23.

Within the category of land improvements, which in total was grant-aided to the extent of 28.2 per cent. aid to specific types of investment ranged from 15.7 per cent. in the case of fencing and other boundary improvements to 45.1 per cent. for ditching and drainage works.

Among the improvements to farm buildings which, overall, received grants to the extent of 22.5 per cent. of the gross investment involved, three categories were entirely unaided. These comprised improvements to poultry buildings and to buildings used for implement storage and expenditure on

improvements residually classed as "other". Of the categories of investment in farm buildings which attracted at least some grant-aid, that receiving least assistance was pig buildings where grant-aid only amounted to 6.7 per cent. of gross investment; the category receiving most assistance was dairy buildings, grant-aid in respect of which amounted to 29.8 per cent. of gross investment.

Grant-aid as a proportion of total gross investment in farm accommodation amounted to 18.2 per cent. With the greater part of the investment accounted for by investment in farm cottages grant-aid as a proportion of the latter was only slightly more at 18.5 per cent. Assistance to investment in farmhouses amounted to 14.1 per cent.

Of gross investment in farm services 33.1 per cent. of that on water supply and 22.6 per cent. of that on electricity supply was by way of assistance from public funds. In total, however, aid to farm services amounted to 27.0 per cent. of total gross investment.

Net Investment by Type of Investment

The incidence of grant-aid among the various categories of investment, though differing in some respects from that of gross investment, did not disturb the general investment pattern. The two categories of investment with the higher proportionate incidence of grant-aid — namely land improvement and improvements to farm services — obviously claimed a somewhat smaller share of total net investment than of total gross investment and those categories with the lower incidence of grant-aid — farm buildings and farm services — a higher share of net investment than of gross investment. But the changes in proportion are relatively small and the ranking of the four main categories of investment in order of importance remains unchanged. Farm buildings remain, by far, the most important field of investment accounting for 61.5 per cent. of net investment followed by farm dwellings with 15.8

per cent., land improvements with 11.9 per cent. and farm services with 10.8 per cent.

Within the four main categories variations in the incidence of grant-aid produce rather more marked differences in the proportions of gross and net investment absorbed by the more specific types of investment; but here again those changes -- which are discernible in Table 23 -- are insufficient to alter the general order of importance of the various types of investment established on the basis of gross investment.

Average Size of Investment by Type of Investment

The average size of investment per investing farm, both gross and net, made in each of the various categories of investment is shown in Table 24. Overall investment in land, buildings, houses and services amounted on average to £823 of gross investment per farm and £633 of net investment per farm for the 133 farms investing. The more costly types of improvements, however, entailed in the year of the survey an average gross capital expenditure of well over £1,000. Most costly improvements of all, though made only on a relatively few farms, were those made in connection with farm cottages. These averaged £1,382 of gross investment, and £1,126 of net investment, per farm investing. The second most costly form of investment, though of far greater importance in terms of the number of farms investing was that of capital expenditure on dairy buildings which, in gross terms, amounted to £1,180 per investing farm and, in net terms, to £828. Five other categories of investment -- cattle buildings, pig buildings, poultry buildings, buildings for grain and fodder storage, and water supply improvements -- revealed average gross investment figures per investing farm of more than £300 while four of these (water supply improvements being the exception) possessed net investments in excess of this figure.

VII

Landlords' Contribution to Investment

On wholly or partly tenanted farms the funds for improvements to land, buildings and works may come either from the tenant or from the landlord or from both parties conjointly. A landlord, moreover, is no less eligible for assistance in respect of those grant-attracting improvements for which he bears the cost than is a tenant who carries out similar work. Table 25, therefore, shows in relation to total gross investment, total grant-aid and total net investment in the sample of 240 farms the gross capital expenditure undertaken by landlords, the grant-aid received by them and the consequent net investment made by them in the four main types of investment. Table 26 shows the distribution of the landlords' gross capital investment, grant-aid and net capital investment among the four main investment sectors.

Gross Investment by Landlords

Gross investment by landlords comprises only a relatively small proportion of total gross investment within the sample, amounting to £14,446 or 13.2 per cent. in all. The proportionate contribution of landlords to the total gross investment in the various categories was greatest in the case of farm dwellings where it amounted to 17.4 per cent. of the total. The proportion contributed to investment in farm buildings was a little less at 15.9 per cent., smaller still in the case of services (7.1 per cent.) and only a negligible amount (0.6 per cent.) of land improvements.

