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Executive Officer  
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The Potter Rural Community Research Network (PRCRN) is a community based research group located in Victoria's western district, at RMIT University Hamilton. The PRCRN has a Reference Group of 25 thought leaders from across the region. Through an extensive process of consultation, the PRCRN has established a number of areas where further research is needed to inform decision making, policy and planning in a complex and rapidly changing rural context.

Key areas identified for further research are demographic change, rural workforce planning and productive ageing in rural communities. The National Farmers Federation has identified a rural labour shortage of over 100,000. The capacity of the farming sector to attract and retain young farmers is a critical issue.

### **Benefits to the agriculture sector of attracting more young farmers**

Victorian farms constitute 25% of the total of all Australian farms. The Victorian agriculture sector produces \$11 billion annually in farm gate value and \$8 billion in exports. Victorian agriculture and related businesses provide jobs to 152,000 people (DAFF, 2011).

The Australian Bureau of Statistics predicts that by 2015, more workers will be leaving the Australian workforce than are entering it. This trend is already visible in the farming sector. Without an injection of new and younger workers into the farming workforce, there will be an inevitable loss of productivity. While Victorian farmers are highly productive with annual productivity increases of around 2.1% since the 1960s, this rate will not be sustainable if there are insufficient workers available to fill the gaps as 'baby boomer' farmers move into retirement.

Farms and their surrounding communities have deeply interdependent relationships. Farming families depend on the presence of local businesses, services and community groups to make rural life manageable, affordable and enjoyable. They require health services, schools, domestic and agricultural supplies, and the benefits of a community life for cultural, social, civic and recreational engagement. In their turn, rural towns and regional centres are dependent on their farming communities for their own sustainability.

Farmers are often the mainstays of the local CFA, sporting clubs, school committees and service groups. With the ageing of the farming population and the lack of new younger farmers entering the industry, many of these organisations are finding increasing difficulty in remaining sustainable. Given the importance of services such as the CFA, the stakes are high. It seems unwise to expect 70 year old farmers to be operating fire fighting units and unsafe to leave communities without these services.

Profit margins on many farms are significantly lower now than in earlier times in Victoria. This makes the input of a second off-farm income essential for many farm families. Without strong, vibrant rural communities, there are few opportunities for off-farm employment. An increase in the numbers of young people entering the farming sector as farmers, agriculture professionals and service providers is urgently needed to maintain and improve productivity, support and develop vibrant rural communities, and to attract and retain more young people in rural Victoria.

## **Factors that affect the ability of the agriculture sector to attract and retain young farmers including**

### **(i) The profitability and business competitiveness of agricultural and other industries**

The tradition of passing family farm businesses from parents to children is becoming less viable in the current economic and policy context. Disposable incomes from farms are considerably tighter now than in the period up to the 1980s, and costs of operation are higher. Where farms might previously have supported multiple generations easily, it is now necessary for many farming families to have an off-farm income to provide a standard of living comparable to that of an urban lifestyle.

Young people are unwilling to go into a business which is either unprofitable or provides a lifestyle perceived to be less rewarding than others. Expectations have changed. Younger people are expressing the desire to keep children with them rather than send them away to boarding schools. They want greater flexibility and mobility in their work, travelling overseas for work experience or holidays – choices often not available to farmers due to the day to day requirements of running a farm. Young people typically expect a greater degree of engagement with their peer groups than did their parents and grandparents, and are accustomed to a high level of interconnectedness with friends. The isolation of farm work may in itself be a deterrent to pursuing a career in the industry. Poor internet and mobile phone connectivity may also contribute to this picture.

The cost of land is now a prohibitive barrier for many young people wishing to enter the agriculture sector. The dairy industry provides one possible exception to the price entry hurdle. A young farmer may be able to share-farm, leasing dairy land, building up a herd, accumulating some assets and then buying land a few years down the track. This option seems to be less available in the sheep and beef industries. There may be cultural barriers to this model of entry. This issue is discussed later in this submission.

### **(ii) Farming business acumen and recruitment strategies (including diversity)**

Recruitment to the farming sector is clearly an issue in Victoria. The industry seems to have an image problem. Farmers are either idealised as ‘man from Snowy River’ types or denigrated as poorly educated bumpkins. Neither image is particularly helpful in attracting the kind of energetic, intelligent and innovative people required to carry farming forward into a sustainable future.

