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## **“KEEPING ON TOP DOWN UNDER”**

**Ann & Lindsay Jarvis.**

North East Victoria Australia.

Where you may ask is the Kiewa Valley? The valley follows the Kiewa river, a tributary of the Murray river (the state border between NSW and Victoria).

The area has a Mediterranean climate with hot dry summers and wet winters, severe frosts, and annual snow on the mountains. Average rainfall is 800mms. (32”) two thirds of which falls in winter and spring. Soils vary greatly from heavy clays to sandy clay loam.

Marginal foothills that meet the treed state forests, surround the fertile valley floor, forming a natural barrier from neighbouring valleys. In Summer, the threat of wildfire is imminent, as the lush spring growth in the hills dries out to tinder. The area has great natural beauty and seated so close to Albury/Wodonga, (the fastest growing regional centre in Australia, pop. 90,000), has become a dormitory suburb for urban workers, seeking a ‘rural retreat’. This has changed the character of the traditional farming community, settled after the 1850 gold rush.

Our 284 Ha (700 ac) farm contains three blocks. The dairy farm uses 170 Ha (430 ac). Beef cattle and young dairy cattle graze the other blocks, which also include Farm Forestry. The unhoused dairy herd of 220 milkers, calve in eight weeks from mid August. Irrigated pastures supplement natural rainfall through the summer months, to provide the cheapest ration. Grain purchased from growers 50-100 kms (30-60) miles away, fills other feed shortages. The Angus beef cows calve in May, with their calves being sold at 9-10 months of age.

### **WORKING IN RURAL COMMUNITIES**

#### **Crises - Coping with change**

In 1975 the Victorian Dairy Industry was undergoing a major downturn. There was gloom upon the land. An Australian poet immortalised the feelings with his poem “We’ll all be ruined, said Hannrahan”

A small group of people, mainly women, formed a local government committee called the “Yackandandah Welfare Group”.

This group, concerned by the loss of people from the farms and the subsequent breakdown in voluntary support systems, considered what it could do for the dairyfarmers (the largest commodity in the Shire). After consulting with the Department of Agriculture and through them, the University of Melbourne Agriculture Faculty, the group hand delivered a questionnaire asking questions about how farmers were coping and their future intentions.

This questionnaire was one of the first analysed by computer. It is a source of early information on how farming communities cope with change.

The questionnaire indicated there was going to be a considerable amount of adjustment out of dairyfarming. The committee applied for (and received) a Government grant to employ a “Rural Adjustment Worker.” When employed, this person found the dairy industry was over the worst of the 1975 downturn but the communities were still in a state of change. Australian researchers still use two written reports that describe his valuable work.

### **Adjustment.**

#### **The impact of urbanisation on fertile farming land.**

In Australia around every large town and city there is the Rural Residential Phenomena, in response to demands by urban people seeking a country lifestyle.

Planning zones which control land use, often allow subdivision of land into areas that are less than viable sized units. A common sized block is five to ten acres. Intensive use could make these blocks viable. Most however, have a pony and a few pet animals. Lifestyle governs their purchase rather than economic rationale.

Demand for this style of living could utilise most of the arable land in a 40 mile (50 Km) radius of the major cities and inland towns in our country. Some of the most valuable land in the nation has been consumed in this proliferate manner, by many of the cities established on river crossings

New planning schemes propose to curb the subdivision of land in Victoria. However these reforms are being opposed by farmers anticipating their 'superannuation' and real estate developers seeking sales.

In our 'free enterprise' situation, it is doubtful that any government will impose limits on urban development in favour of agriculture. Lack of resolution will continue the trend to larger farms on marginal land and the consequent degradation of fragile resources.

### **Change**

In Australia we have a Rural Financial Counselling Service. It is essentially a partnership, between the local community (contributing 25% of the cost), the state Government (25%) and the Federal Government (50%). Establishment of a Counselling service depends on a local committee demonstrating need and support. The Counsellor when appointed, has a responsibility to help farmers in difficulty, presenting them with options to assist their decision making. The counsellor may assist with cash flow and budget projections, representations to a bank or other institution and applications for Government assistance if appropriate.