There were, in fact, only 10 farms on which the landlord undertook investment either independently of the tenant or in conjunction with him, although in several cases, as will be seen from Table 26, the landlord invested in more than one type of investment. On several of these farms investment consisted, either wholly or in part, of expenditure on farm buildings and the latter category accounted for, by far, the largest share

Table 25.

Landlords' Gross Capital Investment, Grant-aid and
Net Capital Investment as a Proportion of Total Gross
Capital Investment, Grant-aid and Net Capital Investment

1961

Type of Investment	Gross Capital Investment			Grant-aid			Net Capital Investment		
	Total	Landlords' Investment		Total	Landlords' Grant-aid		Total	Landlords' Investment	
		Amount	Per cent. of Total		Amount	Per cent. of Total		Amount	Per cent. of Total
Land	£ 13,955	£ 80	0·6	£ 3,940	£ -	-	£ 10,015	£ 80	0·8
Buildings	66,814	10,640	15·9	15,034	3,546	23·6	51,780	7,094	13·7
Houses	16,298	2,841	17·4	2,971	590	19·8	13,327	2,251	16·9
Services	12,464	885	7·1	3,365	220	6·5	9,099	665	7·3
Total	109,531	14,446	13·2	25,310	4,356	17·2	84,221	10,090	12·0

153

Table 26. Distribution of Landlords' Gross Capital Investment Grant-aid and Net Capital Investment by Type of Investment

1961

Type of Investment	No. of Landlords Investing	Gross Capital Investment		Grant-aid		Net Capital Investment		Grant-aid as percent. of Gross Capital Investment
		£	Per cent.	£	Per cent.	£	Per cent.	
Land	1	80	0.6	-	-	80	0.8	-
Buildings	7	10,640	73.6	3,546	81.4	7,094	70.3	33.3
Houses	3	2,841	19.7	590	13.5	2,251	22.3	20.8
Services	3	885	6.1	220	5.1	665	6.6	24.9
Total	10	14,446	100.0	4,356	100.0	10,090	100.0	30.1

Table 27. Landlords', Tenants' and Owner-occupiers' Gross Capital Investment, Grant-aid and Net Capital Investment per acre

1961

	Per Acre of Rented Land						Per Acre of Owner-occupied Land	
	Landlords		Tenants		Landlords and Tenants		Total acs.	Investing acres
	Total acs.	Investing acres	Total acs.	Investing acres	Total acs.	Investing acres		
Gross Capital Investment	£ 0.7	£ 1.3	£ 1.9	£ 3.5	£ 2.6	£ 4.8	£ 3.1	£ 5.1
Grant-aid	0.2	0.4	0.5	0.9	0.7	1.3	0.6	1.0
Net Capital Investment	0.5	0.9	1.4	2.6	1.9	3.5	2.5	4.1

(73.6 per cent.) of total landlords' gross capital expenditure. Houses claimed 19.7 per cent., services 6.1 per cent. and land improvements only 0.6 per cent. of the total.

The average gross capital expenditure per landlord investing, if calculated, amounts to £1,445. Such a calculation, however, would conceal a wide disparity in the actual levels of investment on the part of the ten investing landlords. Thus five landlords undertook capital expenditure which in gross terms amounted to less than £500 each while two of them undertook similar expenditure of just over £1,000 each. Of the remaining three investing landlords, two made gross investments of nearly £2,500 each and the third a gross investment of nearly £5,800.

There was no marked concentration of investing landlords within any particular type of farming group although there were three groups -- the East Devon Dairy group and the two Devon and Cornwall Cattle and Sheep groups -- where no investing landlord was found. However, the two farms with the highest level of landlords' gross investment were both found in the Dorset Dairy and Arable group.

Grant-aid to Landlords

In total, landlords received £4,356 in the form of grants towards the cost of improvements carried out by them. This sum represented 17.2 per cent. of the total grant-aid which was forthcoming as a result of improvements carried out on the 240 farms in the sample. Of the total grant-aid to landlords 81.4 per cent. was generated by improvements to farm buildings, 13.5 per cent. by improvements to farm dwellings and 5.1 per cent. by improvements to services.

In terms of the proportion of landlords' gross expenditure met by public funds, farm buildings received the greatest amount of assistance, grants representing 33.3 per cent. of landlords' gross capital expenditure in this

category. Farm dwellings and services were aided to the extent of 20.8 per cent. and 24.9 per cent. of landlords' gross capital expenditure respectively.