There needs to be a greater appreciation of the real value of farming to the Australian economy, culture and environment. This increased understanding is needed both within the agriculture sector itself and in the broader community. Farmers play key roles in land

stewardship, food production, emergency services and economic productivity. These are essential components of a sustainable community, not just 'nice to have'. There IS no community without soil, food, physical security and economic prosperity.

The language typically used in the farming sector to describe the roles of those employed in the industry is out-dated, and reflects a mindset which is unattractive to young people. Farm jobs are advertised in terms such as *farm hand*, *station hand*, *milker* and *shearer*. These terms suggest low levels of skills, training, intellectual content and consequently low status. This is an inaccurate picture of the actual requirements of the contemporary farm employee.

Farms require highly motivated, intellectually capable and broadly competent workers. They need people who are able to deal with a wide range of practical problems promptly and with ingenuity. Farm workers need to keep up with the latest research and developments in agronomy and business management. They need to be able to operate and maintain a wide range of technologies from the mechanical to the digital. They need to understand the impacts of global events and markets as well as local policy and market variables. They need significant financial planning and management skills, as they may be dealing with multi-million dollar budgets and regular transactions in the hundreds of thousands.

These are exciting, diverse and challenging roles. Little of this comes across in the current nomenclature used to describe jobs in the agricultural sector and in the way the industry is depicted in the media and popular culture.

With the strong emphasis on tertiary education as a marker of success, many young rural people leave their homes to study in the city. To choose to stay on or come back to the farm may be perceived in some contexts as second-best choice, both in the eyes of the young person and their peer group. There is a stigma attached to 'coming home to the farm' or being 'stuck on the farm'. To attract more effective and skilled young people into the industry, these perceptions need to be changed. The industry needs to rethink its self-perceptions and the image it presents to the broader community.

Such change, however, is not simply a matter of some better PR in recruitment efforts. Farmers have a long tradition of underplaying the benefits of working in the agriculture sector. They live cheek by jowl with their competitors. Each farm competes with its neighbours on all levels. To be seen to be talking up the benefits of farming as a business may be perceived as boastfulness. Alienating neighbours is not wise in a context where one may be dependent for one's life on the help of a neighbour, for example in emergencies such as bush fires or floods.

Farmers tend to be cautious in sharing what is essentially 'commercial in confidence' information about the success of the business. Gaining an accurate picture of business operations, land areas, stocking rates and margins is not easy for the young person attempting to break into the farming business. Each farm operation has its own business.

While all the foregoing points are true, there is another narrative which needs to be heard. Farmers themselves often discourage their children from taking over the family farm. This is because of the increasing uncertainties and pressures associated with farming. It is physically hard work. There are onerous compliance obligations. The impending impact of carbon accounting will probably add another layer of complexity. All of these issues need to be taken into account in making a decision to choose a career in farming.

### **(iii) Remuneration packages and opportunities**

Successful and progressive farmers generally provide excellent packages to their employees. This may include a house with all utility costs, use of farm vehicles, flexible hours, farm produce and a rural lifestyle. The overall cost of living can be relatively low, making saving easier, even where the wage in dollar terms may not appear as high as in jobs available to young people in the city.

Opportunities for advancement 'on farm' tend to be limited by the size of the farming operation, though there are multiple opportunities across the industry. Young people with a background in farming may find employment opportunities in rural finance and banking, stock and station agencies, agri-foods, processing, mining and resources industries or international trade. There are also opportunities for those who are willing to be mobile to take on management roles in larger corporate farming enterprises such as those in the 'top end' of Australia.

A farming background may also provide an excellent pathway into higher education for those with an interest in fields such as agronomy, natural resource management or business. Higher education in these fields provides pathways back into employment for those wishing to live in rural areas without actually operating a farm.

### **(iv) Career pathways for youth and early career workers**

A critical factor in engaging young people in agricultural career paths is the timing of careers education interventions. Capturing their attention in early to middle secondary years is crucial. Students who have positive hands-on training placements at this stage become the best advocates for the industry. In recent years, schools have become more open to investigating and promoting career opportunities in agriculture.

Enabling young people to have well planned and managed 'on farm' experiences is a major factor in recruiting them to VET and higher education pathways. The Rural Industries Skill Training (RIST) facility in Hamilton reports that a number of young people who on entry were struggling initially with basic literacy and numeracy skills have, through appropriate supports from Certificate II level, progressed all the way to Advanced Diploma in Agriculture level, and are looking at undertaking university degree courses in future.

