

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)**

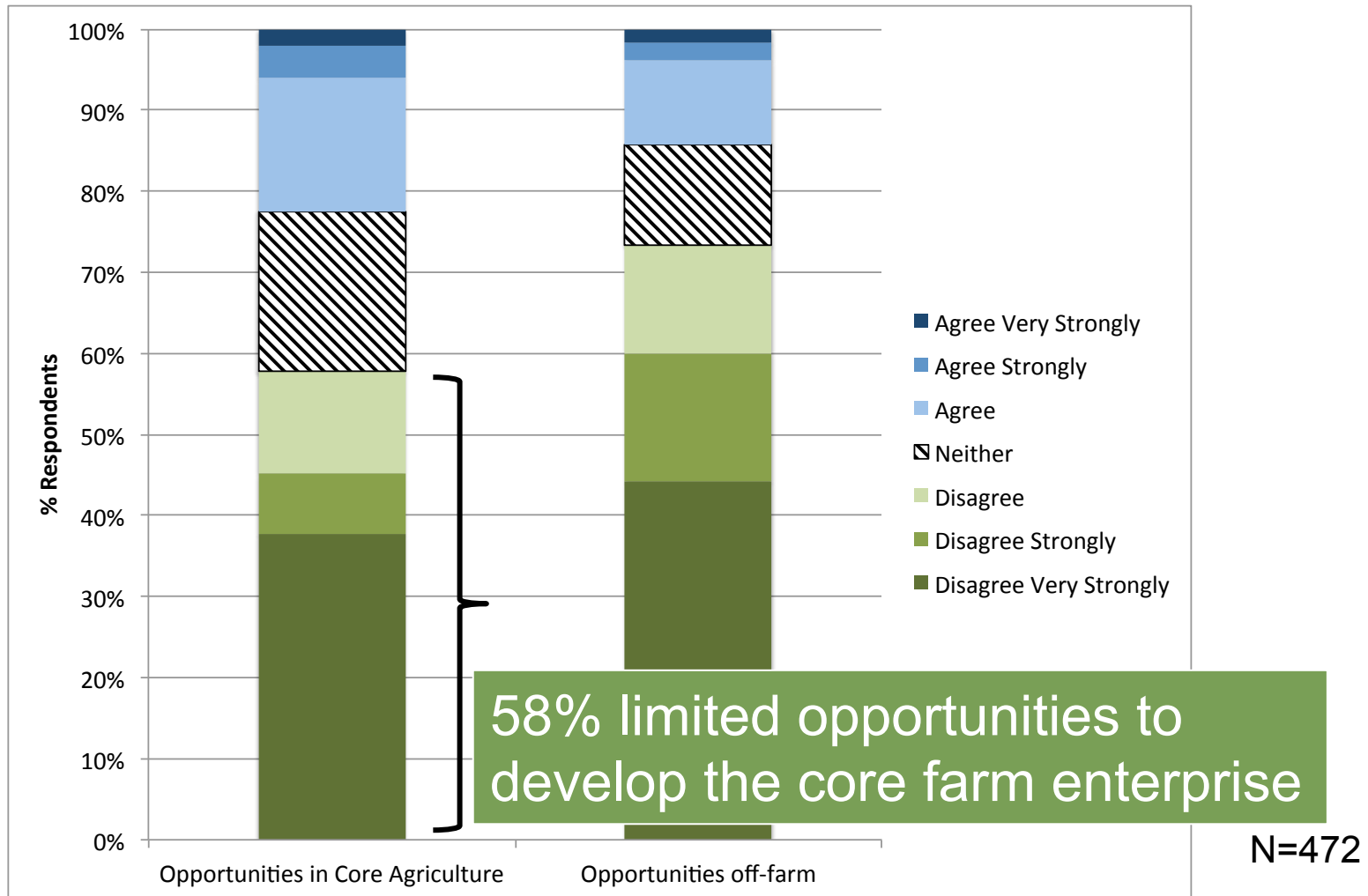
Farm enterprises as a rural resource

- 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.