Since it can reasonably be assumed that the grants received by landlords in respect of improvements to farm buildings would, almost exclusively, have been approved under schemes which provide for grants at a rate of one-third of the capital cost, it would appear that only a very small proportion indeed of the improvement carried out by landlords was undertaken without the aid of grants.

Net Investment by Landlords

Net capital expenditure on the part of landlords amounted to £10,090, or 12.0 per cent. of total net capital expenditure in the sample. The proportion contributed by the landlords to the total net capital expenditure in the four main investment categories was similar, as one would expect, to the proportion contributed to gross capital expenditure. The landlords' contribution was again greatest in the case of farm dwellings at 16.9 per cent. and least, being less than one per cent., in the case of land improvements. The proportions contributed by the landlord to net capital expenditure on farm buildings and services were 13.7 per cent. and 7.3 per cent. respectively.

Farm buildings attracted 70.3 per cent. of the net investment by landlords, farm dwellings 22.3 per cent., services 6.6 per cent. and land improvements 0.8 per cent.

Landlords' Gross Capital Investment, Grant-aid and Net Capital Investment Per Acre

Although capital investment was undertaken by only a few of the landlords in the sample (and, even among these few, was very unevenly distributed), the substantial acreage of tenanted farmland represented by the

investing landlords perhaps warrants the inclusion of Table 27. This table compares the gross capital expenditure, grant-aid and net capital expenditure per acre made, or received, by the tenants of rented land in the sample and that made, or received, by their landlords. Also shown in the table is the gross capital expenditure, grant-aid and net capital expenditure made, or received, by the owner-occupiers of owned land in the sample. In each case, the per acre figures are expressed both in terms of the total rented and total owned land in the sample of 240 farms and in terms of the rented and owned land on which investment was made.

Expressed in terms of the rented land on which investment was made, gross capital expenditure per acre amounted to £4.8 to which the tenants contributed at the rate of £3.5 per acre and the landlords at the rate of £1.3 per acre. Net investment on this land amounted to £3.5 with tenants and landlords contributing to the extent of £2.6 and £0.9 respectively. Gross and net capital expenditure by owner-occupiers of the owned land on which investment took place was rather higher at £5.1 and £4.1 respectively.

In terms of the total acreage of rented land and of owned land the gross and net investment figures per acre for owner-occupiers, landlords and tenants will, of course, be much lower. Thus the gross and net capital expenditure per acre by owner-occupiers is seen on this basis to be £3.1 and £2.5 respectively while on tenanted land it amounted to £2.6 and £1.9. The respective contributions of landlords and tenants to these two latter totals were £0.7 and £1.9 in the case of gross investment and £0.5 and £1.4 in the case of net capital expenditure.

VIII

Comparative Investment Data

Prior to the compilation of this report some investment data relating to the national sample of F.M.S. farms and to several regional samples had been made available by the Ministry of Agriculture, Fisheries and Food and by certain other Departments of the Provincial Agricultural Economics Service. While comparison is necessarily restricted both by the amount of data thus far made available from other sources and by the differing bases adopted for their presentation, some significant differences would, nevertheless, appear to be emerging in the regional pattern of investment.

Table 28, for example, shows that a higher proportion of farms invested in capital improvements in the South Western sample than in the national sample despite the known greater preponderance of smaller farms in the former. In the South Western sample 55.4 per cent. of the farms invested compared with 44.3 per cent. of the national sample. However, both samples exhibited a similar pattern inasmuch as a higher proportion of farms invested in the groups of larger farms than in the groups of smaller farms.

Analysis of the two samples by tenure status (Table 29) shows that both the "wholly tenant" and "wholly owner-occupier" groups in the national sample have a lower incidence of investing farms than the corresponding groups in the South Western sample. The disparity is particularly marked in the case of the "wholly tenant" group, investment occurring on only 35.7 per cent. of the farms which fall within this group in the national sample compared with 52.4 per cent. of farms in the comparable South Western group. Only in the "mainly tenant" group was the incidence slightly higher in the case of the national sample.

Gross Capital Investment

Tables 30 and 31 compare the gross investment per acre in the South

Table 28. Proportion of Farms Investing by Size of Farm:
South West F.M.S. Sample (240 farms)
and National F.M.S. Sample (2552 farms)

1961

Size of Farm ¹	F. M. S. Sample	
	South Western	National ²
	per cent.	per cent.
20 - 49 $\frac{3}{4}$ acres (under 50 acres)	42.1	25.1
50 - 99 $\frac{3}{4}$ " (51 - 100 ")	49.3	36.0
100 - 149 $\frac{3}{4}$ " (101 - 150 ")	52.2	45.4
150 - 199 $\frac{3}{4}$ " (151 - 300 ")	62.5	51.5
200 - 299 $\frac{3}{4}$ " (301 - 500 ")	56.4	
300 - 499 $\frac{3}{4}$ " (501 acres & over)	68.7	53.9
500 acres & over (501 acres & over)	88.9	56.2
All Farms	55.4	44.3

¹ Comparable size groups employed by M.A.F.F. are shown in brackets.