## **KEYS TO THE FUTURE**

### **Rural women in decision making.**

The importance of rural women in the decision making process, is the subject of much discussion and debate in the 90s. In Australia, women have been influencing farm decision making for many years. They often make the hard decisions on important matters, such as restructure or off farm involvement. They often demonstrate more effective communication and better education than their male counterparts.

Women are demonstrating their stewardship of the land and being recognised for it. Their challenge is to encourage men to accept them as employers and appreciate their ability to nurture new ideas. Women's influence in Resource management issues (Landcare movement), Farm Safety issues, Marketing and Extension services is becoming more visible. Much more involvement in the big decision making arenas such as all levels of government, agri-politics and boardroom directorships, can achieve a real balance of opinion.

The emerging "Australian Women in Agriculture" movement has aired the needs of Rural communities with articulate educated voices. The loss of rural women from the land means we must form liaisons off farm to help us change the current mindset. Women's ways of thinking and doing, though different to men's, are complementary and necessary in a balanced society.

The present generation of dairyfarmers who have chosen to work together or maintain an income off farm, appear to be sharing the parenting role and irksome chores. This gives us heart for the future of women's commitment to wider decision making roles.

#### **Filling the gaps in farmer education.**

Unlike many countries, Australia does not demand a qualification of its farmers. Ownership, rather than formal education, is the norm.

Families manage over 90% of farms, many of which have succeeded through generations of farming sons. Older generations had meagre access to educational opportunity. This situation will change with increased awareness. We define education as learning in its broadest sense, from the cradle to the grave.

There is criticism of existing methods of agricultural educational delivery. Many farmers believe degrees and diplomas from tertiary institutions do not apply to the practicalities of working the land. A recent National Farmers' Federation research paper reveals that field days are the most popular form of training undertaken by farmers. Only 3% of farm businesses have someone participate in formal award courses offered by accredited providers in a year.

Graduates from these courses usually enter organisations serving agriculture, but few implement their knowledge on their farms. Practising farmers feel the link with research and development is remote. Traditionally, extension officers came from government departments. Now chemical companies and other commercial operators disseminate information. Publications abound to assist and influence farmers. They must become increasingly critical of advice, to be effective in implementing new management strategies.

Victorian dairyfarmers in the 50's, benefited greatly when a Department officer (Jack Green), began the first dairy discussion groups. These took the form of a farm walk where farmers not only heard the latest advances in the industry, but learnt from each other in a practical situation.

The dairy research and development corporation, uses some of our farmer levy to fund the educational program 'Target 10', developing this early idea.

Similar programs have spread nationwide to other industries, where farmers are utilising access to 'local' educational opportunities.

Our dairy apprenticeship courses have evolved into traineeships that require a degree of rigour for both trainee and trainer. The trained employer can assess the trainee, who must attain an agreed standard of competency, before moving onto the next level. Qualification relies on the attainment of a number of Key Competencies. The Dairy industry and the State Training Board combined to compile the course. This will bring our industry on line with other professions nationally, which we believe will help to raise the image of dairyfarming, as well as its skill levels. We should not discount the added benefit of a career path, from school leaver to owner, manager, or agribusiness director. A degree is also possible, if desired.

The Federal government, concerned at an apparent lack of business skills on many farms, has funded Property Management Planning Programs through State government Rural Finance organisations. These offer support for farmer education and personal development. How effective they are will depend on farmer participation. They must be community driven with participants making comment on content.

Further Certificate Farm Management courses wet the farmers thirst for knowledge. The Dookie Agricultural College conducted these thirty-six week courses in local venues. Farmers attended one day per week for lectures and excursions. Withdrawal of funding and the emergence of national competencies have replaced these early efforts, but their popularity lingers.

The elitist process of entry into current institutions (ie a Tertiary entrance score) and the continuing withdrawal of Govt funds, poses an eternal dilemma when vying for student intakes and serving outreach programs. Combine this with an agricultural industry's inability to provide a basic family income and where does education feature?

A recent newspaper article citing La-Trobe university's lack of numbers in its Faculty of Agriculture, displayed a cartoon with a caption that showed a Beef farmer saying "You don't need a degree to go broke". Which comes first, the chicken or the egg? As in third world countries, we must meet basic needs, before human beings can raise their minds to "higher thinking".