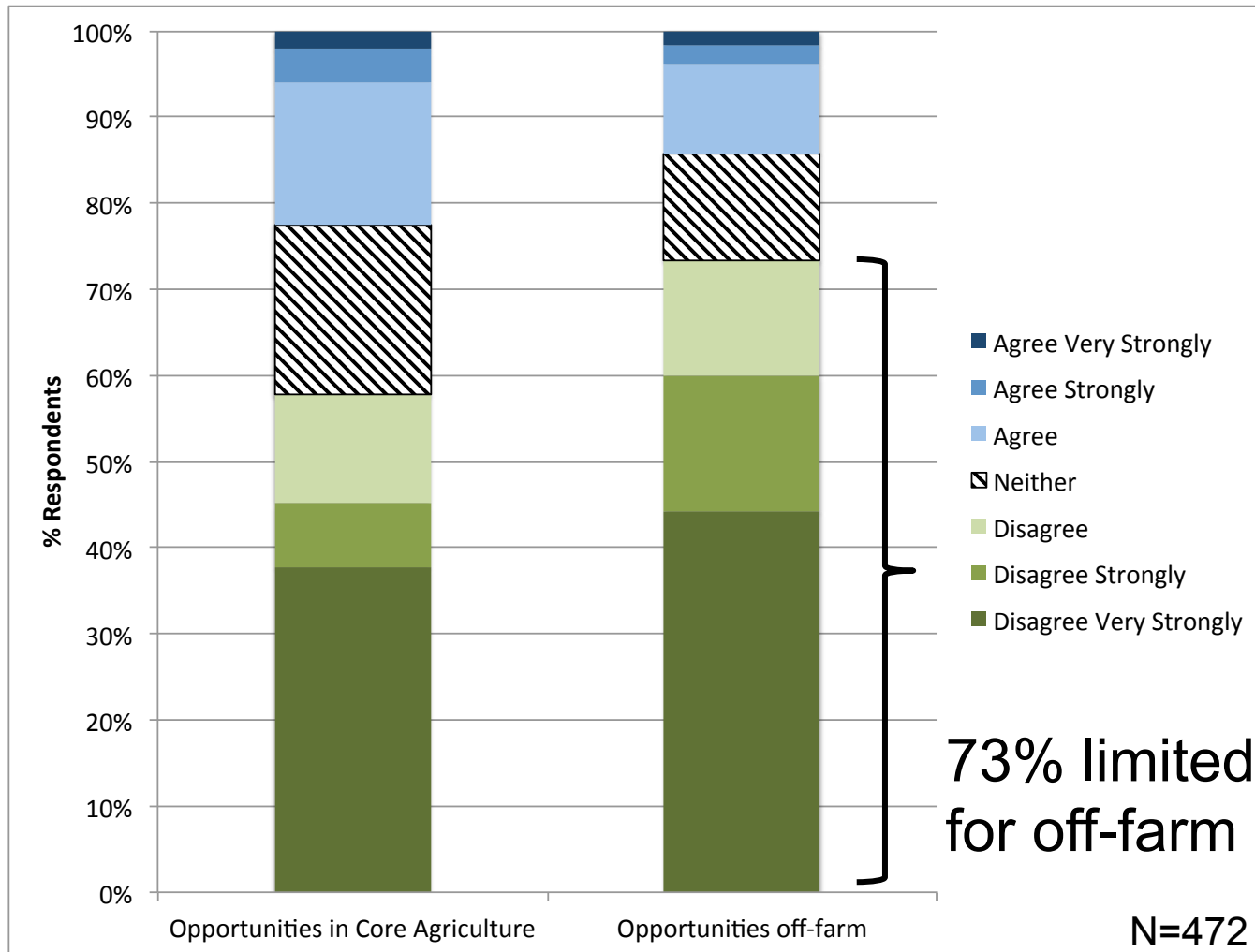
Farm Development: The International Experience

- Farm businesses develop along different paths.
 - Two dominant paths (with multiple trails)
 - Commercial
 - Pluri-activities
- These paths are not linier; 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



Perspective of Future Opportunities



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 1. 38%

Path 2 and Path 3. Farm Diversification.

Path 2. 2%

Path 3.

Path 4. Off-farm employment.

Path 4. 58%

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

Path 5.

Path 6. Winding down /semi-retired farming.