² Includes a number of market garden holdings.

Table 29. Proportion of Farms Investing by Tenure Status¹:
South West F.M.S. Sample (240 farms) and National
F.M.S. Sample (2552 farms)

1961

Tenure Status	F. M. S. Sample	
	South Western	National ²
	per cent.	per cent.
Wholly Tenant	52.4	35.7
Mainly Tenant	47.6	49.3
Wholly Owner-occupier	57.0	50.2
Mainly Owner-occupier	64.9	51.9
All Farms	55.4	44.3

¹ The definitions of mixed tenancy groups in the National sample are identical with those employed for the South Western sample.

² Includes a number of market garden holdings.

Table 30. Gross Capital Investment per acre¹ by Size of Farm:
South West F.M.S. Sample (240 farms) and
National F.M.S. Sample (2552 farms)
 1961

Size of Farm	F.M.S. Sample			
	South Western		National ²	
	All Farms	Investing Farms	All Farms	Investing Farms
	£	£	£	£
20 - 49 $\frac{3}{4}$ acres (under 50 acres)	6.6	16.2	3.4	13.0
50 - 99 $\frac{3}{4}$ " (51 - 100 ")	3.1	6.1	2.3	6.2
100 - 149 $\frac{3}{4}$ " (101 - 150 ")	2.7	5.3	2.4	5.6
150 - 199 $\frac{3}{4}$ " (151 - 300 ")	2.3	3.7	3.1	4.4
200 - 299 $\frac{3}{4}$ " (301 - 500 ")	2.1	3.7		
300 - 499 $\frac{3}{4}$ " (301 - 500 ")	2.3	3.4	1.9	3.7
500 acres & over (501 acres & over)	4.6	5.1	1.1	2.2
All Farms	2.8	4.5	1.9	3.7

¹ Per acre figures for South Western sample based on total adjusted acres; those for National sample on total unadjusted acres.

² Includes a number of market garden holdings.

Table 31. Gross Capital Investment per acre¹ by Tenure Status:
South West F.M.S. Sample (240 farms) and
National F.M.S. Sample (2552 farms)
 1961

Tenure Status	F.M.S. Sample			
	South Western		National ²	
	All Farms	Investing Farms	All Farms	Investing Farms
	£	£	£	£
Wholly Tenant	2.6	4.6	n.a.	3.6
Mainly Tenant	3.4	5.6	n.a.	2.5
Wholly Owner-occupier	2.7	4.3	n.a.	4.3
Mainly Owner-occupier	3.1	4.2	n.a.	3.9
All Farms	2.8	4.5	1.9	3.7

n.a. = not available

¹ See footnote 1 to Table 30.

² See footnote 2 to Table 30.

Western sample with that in the national sample both for "all farms" and "investing farms". These tables show that not only did a greater proportion of farms invest in the case of the South Western sample but that higher rates of gross investment per acre were also achieved in the latter: £2.8 per acre for "all farms" and £4.5 for "investing farms" compared with figures for the national sample of £1.9 and £3.7 respectively. While the smaller average size of the South Western sample may immediately suggest itself as a reason for these higher rates of investment, Table 30 reveals that this is far from being entirely the case. In the first place, the considerably higher rates of gross investment per acre achieved by investing farms in the South Western sample in both the group of smallest farms and the group of largest farms also tended to more than offset the higher rates achieved by the national sample over the intervening size ranges. Second, the higher incidence of investing farms found over the entire size range of the South Western sample must obviously have contributed to the higher rates of investment for "all farms" achieved by this sample in all but the 150 - 299 $\frac{3}{4}$ acres size range.

Table 31 shows that exactly the same level of gross investment per acre (£4.3) was achieved by the investing farms in the "wholly owner-occupier" groups of both the South Western sample and the national sample. In the case of the other three tenure groups, however, the rate of investment per acre was higher among the South Western farms.

