Farm Development:

Attitudes of farmers to farm diversification

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Structure

- Farms as a rural resource
- Farm Development: A dynamic model
- Attitudes to Diversification
- Conclusions
Farm Development: Supporting National Economic Recovery

- National Strategies
  - Focused on harnessing the potential of the sector through reconfiguration of farm enterprises to generate economic growth and employment.

- Food Harvest 2020
  - “The geographical distribution of the agri-food and fisheries sector is highly significant in any assessment of its future wealth and employment generation potential.

- Rural Development Programme 2007 – 2013
  - “One of the most fundamental challenges facing rural economies is the impact of restructuring in agriculture and traditional industry and the associated need for diversification and growth in the non-farm rural economy.”
Quality of life in rural areas and diversification of the rural economy

- Measure 311: Increasing economic activity and employment rates in the wider rural economy through encouraging on-farm diversification into non-agricultural activities. €16.66m

- October 2012:
  - 365 Applications to date
  - Total value of Applications: 18.5 Million
  - Grant Aid: 10.15 Million
  - Grant Approvals: 3.6 Million

- Impact (As of 2011)
  - Allocation of 2.7 Million to 113 projects
  - 116 FTE Jobs created (23,275 euro per job)
Farm enterprises as a rural resource

- Farm enterprises are considered structural combinations of land, labour and capital that are predominantly orientated around food production.

- Farm enterprises also generate other resources, e.g. bioenergy, environmental systems and landscapes.
  - These resources underpin the development of other sectors, e.g. tourism, cultural heritage

- The combination of the direct and indirect resources associated with the farm enterprise is viewed as the basis for development of new or alternative enterprises.
Farm Development: The International Experience

- Farm businesses develop along different paths.
  - Two dominant paths (with multiple trails)
    - Commercial
    - Pluri-activities

- These paths are not linear; farms switch between paths reflecting:
  - Potential of the farm (including the potential to develop specific activities / expand production)
  - Potential of the farmer / farm household
  - Life cycle of the farm household(s)
  - Market / Policy Developments (Incentives and Rewards)

- Each of these factors is dynamic, i.e. the potential of the farmer changes with age, education, training etc.

- The potential of the farm depends on its size, location, soils, current system, development paths being taken by neighboring farms, presence or absence of family labour / an heir - successor etc.
Perspective of Future Opportunities

58% limited opportunities to develop the core farm enterprise

N=472
73% limited opportunities for off-farm employment

N=472
Seven paths of farm business development

Path 1. The productivist model: agricultural development based on scale enlargement, intensification and specialization using traditional farm products or services.

Path 2 and Path 3. Farm Diversification.

Path 4. Off-farm employment.

Path 5. Maintaining the 'traditional' model of conventional farm production or services.


Path 7. Retirement from farming.

Path 1. 38%

Path 2. 2%

Path 3.

Path 4. 58%

Path 5.

Path 6. 2%

Path 7.

N=473
Sector Analysis of 1st Preferences

N=78
N=251
N=40
N=18
N=15

- Dairy
- Dry Stock
- Sheep
- Tillage
- Dry Stock & Tillage

% First Preferences

- Missing Data
- Other
- Off-Farm Diversification
- On-Farm Diversification
- Off-Farm Job
- Farm Development
Farm Diversification in Ireland

- The 1991 Agricultural Census reported 2,000 (<2% of total) farms having gainful non-agricultural activities, over half of which involved farm tourism and recreational activities.

- Phelan and Kinsella (1994) reported that only 3.6% of farm households in a sample from Donegal and Louth had adopted an AFE.

- Cawley et al., (1995): farm operators have a limited interested in on-farm diversification.

- Ruane et al. (1999) highlight the response to the grant incentives to develop AFEs since 1992 was relatively slow.

- Meredith (2011) comparative research demonstrated very low rates of on-farm diversification in Ireland (1.95%) relative to the UK (31%).
  - The number of diversified enterprises per 1000 population is greater in Ireland than the UK.
Attitudes of Farmers to Farming and Diversification

N=472

- Agree Very Strongly
- Agree Strongly
- Agree
- Neither
- Disagree
- Disagree Strongly
- Disagree Very Strongly

The Irish Agriculture and Food Development Authority
The potential for farm diversification: Farmer’s Attitudes