While traditional training in farm operations has been through learning from older family members, there is now a move towards more off-farm training. This is opening the doors to a broader range of experiences and inputs for young people, and an opportunity to develop a peer group of young farmers who can be a community of inquiry and interest as well as a social support network. Mentoring provides another such avenue. The DAFF *Next Gen Young Leaders* program which operated at RMIT University Hamilton in 2010 provided mentoring and training for a group of young farmers from the south west of Victoria, assisting them to develop leadership and decision-making skills and to form support networks which may last a lifetime. In the words of one of the participants:

*"I believe regions such as Southern Grampians have untapped potential for future growth. By mentoring and training Young Leaders, the prospect of growth and sustainability is greatly increased. Personally I believe that if communities are seen to be maximizing opportunities for young people, if there is strong leadership and growth, innovation and enthusiasm seen, then the prospect of attracting like-minded people greatly increases."*

### **(v) Existing models of farm business (ownership and management)**

Many existing models of farm ownership and management are unattractive to young people. They may present insurmountable entry barriers, limited opportunities for expansion or amorphous operational structures.

Across Australia, 90% of farms are still family run operations. If succession planning has not been well defined, there may be a long and uncertain wait before a younger farmer can take the reins of control from a parent or grandparent, or even play any significant role in planning and decision-making. In the words of one informant:

*“Three generations down and we still haven’t got hold of the cheque book.”*

Without clarity around succession planning, young people may see that they have no long term security in the farm, and seek more certain income production elsewhere. When the family home is part of the business, this can create considerable difficulties for multi-generational farm operations.

Current laws around gifting rural assets are complex, and may result in the advantage to one generation disadvantaging another. Rural Finance incentives to assist younger farmers in buying into a family agribusiness apply criteria which are difficult for many young farmers to meet because of the assets of their parents.

As discussed previously, share farming is not common in the pastoral industry, though it is more common in dairy farming. This option could provide easier entry points for young farmers, but there seems to be resistance to this model in the pastoral sector. There is a tradition of ownership of all working capital among pastoral family farming operations, though large corporate farms provide some openings for this model.

One impact of large corporate farms has been to make expansion by family farming operations more difficult. Where there has traditionally been scope for paddock sales between family farmers, there are fewer opportunities for this when the neighbour is a large corporate operation with the capital to pay inflated prices in order to consolidate land ownership. This reduces the small farmer’s capacity to grow their business through acquisition of additional land.

These issues in some cases have parallels in other industries, but there are elements which are truly unique to the rural farming context. Understanding these dynamics is essential to understanding and addressing the issues of attracting and retaining young farmers.

### **(vi) The factors that influence rural quality of life including, but not limited to**

#### **a) Resource and service access**

Many young people considering a farming life see farms as limiting their access to resources and services. The distances involved in accessing larger regional or urban centres often means a considerable investment of time and money in travelling. The constraints of farm work may make this impossible for much of the time.

A key issue for young farmers is finding and keeping a life partner. Numbers of young people in rural areas are small, so there may not be sufficient numbers to choose from amongst the local community. Those who live in larger centres while studying may make connections

there, but may have difficulty finding someone who is willing to go back to the farm with them on a permanent basis.

Retaining young people who marry farmers is equally problematic. While some farms may provide incomes sufficient for the entire family, many will require an off-farm income. Others will come with no interest or aptitude for farm work, and need off-farm work for their own interest and career development. The limited work opportunities of rural communities often makes for difficulties in providing the range and scope of work to keep non-farmers engaged in the community. Frequent visits back to the city by bored or lonely farmers' partners can result in conflicts, unhappiness and relationship breakdowns.

### *b) Farm family health*

The limits of rural health provision are significant to young people. There may be mental health issues such as depression, alcoholism or drug abuse. A farm in the hands of an ageing person with mental health issues presents enormous issues. It may become impossible to operate in this situation, where younger family members don't have access to accounts to pay for operating costs.

Those with young families will be in need of obstetricians, maternal and child health services. The cost of rural hospitalisation must also be factored into decisions to take on farming. If one partner is hospitalised and the other needs to be with them, who is left to look after the farm? There can also be significant impacts in a rural community if a key person is taken out of the picture by ill health. Grandparents may be central to the effective operation of farm enterprises, providing essential child care services that allow the parents to work to maintain needed incomes.