However, there is hope. Farmers are realising they must continuously update their knowledge base and learn new skills if they are to thrive in the 21st Century.

#### **New technology - Good and harmful aspects**

Information technology is a driving force in keeping farmers informed and linked. It is noteworthy that Australians are quicker than most to adopt new technology, eg machinery, computers, mobile phones and televisions. Perhaps our small population, isolation and vast distances require such rapid implementation.

In agriculture there is a continual debate between the intensive and extensive models for farming in our country. The large areas of land with unreliable rainfall have led to farmers adopting high risk practices. The practice of obtaining a futures contract before sowing a crop (or obtaining finance to sow a crop) is not typical in Australia. Prescription farming is developing. Our perception is that we have fewer controls over how we farm, compared with nutrient audits, pollution controls, or chemical use, in Europe.

However, to apply certain classes of chemicals in Victoria we must have a Chemical Application Certificate. This qualification demands a two day training course. Enforcement of these regulations will insist on the farmer having 'Retrievable Records'. A good memory will not be sufficient. The charter of the Victorian 'Environment Protection Authority' strengthened several times, since its establishment in 1974. It is now considering how it should respond to non point-source pollution problems. Safety on farms has become an issue that farmers and regulators are trying to solve.

The announcement of the cloning of 'Dolly' the sheep, reminds us that Australia pioneered genetic engineering research. It is conjecture if this will bring the next great leap forward for agriculture. It will become more difficult to prove and market "new products" as they will have to comply with an increasingly conservative and environmentally aware community.

#### **Sustainability vs Productivity**

Restrictions on the environment we farm in Australia, are the great age of the Australasian continent, the severely weathered soils and the "El Nino Southern Oscillation" (ENSO). It is the Southern Oscillation effect that brings variability and unpredictability in the eastern states' weather patterns. Authors such as Tim Flannery

(Future Eaters 1994) claim the aboriginals who 'farmed' Australia for centuries had to develop a nomadic existence for the same reason.

Debate still rages over Australia's population, as to whether it is over or under populated. 95% of the population live in cities on the coast.

The government is restructuring resource management. Recent programs being introduced are necessary because of previous government policies. During the alienation of crown lands, specific conditions demanded a fixed time to clear the land (remove the trees) or farmers did not receive their land title. Our English ancestors planned to convert their 'new land' into an English parkland environment. We now know removal of many of the trees was detrimental.

Hardship and poor management practices resulted from the introduction of closer settlement schemes with inadequately sized farms.

The continual pressure to respond to economic forces has created different reactions in our district. There are those who have reduced inputs and the scale or output from their farm. The availability of off-farm employment has encouraged this model. Others, using new technology, have increased fertiliser use and stocking rates to maintain their profitability. (The National Farmers Federation research revealed a link between formal qualifications and greater profitability.)

Victoria has taken the lead in developing programs to link government with farmers. Over ten years ago the "Landcare" movement was born. Small groups of farmers and others with a mind to improve their environment, were able to apply for assistance.

Strategies are being developed to combat the increasing menace of salinity and the salination of both dry-land and irrigation areas. Community awareness, Research and Implementation programs are being introduced, under the banner 'Salt Action - Joint Action'.

In higher rainfall areas of the state, the formation of River Management Authorities to combat erosion and revegetate the riverine zones alongside rivers and streams, proved successful. The conversion of these Authorities, has developed from small sections of individual streams, to all 'Waterways' in individual catchments. Ten Catchment and Land Protection Boards established in Victoria in 1995, began the study of this and other soil, flora and fauna degeneration issues. A plethora of legislation and several Government departments previously handled these issues.

Last year the State government amalgamated all the natural resource portfolios and formed the Natural Resource and Environment department. This combines Agriculture with Natural Resources. This year many of these structures will integrate further. 'Catchment Management Authorities' will be responsible for the delivery of programs and all aspects of natural resource management.