63% Not Interested in diversifying

33% Interested in diversifying

N=472
<table>
<thead>
<tr>
<th>Interest in Diversification</th>
<th>No Potential</th>
<th>Traditional Perspectives</th>
<th>Edu / Train</th>
<th>Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversifying into new types of crops would be compatible with my farm enterprise</td>
<td>0.831</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversifying into artisan food production would be compatible with my farm enterprise</td>
<td>0.808</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversifying into agri-tourism would be compatible with my farm enterprise</td>
<td>0.796</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling farm produce directly to consumers would be compatible with my farm enterprise</td>
<td>0.788</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rearing different types of animals would be compatible with my farm enterprise</td>
<td>0.768</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>With the right supports I would be interested in diversifying my farm</td>
<td>0.502</td>
<td>-0.328</td>
<td>-0.349</td>
<td>0.300</td>
</tr>
<tr>
<td>There is no market for diversified farm products / services in my area</td>
<td></td>
<td>0.717</td>
<td>-0.328</td>
<td></td>
</tr>
<tr>
<td>My type of farm is not suited to diversification</td>
<td></td>
<td>-0.406</td>
<td>0.655</td>
<td>0.259</td>
</tr>
<tr>
<td>I don’t own enough land to diversify</td>
<td></td>
<td>-0.340</td>
<td>0.531</td>
<td>0.342</td>
</tr>
<tr>
<td>I am not interested in diversifying my farm</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In the next 2 years there will be good opportunities in off farm employment either full or part-time</td>
<td></td>
<td></td>
<td>0.831</td>
<td></td>
</tr>
<tr>
<td>In the next 2 years there will be good opportunities in my traditional/core farm activity</td>
<td></td>
<td></td>
<td>0.795</td>
<td>-0.278</td>
</tr>
<tr>
<td>Farmers that diversify are not ‘real’ farmers</td>
<td></td>
<td>-0.252</td>
<td>0.420</td>
<td>0.533</td>
</tr>
<tr>
<td>Off-farm work is preferable to diversifying the farm</td>
<td></td>
<td></td>
<td>-0.493</td>
<td>0.310</td>
</tr>
<tr>
<td>Farming is more a way of life than a business</td>
<td></td>
<td></td>
<td>-0.289</td>
<td>0.331</td>
</tr>
<tr>
<td>I have not received the training necessary to diversify my farm</td>
<td></td>
<td></td>
<td>0.260</td>
<td>0.752</td>
</tr>
<tr>
<td>I do not have the skills required to diversify my farm</td>
<td></td>
<td></td>
<td>0.250</td>
<td>-0.285</td>
</tr>
<tr>
<td>Diversifying into forestry would be compatible with my farm enterprise</td>
<td></td>
<td>0.413</td>
<td>-0.259</td>
<td>0.516</td>
</tr>
<tr>
<td>Planning regulations prevent me from diversifying</td>
<td></td>
<td></td>
<td></td>
<td>0.870</td>
</tr>
<tr>
<td>Environmental issues prevent farm diversification in my area</td>
<td></td>
<td></td>
<td></td>
<td>0.823</td>
</tr>
<tr>
<td>There are no barriers preventing me diversifying my farm enterprise should I choose to do so</td>
<td></td>
<td></td>
<td></td>
<td>0.823</td>
</tr>
</tbody>
</table>

Source: The Irish Agriculture and Food Development Authority
The potential for farm diversification: Farmer’s Attitudes

- Insufficient Skills
  - Agree Very Strongly
  - Agree Strongly
  - Agree
  - Neither
  - Disagree
  - Disagree Strongly
  - Disagree Very Strongly

- Insufficient Training
  - Agree Very Strongly
  - Agree Strongly
  - Agree
  - Neither
  - Disagree
  - Disagree Strongly
  - Disagree Very Strongly

- More Supports
  - Agree Very Strongly
  - Agree Strongly
  - Agree
  - Neither
  - Disagree
  - Disagree Strongly
  - Disagree Very Strongly

N=472
Conclusions

- Farmers are generally positively predisposed to those who do diversify their enterprise.

- Most think that their farms are suitable for a range of different kinds of diversification.

- The majority (62%), however, are not interested in diversifying. (32% are interested).

- Many (58%), particularly those working smaller farms, and those beef and sheep specialists have a negative view of the capacity of their enterprises to generate a reasonable income.

- Many (74%) hold the view that there will be few opportunities to get off-farm work in the coming years.

The Irish Agriculture and Food Development Authority
Conclusions

- The limited success of farm diversification measures over a long period of time to induce farm enterprise and household change demonstrates the importance of understanding the response of individual actors to policy measures.

- The results highlights:
  - A general aversion to farm diversification strategies (only 2% expressed this as a 1st preference)
  - There is a critical need for income generating opportunities
  - There is some interest in diversification
    - Realising this potential requires capacity development (education, training, experience) amongst farmers.

- Policy-makers increasingly require a means of anticipating how motivated farmers are to engage with new schemes, particularly within the current context of the need for employment creation and limited public funds.
  - The type of research presented here should be undertaken in advance of finalising / reviewing future rural development programmes
Questions

Further Information
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Composition of Sample vs FSS 2007 (%)
Is the farm enterprise delivering an acceptable standard of living?
Will the farm ever generate sufficient income to meet the household needs

[Bar chart showing the percentage of respondents for different farm sectors, with dairy, dry stock, sheep, tillage, dry stock and tillage, and other categories. The chart indicates a high percentage of respondents indicating 'No' for all categories, with a smaller percentage indicating 'Yes.' The chart also shows a significant number of respondents with missing data.]