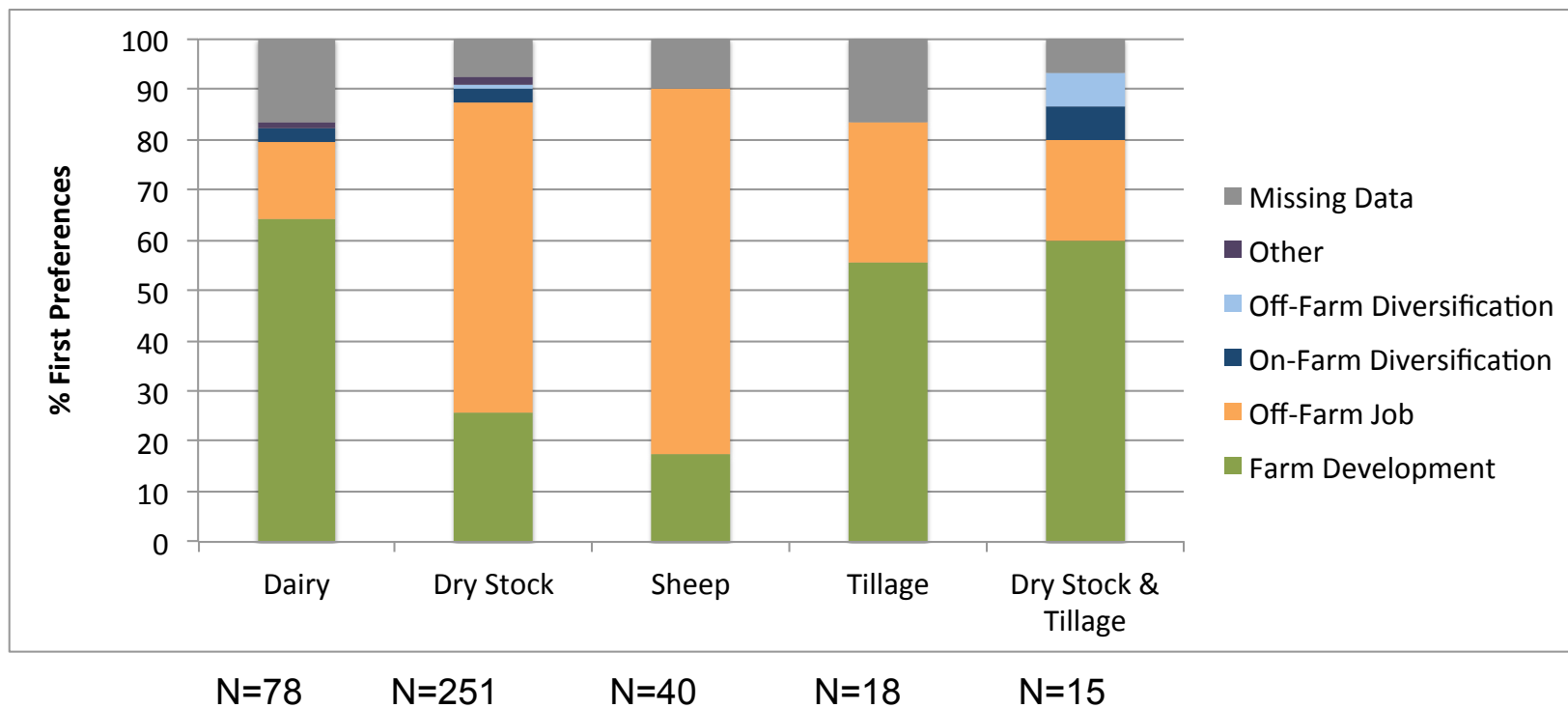
Path 6. 2%

Path 7. Retirement from farming.

Path 7.