#### **Effective succession planning.**

The mother on the farm often initiates farm succession discussions. Why is this so? Perhaps, the woman recognises this piece of land is not just prime real estate, but represents security to every member of her family. The University of Western Sydney has been to the forefront in its commitment to and research of this issue (Transfer of the Family Farm Business in a Changing Rural Society 1995). We have had links with some of these people since 1976. Their research shows a lack of communication by the land owner (usually the father), contributes to the breakdown of the family farm. This lack of vision stems from the fear of losing power

and security, but the family farm is a business, not just a job for family members. Overcoming this obstacle, is the first step towards conflict resolution.

The traditional Anglo Saxon 'divine right' of the eldest son may not necessarily lead to good farming practice. The choice of manager is critical. However economics no longer allow equal distribution of family farm assets between siblings. We must find more imaginative ways of equitable sharing, if family farms are to avoid being divided into unviable units.

Children will not be willing to 'mark time' waiting for the death of their parents, to acquire their inheritance. Equally, the long term security of ageing parents is crucial when undertaking early handover.

Conflicting 'expert' advice on estate planning is a major problem to the family. The accountant often sees problems with the lawyer's opinion and the farm consultant may see the 'solution' as making the farm unviable.

The risk that the Family Law court may break up the farm if one of the sibling's marriage fails, often leads to a convoluted system, that whilst protecting this generation, may create future problems.

Barriers to effective succession planning, include the complex nature of tax law, family law, and the continually changing superannuation law.

Our involvement in many workshops, meetings and projects on this topic, has encouraged us to include our children in discussions about our farm. Flexibility in planning and continuing communication should safeguard the future of our family farm.

#### **Sharing the Ownership.**

Dairy farming has been part of the Jarvis farm for over one hundred years. Grandfather and many others recognised that milk when "harvested" has a very short life and unless processed soon loses its value. The first Cooperative factories made cheese or butter as they spread across the nation in the last two decades of the 19th century 1879 - 1899.

Without a full history lesson on the cooperative movement, it is enough to say that cooperatives still dominate the dairy industry in Australia. By contrast, other Australian agricultural industries have tried the cooperative model without the same success.

In Victoria, Cooperatives handle 80% of the milk produced. Lindsay is one of the ten farmer directors of the Murray Goulburn Co-operative.

Our company processed two Billion (2,000,000,000) litres of milk and sold over \$1,000 Million AUD of products last year.

The 3200 dairyfarmers who supply Murray Goulburn hold an average Shareholding of \$10,000 each, controlling the company worth over \$250,000,000

Co-operatives and cooperation are at the heart of farming. Farmers often pool resources to buy a piece of machinery individuals could not justify. Changes in Australian law will improve the potential for development of more cooperatives at all levels. In the United States of America, utilities like electricity are distributed by co-operatives.

## LOOKING INTO THE FUTURE

### **Who will Manage the farm?**

Heading this segment with 'Manage' is no accident, because the opportunity to own and operate a viable farm is a privilege very few will have in the future.

With many Australians not having any link to the land (as farmers), it will be a special group of people who aspire to make their chosen vocation agriculture. The majority of these will choose to attach themselves to the support industries or as employees.

A very small number will aspire to become "Farm Managers". The majority of farm managers will be the present owner operators. An increasing number of farms are not large enough to support two generations of farm families and the children have sought employment in other fields. They may choose to return to the land later.

### **We believe people who want to be Farm Managers will be on family farms.**

There is no stigma in farmers' children becoming accountants, doctors or engineers and conversely parents from these occupations may see their children adopt agriculture as their chosen occupation. This is the most exciting development in our lifetime. So often in the past we have seen farm land being wasted, spoilt and abused because the farm manager had little or no interest in the task.

### **Future of family farms**

As the vast majority of farms are presently family farms, should we ask whether they will continue?

#### **Planning**

From an accountancy view, farming has not yielded either a consistent or an adequate return on capital. We all know of the boom and bust nature of farming. In Australia, as an export oriented nation, we have more exposure to the vagaries of world crises and less government intervention in the process.

The ability of families to tighten the belt, to react to a situation and not to count the "overtime", allows them to survive, but survival is not enough. There are thousands of family members on unviable farms, unable to control their destiny or waiting for a relative to make a decision.