Types of Investment

The marked regional differences which are to be found in the distribution of gross capital expenditure between the main categories of investment are evident from Table 32. The results of the national F.M.S. sample suggest that over the country as a whole something like 60 per cent. of total capital expenditure is directed to the erection or improvement of farm

buildings. Land was next in importance accounting for 20 per cent. of the total while farm dwellings and services absorbed 17 per cent. and three per cent. respectively.

Of the data available for three F.M.S. Provinces that for the South West accorded most closely with the national position. Land and services, accounting for 13 per cent. and 11 per cent. of total gross investment respectively, showed some deviation from the national sample figures but the proportions attracted by buildings and houses — 61 per cent. and 15 per cent. respectively — corresponded closely with the national F.M.S. sample. A breakdown of the figure for buildings in the South Western sample clearly reflects the emphasis of the region on livestock husbandry.

The Eastern sample reflects the greater importance of arable farming in the area with only 50 per cent. of total gross investment directed to building improvements and 28 per cent. to improvements to the land. Nevertheless, despite this fact, more than half the expenditure on farm buildings was undertaken not in connection with the cropping enterprises but for the housing of livestock.

The importance of both the livestock and cropping enterprises to the farming economy of the East Midlands is evident from the proportions of total gross investment which were spent on buildings for these two sectors on F.M.S. farms in this region. In aggregate, expenditure on farm buildings in this sample claimed 70 per cent. of total gross investment compared with 60 per cent. in the national sample. Farm dwellings, moreover, only claimed a slightly smaller share of total capital expenditure (19 per cent.) than they did in the Eastern sample.

The share of gross investment absorbed by services in both the East Midland and the Eastern sample was small, being even less than the figure of three per cent for the national sample. In this respect, the figure of 11

Table 32. Distribution of Gross Capital Investment between
Four Main Types of Investment: National F.M.S.
Sample and Three Regional F.M.S. Samples

1961

Type of Investment	F. M. S. Sample			
	South Western	East Midland ¹	Eastern ²	National ³
Land	per cent. 13	per cent. 10	per cent. 28	per cent. 20
Buildings:				
For Stock	53) 61	38) 70	30) 50) 60
For Crops	8) 61	32) 70	20) 50) 60
Houses	15	19	20	17
Services	11	1	2	3
Total	100	100	100	100

¹ R. Bennett Jones. Investment in Land, Buildings and Works in 1961. Farm Management Notes, No. 29, University of Nottingham, Department of Agricultural Economics.

² B.M. Camm. Report on Farming, 1961-62. Report No. 59, University of Cambridge, Farm Economics Branch.

³ Provisional results based on a restricted sample of 1530 farms.

Table 33. Proportion of Gross Capital Investment Financed by Grants: Three Regional F.M.S. Samples

1961

Type of Investment	F.M.S. Sample		
	South Western	East Midland ¹	Eastern ²
Land	per cent. 28	per cent. 38	per cent. n.a.
Buildings:			
For Stock	22)	26)) n.a.
For Crops	25) 23	25) 26	
Houses	18	6	n.a.
Services	27	38	n.a.
Total	23	23	21

¹ R. Bennett Jones. ibid.

² B.M. Camm. ibid.

Table 34. Landlords' Contribution to Net Capital Investment: Three Regional F.M.S. Samples

1961

Province	Per cent.
South Western	12
East Midland ¹	66
Eastern	22

¹ Wholly rented farms only

Sources: R. Bennett Jones. ibid.

 B.M. Camm. ibid.

per cent. revealed by the South Western sample offers a marked contrast.

Grant-aid to Investment

Although the contribution made by grant-aid to gross investment in the national F.M.S. sample is not known, the proportions of total gross investment financed from public funds are available for the South Western, East Midland and Eastern provincial samples. These are seen from Table 33 to possess a striking similarity. In the case of the South Western and the East Midland samples the figure was identical for 1961 at 23 per cent. while in the Eastern sample it was only slightly less at 21 per cent.

Unfortunately, the proportions of gross investment contributed by grant-aid in the four main types of investment were not included in the results published for the Eastern sample. A comparison of these proportions in the case of the other two regional samples, however, suggests that the similarity of the overall level of grant-aid to investment may conceal marked differences in the extent of aid to comparable investment categories in different regions. Thus land improvements in the South West would appear to have been aided to the extent of only 28 per cent. compared with 38 per cent. in the East Midlands while improvements to farmhouses and services were assisted in the former Province at the rate of 18 and 27 per cent. of gross capital expenditure respectively compared with the figures of six per cent. and 38 per cent. in the latter.