N=473

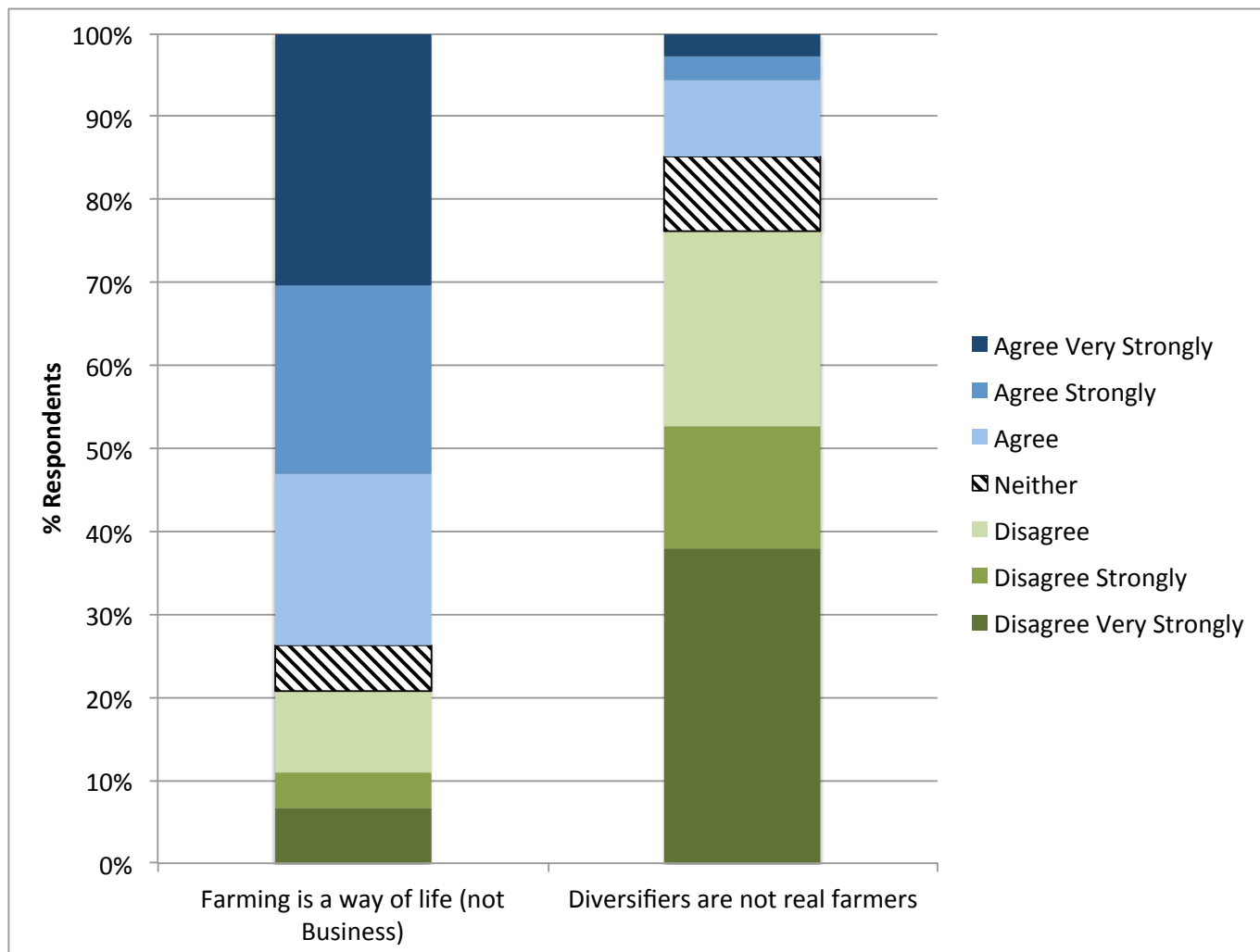
Sector Analysis of 1st Preferences



Farm Diversification in Ireland

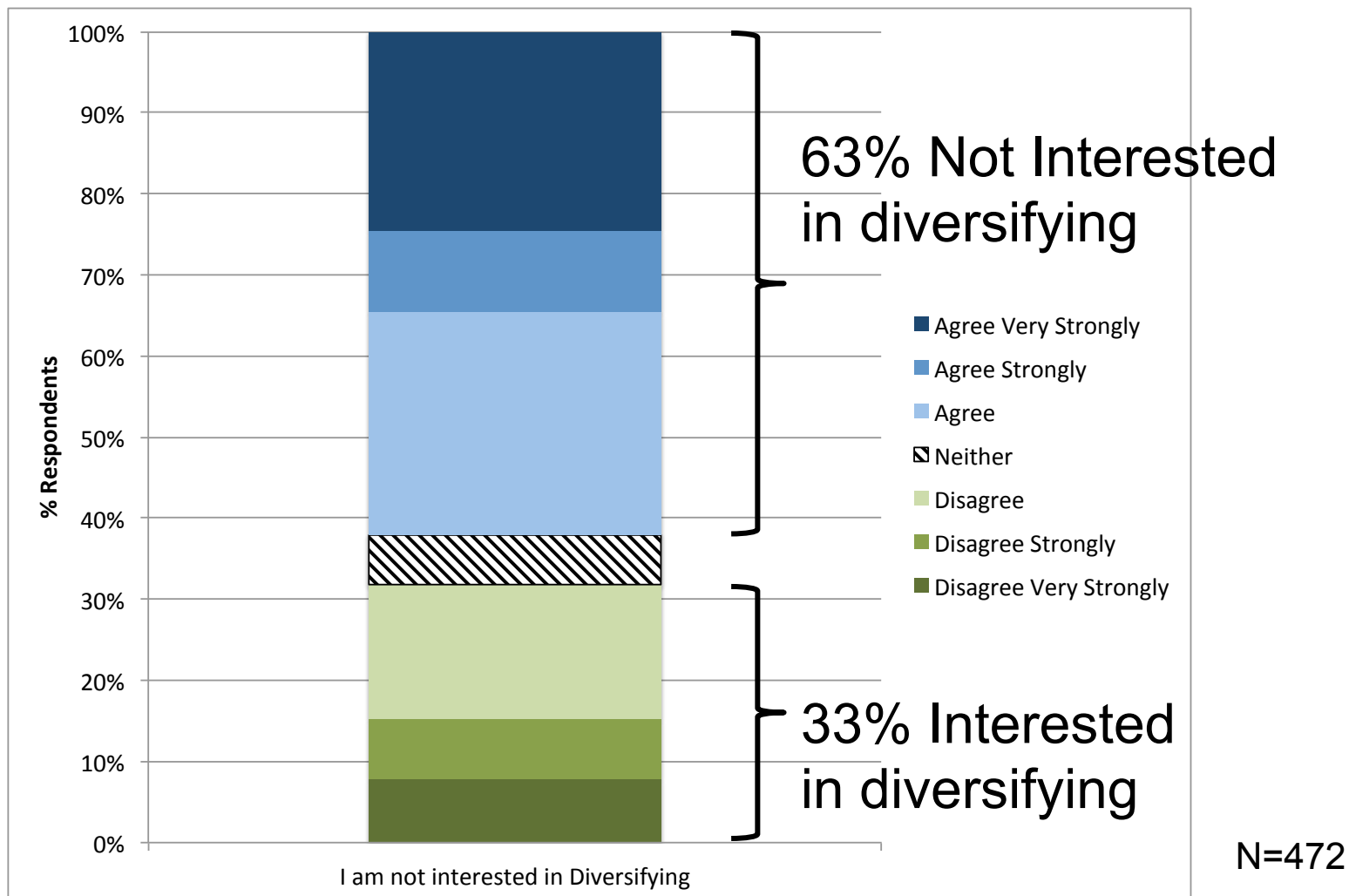
- The 1991 Agricultural Census reported 2,000 (<2% of total) farms having gainful non-agricultural activities, over half of which involved farm tourism and recreational activities.
- Phelan and Kinsella (1994) reported that only 3.6% of farm households in a sample from Donegal and Louth had adopted an AFE.
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- Cawley et al., (1995): farm operators have a limited interest 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