### *c) Access to skills development and off-farm employment*

Skills development and off-farm employment are critical factors in attracting and retaining young people in the farming sector. Young rural people have much higher expectations of training and development than those of earlier generations.

Education is a highly significant factor. Access to quality education from K-12 is critical. The tradition of sending farm children away to boarding school is being broken down, as more young families want to keep their children with them. If there isn't good provision of high quality education within daily commuting distance, many young people will not consider moving into or staying in the area.

The possibilities of distance, online and blended learning approaches extending the curricula of rural and regional education facilities are great. However there are issues of quality, accessibility and availability around these approaches. Not all subjects or courses are available in these modes. Those that are offered in distance or online modes may have no 'real time' components, removing a critical sense of presence and connection between learners, their teachers and their cohort. The capacity to interact and collaboratively construct meaning is greatly diminished without any contact in real time.

The higher hardware, infrastructure and bandwidth requirements of technologies such as videoconferencing and web conferencing (e.g. Skype) may make them unavailable to many rural dwellers, especially those in areas where there are very limited internet services. Expense is another consideration, with rural internet users paying significantly higher prices

for limited download volumes. Where city dwellers may pay \$40 per month for unlimited download, country dwellers may pay \$100 per month for 12 Gb. Mobile phone access is unreliable as soon as one moves away from regional centres, and is completely unavailable in many areas. For young people accustomed to a high bandwidth high mobility lifestyle, the country may present significant limitations. Learning which is dependent on these tools and technologies may be out of the question.

While distance and online learning provide a broader range of learning choices than can be offered face to face in rural areas, some content fundamentally requires hands-on practical involvement by learners. More innovative ways of broadening learning opportunities for rural people will be needed to ensure that rural communities remain sustainable into the future.

As previously discussed, off-farm incomes are essential to many farm operations. Research indicates that off-farm work is most common among younger farm families, and especially where the partner has a higher education qualification. Age may perhaps be less significant than level of initial debt as a determinant of off-farm employment participation.

While servicing debts and keeping the farm enterprise afloat are significant factors in a farm family member choosing to work off-farm, job satisfaction, social networking and friendship formation are clearly significant factors in this decision. Partners who have joined a farming family from the city or a regional centre are more likely to have professional qualifications, and the desire to maintain connection with their profession through work. Thriving rural communities will provide more and better opportunities for young professionals to find rewarding employment which will keep them connected to their communities and farms.

#### *d) Leadership and other capabilities within the community*

A common problem for young rural people is the difficulty they experience in breaking through into leadership roles. Where older community members are entrenched in positions of leadership, young people may have no opportunities to develop these skills.

This may be the case both in the broader community and on the farm. As mentioned previously, there are cases of multiple generations on one farm, where late middle aged children with their own children and grandchildren are still not able to make key decisions in the farm's operations. This provides little incentive for younger generations to stay around where they can get no experience in running a farm business.

Where young people are in short supply, many older farmers and rural community members are forced to maintain their leadership roles long past the time when they would prefer to step aside. This can lead to the previously described situation where 70 year olds are operating fire trucks and fighting fires in the absence of younger and more physically able people to take over.

Dynamic leadership encourages innovation, and innovation requires openness to new ideas and practices. Farmers often innovate at the individual level, finding ingenious solutions to practical problems. On the other hand, farming communities may be resistant to change, preferring traditional leadership models and depending on known and accepted networks. This can create barriers to inclusion for newcomers to an area. Retaining newcomers, whether they come as partners of established families or as new families and individuals, is critical to the reinvigoration of rural communities.

RMIT's *DAFF Next Gen Young Rural Leaders* participants identified social isolation as one of the key issues facing young farmers. The experience of newcomers in farming communities can be lonely and isolating. Room must be made for diversity in rural populations. The National Farmers' Federation has highlighted the need for incentives for international migrants to settle in rural areas and participate in rural workforces. This will not be a happy solution unless rural communities are willing to make a place for all kinds of people, of all races, faiths, political persuasions and sexual orientations. Richard Florida has made a strong case for diversity as an indicator of innovation within communities.

Innovation in agriculture is often equated with technological development. It is important also to acknowledge the significance of strategic business innovations which may be crucial to the viability of the farm business, such as intra-industry diversification, and finding effective ways of dealing with climate challenges and the impacts of related policy changes.