Landlords' Contribution

The limited extent to which landlords appear to have contributed to the net cost of improvements in the South West has already been referred to in an earlier section of the report. This feature of the tenanted farms in the South Western sample is emphasised when comparison is made with the two other Provincial samples as in Table 24. In the Eastern sample, the proportion of net investment contributed by landlords was 22 per cent. The landlords'

contribution in both the South Western and Eastern F.M.S. provinces is overshadowed, however, by its extent in the East Midland F.M.S. sample the results of which show it to be no less than 66 per cent. of net investment on wholly tenanted farms.

IX.

CONCLUSION

In preparing this report it has been apparent from the outset that the requirements of those who may subsequently refer to it may differ considerably, and for this reason an effort has been made to present the data in as comprehensive a manner as possible even at the obvious risk of producing a rather formidable array of figures. It is hoped, however, that the reader will be assisted in his task by the consistency which has been sought

Table 35. Capital Investment and Grant-aid on 133 Investing Farms in a Sample of 240 F.M.S. Farms in South West England

	Landlords	Tenants	Owner-Occupiers	Total	
				Amount	Per cent.
Net Capital Investment	£ 10,090	£ 29,968	£ 44,163	£ 84,221	77·0
Grant-aid	4,356	10,148	10,806	25,310	23·0
Gross Capital Investment	14,446	40,116	54,969	109,531	100·0

in the arrangement of topics and tables and by the list of contents which should be sufficiently detailed to permit easy reference.

In view of these provisions and in order to avoid what would inevitably be quite arbitrary selection of data no attempt will be made to summarise the contents of the report other than to set out in Table 35 above the main investment features of the sample of farms investigated.

[Faint, mostly illegible text, possibly bleed-through from the reverse side of the page.]

A P P E N D I C E S

[Faint, mostly illegible text following the section header.]

APPENDIX I.

Definition of Type of Farming Groups

The eight type-of-farming groups which are employed in this report are defined as follows:-

Group 1. Dorset Dairy:

Primarily dairy farms situated in north and west Dorset with supplementary pig and poultry enterprises. Cash cropping not important.

Group 2. East Devon Dairy:

Dairy farms in East Devon with supplementary poultry and pig enterprises. Poultry forms an important enterprise, but cash cropping is negligible.

Group 3. Devon and Cornwall Dairy and Mixed:

Mixed livestock farms with dairying as the main enterprise, widely dispersed throughout Cornwall and Devon west of the River Exe.

Group 4. Devon and Cornwall Mixed Livestock:

Mixed livestock farms with little or no cash cropping, and with the milk enterprise comprising less than one-third of gross output.

Group 5. Devon and Cornwall Mixed with crops:

Farms similar to those in Group 4, but with cash crops accounting for not less than 15% of gross output.

Group 6. Devon and Cornwall Cattle and Sheep:

(a) Lowland. Lowland farms with the cattle enterprise more important than sheep, and a considerable proportion of the stock sold fat, with some summer fattening of cattle on grass.

(b) Upland. Farms in upland areas where the sheep enterprise is more important than cattle, and most of the stock sold as store. The disposal of breeding stock, particularly ewes, forms an important sale product.

Group 7. Dorset Dairy and Arable:

Large farms mainly on the Chalk Downs in Dorset, with considerable cash cropping and an important dairy enterprise.

Group 8. Cornwall Dairy and Pigs:

Densely stocked farms in Cornwall which rely heavily on purchased feedingstuffs.

Table 1. Distribution of Grant-aid by Type of Farming and Type of Grant

1961

	Dorset Dairy	East Devon Dairy	D and C Dairy and Mixed	D and C Mixed Live- stock	D and C Mixed with Crops	D and C Cattle and Sheep		Dorset Dairy and Arable	C'wall Dairy and Pigs	All Farms
						(a) Lowland	(b) Upland			
No. of Farms	34	36	44	41	20	23	9	15	18	240
F.I.S.	£ 3531	£ 2453	£ 1958	£ 581	£ 1252	£ 241	£ 187	£ 6611	£ 1505	£ 18319
Drainage	923	28	401	407	-	-	-	-	111	1870
L'stock Rearing	-	-	-	252	-	-	202	-	-	454
Local Authority	800	-	226	800	-	400	-	190	555	2971
Water Supply	629	10	849	137	-	-	-	-	-	1625
Other	23	-	48	-	-	-	-	-	-	71
Total	5906	2491	3482	2177	1252	641	389	6801	2171	25310