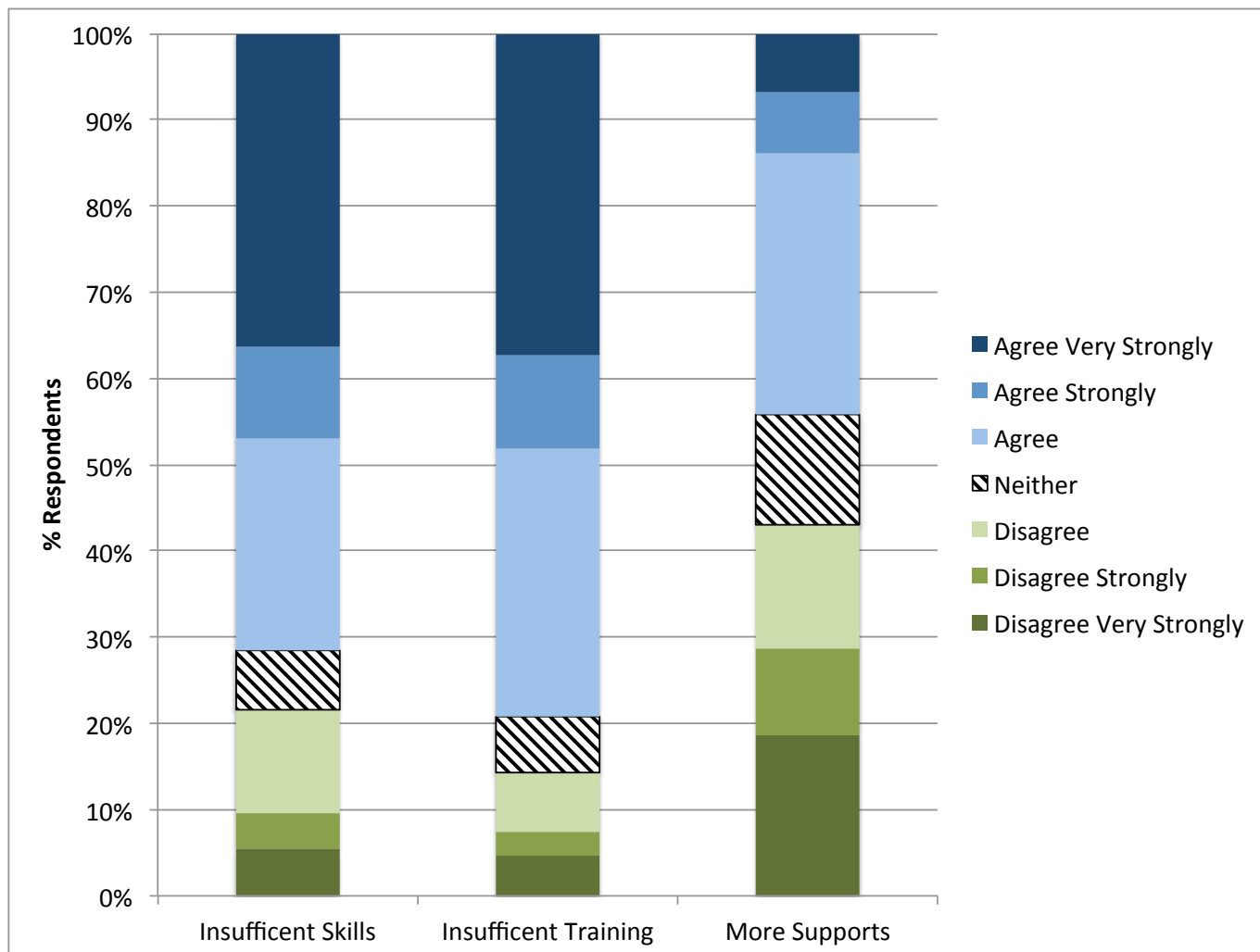
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The potential for farm diversification: Farmer's Attitudes



	Interest in Diversification	No Potential	Traditional Perspectives	Edu / Train	Barriers
Diversifying into new types of crops would be compatible with my farm enterprise	.831				
Diversifying into artisan food production would be compatible with my farm enterprise	.808				
Diversifying into agri-tourism would be compatible with my farm enterprise	.796				
Selling farm produce directly to consumers would be compatible with my farm enterprise	.788				
Rearing different types of animals would be compatible with my farm enterprise	.768				
With the right supports I would be interested in diversifying my farm	.502	-.328		-.349	.300
There is no market for diversified farm products / services in my area		.717	-.328		
My type of farm is not suited to diversification	-.406	.655		.259	
I don't own enough land to diversify		.622			
I am not interested in diversifying my farm	-.340	.531		.342	
In the next 2 years there will be good opportunities in off farm employment either full or part-time			.831		
In the next 2 years there will be good opportunities in my traditional/core farm activity			.795	-.278	
Farmers that diversify are not 'real' farmers	-.252	.420	.533		
Off-farm work is preferable to diversifying the farm			-.493	.310	
Farming is more a way of life than a business			-.289	.331	
I have not received the training necessary to diversify my farm		.260		.752	
I do not have the skills required to diversify my farm		.250	-.285	.747	
Diversifying into forestry would be compatible with my farm enterprise	.413	-.259		.516	
Planning regulations prevent me from diversifying					.870
Environmental issues prevent farm diversification in my area					.823
There are no barriers preventing me diversifying my farm enterprise should I choose to do so		.260	.257	-.288	-.566

The potential for farm diversification: Farmer's Attitudes



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.