#### *e) Partnerships and networks (formal and informal)*

Young people who have left a rural region for education, work or travel may return to their homes to find their cohort broken and dispersed. If they return as a group, as sometimes happens, they can re-establish social connections and begin growing the next generation of community. However on their own, the return experience may be and isolating and unsatisfying one, and may lead to their leaving again.

Young professionals taking work in rural towns often find significant barriers to making social connections. Health and education workers often find themselves in this situation – young doctors, nurses and teachers taking country postings on completing their training. A common pattern is for them to spend two or three years in a rural area then apply for another posting back in the city. This may be in part due to the lack of social networks, and in part to the more restricted opportunities for advancement within their occupation. It is essential that rural communities offer the supports to make a permanent home an appealing option for these young people.

#### *f) The Victorian economy and government policy*

Research and innovation is needed to assist the agricultural sector to become a more attractive proposition as a career and a lifestyle for young people. Tax deductions and other financial incentives could make significant differences to where businesses decide to locate, and the attractiveness of farming as a career choice for young people. Regionalisation of government agencies may, in the economic context of a new century with a vastly different telecommunications environment and fuel pricing scenario, be a more effective proposition than it has ever been before. There may be significant savings in co-locating a range of departmental services throughout regional centres, if costing takes into account not only the direct cost of the establishment but also the savings across the state in costs such as fuel consumption and greenhouse emissions of service consumers.

A key issue which needs to be addressed is the impact of foreign ownership of Australian farmlands. While larger purchases are tracked and more publicly visible, there appears to be a pattern developing of foreign purchases of individual properties, which may slip under the radar of Foreign Investment Review Board. Wealthy foreign buyers can out-buy struggling young farmers, driving up the price of land and making it still more difficult for a new generation of farmers to enter the industry.

Vertically integrated models of operation may see food production in Australia going offshore with little or no benefits to the local, state or national economy. As food security becomes a more significant factor in rural futures, it would be wise to monitor more closely how Victorian land ownership is changing. Young farmers involved in the DAFF Next Gen Young Rural Leaders program at RMIT Hamilton said they were very concerned about these issues.

### **Provide strategies and recommendations that will promote the realisation of the benefits identified above**

1. Farmers and rural communities need to be considered as interdependent rather than separate entities. Policies and decisions which impact one impact both. This interdependence needs to be taken into account in all policy development.
2. Young people need financial assistance in breaking into farming, especially in relation to the purchase and transfer of land. Existing policy inconsistencies need to be removed, and an integrated approach is needed to support their entry into the industry. Research is needed to identify the best mix of loans, tax incentives and other instruments to lower the bar to entry and facilitate succession management.
3. Terminology needs to be updated to reflect the skills and opportunities obtained by those who enter the industry. Farming needs to become as appealing to the best and brightest young people as any city job. Farming needs to be presented as the challenging, multi-faceted and rewarding career that it really can be. Perhaps lessons can be learnt from the way the army has repositioned itself as a great place for young people to learn, develop skills and take on leadership roles.
4. High quality education and training for the agriculture sector needs to be provided in a more flexible range of modes. Clear pathways through training and education need to be presented to young people at critical points in their schooling to ensure that they know what the industry has to offer, how to find a way into it, and how to continue their professional development throughout their careers.
5. Regional development programs and growth incentives need to be instituted to encourage population movement back into regions. These might take many different forms, including rural infrastructure development, business start-up incentives, tax incentives, migration policies and regionalisation of government services. Research is required to understand the interdependencies of any such reforms, to ensure that unintended negative consequences are minimised.
6. Young farmers need opportunities to network both professionally and socially to mitigate the social isolation of farm work. Programs such as the DAFF Next Gen Young Rural Leaders should be initiated or supported, and resources made available to assist young farmers to connect with each other and other young people.

7. Telecommunications infrastructure to rural Victoria needs to be as robust and affordable as in the city. Young people are highly IT dependent and are unlikely to move to areas where they can't use their mobile phones and don't have fast affordable internet access.
8. Industry exit strategies need to be developed to assist older farmers to retire and to allow younger people to gain entry to the industry as owners rather than juniors.
9. Establish more rigorous monitoring on the purchases of Victorian rural properties by international interests. Research on the present and future impacts of these changes should be undertaken sooner rather than later.

Yours faithfully,

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