This situation creates a sense of imprisonment. They may have invested twenty or thirty years of their life and are unwilling to walk away with nothing. Farmers must be more professional in executing their medium and longer term planning, if our comments about who will manage farms in the future are correct.

Seminars inviting small groups to discuss their enterprise, marketing, business plan and succession plans are being subsidised by the federal government. These are an attempt to avoid the usual event of calling for government intervention when the inevitable downturn of price occurs.

#### **Strategic alliances-Corporate ownership**

The need for family farms to link with others and form strategic alliances at both ends of their enterprises (supply and production) will do much to preserve them. They also may act as host to small niche markets, as one family member can develop a sideline to enhance total profitability.



Corporate farms find the traditional low and variable return on capital, a disincentive to entering mainstream commodities. They do play a very important part in our horticulture, viticulture, pig and poultry industries. Vertical integration often forms part of the large investment in these intensive industries.

#### **Effective succession**

This begins with the present owners. If they desire a transfer of ownership then they have the responsibility to drive the process.

The controversial question is WHEN??

It is obvious that the next generation are not willing (nor can they afford) to invest years of effort without some commitment to their security. Not the "it will all be yours one day" commitment but a plan that protects the parents and is acceptable to siblings.

The process will not culminate with a death bed agreement or the will reading ceremony. It will be a gradual transfer of responsibilities and ownership of stock, plant and land. It is important that each family has control of its own private expenditure as families often have different aspirations.

The role of family meetings, expert advice and the wisdom of Solomon are all vital ingredients in achieving the elusive ideal of effective succession.

The future will be with family farms. They will be larger and more professionally managed with clear indications of the risks, rewards and roles of family members. These people will not be willing to 'hang around' and maybe inherit the farm.

#### **Investment in the Future**

##### **What industry?**

As farmers, we need to take action now to ensure that our industries have a future. What are the priorities?

We must create an effective infrastructure. The beef and wool industries in Australia presently suffer as the farmers have not invested in the processing end of their industries.

We must invest in sufficient land and equipment to have economy of scale.

##### **Marketing information**

We must be aware of what is happening all over the world. New technology for gathering information is available. Farm computers, Email and the Internet broaden the existing networks provided by newspapers, magazines, newsletters and telephones.

Our Business Plan must cover the variability of our climate and recognise the importance of strategic alliances.

We must capitalise on our strengths and improve our weaknesses.

People are our primary asset. Successful partnerships maximise skills, recognise potential and include all parties in the decision making process.

Enthusiasm, sense of achievement, commitment and vision will drive Agriculture into the 21st Century and keep Australia on top.

## CONCLUSION

### Education for the Future

In seeking wider opinion whilst formulating this paper, we experienced an apparent lack of vision displayed by our peers. We conclude that the solution for success in the family farm business is greater access to education and information. Exposure to differing views is crucial in developing one's strategies.

We believe education in its broadest context will be crucial in the development of farm managers into the 21st century. The role of the farm computer, the Internet and a range of new communication linkages, will have an increasing part to play.

Education is a whole of life process that requires greater flexibility of delivery, more resources and an understanding that the basis of future learning is existing knowledge and experience. A partnership between provider and client is essential.

Our current involvement in a Graduate Diploma of Systems Agriculture, Hawkesbury campus University Western Sydney, allows us to explore the progress of agriculture and our place in the scheme of things. This process of experiential learning will hopefully prepare us for the 21st Century.

When tracing Australia's agricultural progress, Professor Bawden cites four definite phases since European settlement. These are; Pioneering - early settlement and subsistence farming. Production - Answering the plea from the 'Mother Country' for food and fibre. Productivity- Becoming more efficient at utilising limited resources in the face of rising costs. Persistence - Long term sustainable land management.

If they are to survive and thrive on their family farms, we believe farmers in the 21st Century will have to ask not only How, but Why and Should We?

Professor Bawden believes agriculture is a human activity system. How then do history, philosophy, humanity and belief systems link with science, technology and business principles? That is our management challenge into the 21st Century.

We hope this paper gives you a glimpse of how we intend to  
**'keep on top down under'**.

**Ann and Lindsay Jarvis.**