Conclusions

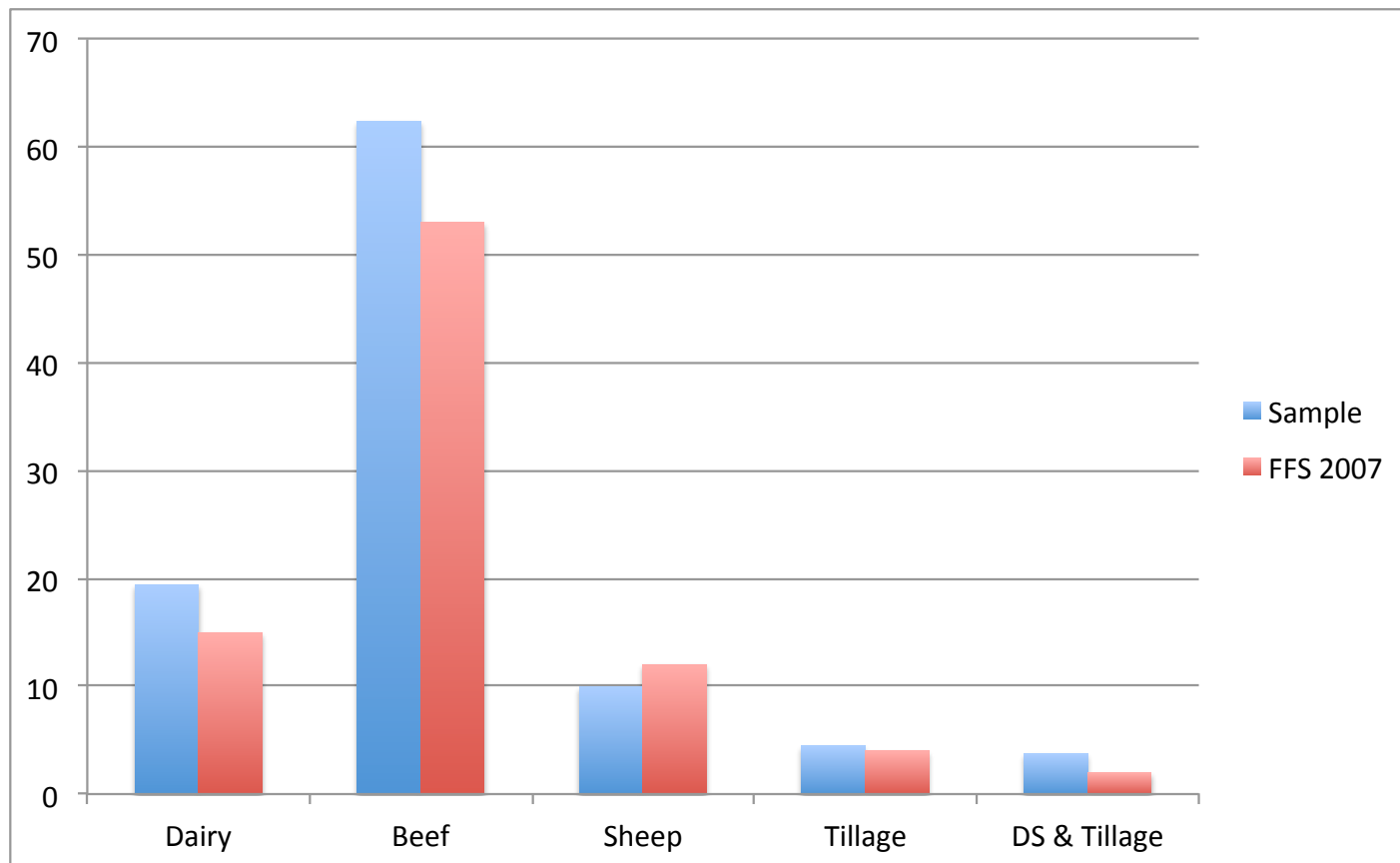
- The limited success of farm diversification measures over a long period of time to induce farm enterprise and household change demonstrates the importance of understanding the response of individual actors to policy measures.
- The results highlights:
 - A general aversion to farm diversification strategies (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

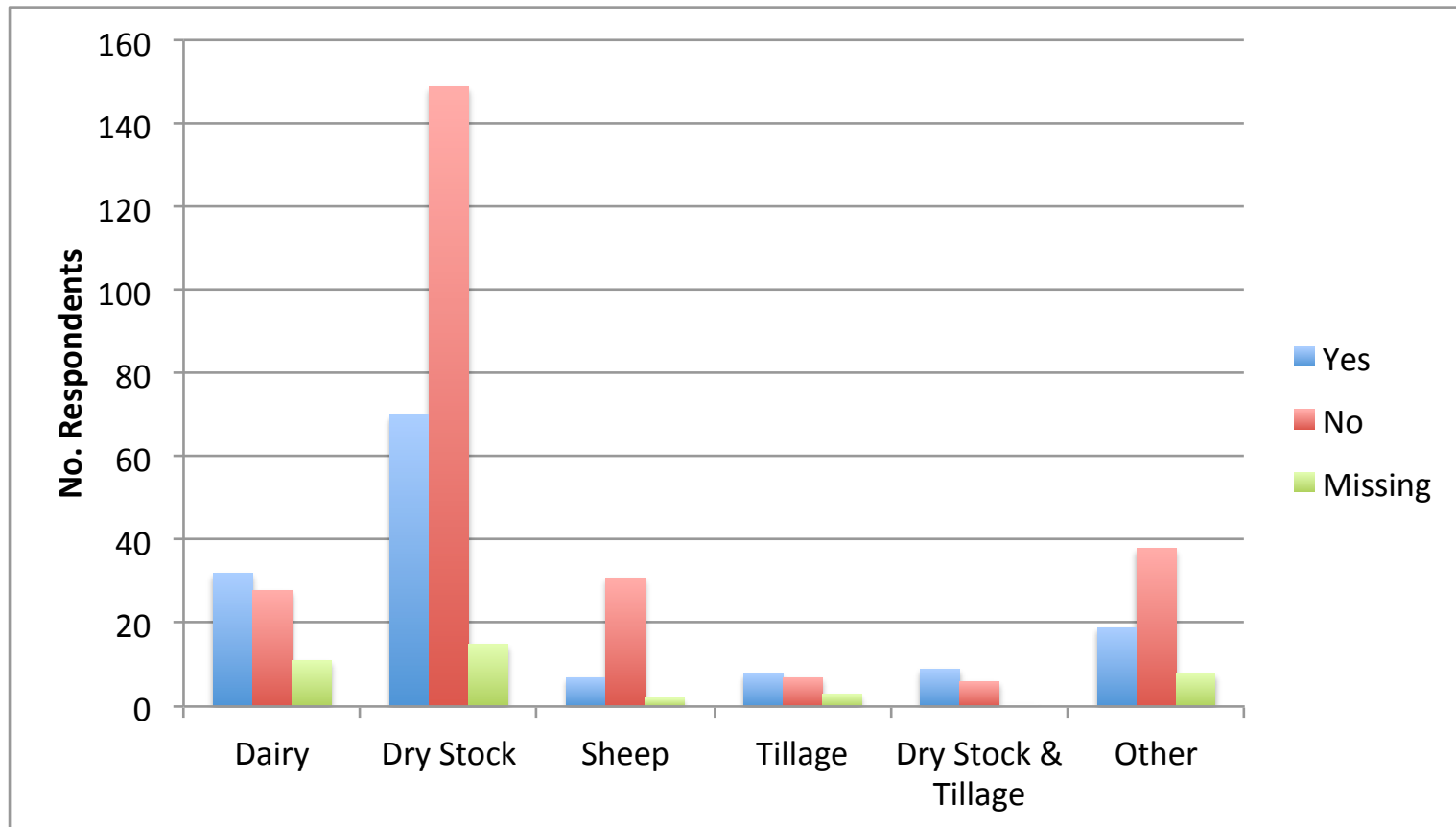
Further Information

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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

