



Australian Government

**Rural Industries Research and
Development Corporation**

Preparing Entrants to Farming

**Scoping Programs and
Strategies**

**A report for the Rural Industries
Research and Development Corporation**

by Ian Reeve and Richard Stayner

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Foreword

In 1997, Richard Stayner reported on a RIRDC-funded project (UNE-33A ‘Aspects of entry to farming as an occupation’) and noted the need for well-designed programs to prepare people entering farming. The report noted that there were a range of possible entry paths and that some of these (such as via one’s own family farm) could be protracted and difficult. Entrants on any of the paths, however, require specific attitudes and skills in order to negotiate the extended and often difficult entry period successfully.

The objective of the research discussed in this report was to undertake a scoping study of the issues, programs and initiatives that have been developed to facilitate and improve entry to farming in Australia and elsewhere.

The report describes the entry paths by which people commonly take up a career in farming and discusses some of the problems which may compromise a successful entry into farming. Programs and policy approaches used overseas to deal with these problems are reviewed, and the implications for Australian educational provision discussed. The report recommends that more work be undertaken to understand the type of people entering farming, how education and training could improve the transition between generations, and suggests that alternative models for farm transfer be considered.

This project was funded from RIRDC Core Funds which are provided by the Australian Government.

This report, an addition to RIRDC’s diverse range of over 1500 research publications, forms part of our Human Capital, Communications and Information Systems R&D program, which aims to enhance human capital and facilitate innovation in rural industries and communities.

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Peter O’Brien

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Executive Summary

Background

The future efficiency, sustainability and innovativeness of the farm sector depend on the continuing entry of appropriately skilled and motivated people to develop and operate farm businesses. While education of the next generation of farmers is available from a wide variety of institutions, there are several aspects of the entry process that can create barriers to the smooth transition of suitable skilled and motivated people to full involvement in the management of farm businesses. For example, the intra-family path to a farming occupation is not always an efficient and harmonious process.

What this report is about

This report reviews educational processes and other support mechanisms designed to manage the transition to a farming career. The report recognises that the transition to farming usually occurs over an extended period, and that there are several entry or transition paths, each with its own obstacles and potential pitfalls. Entry to farming usually occurs over an extended period of time, and requires consideration of a wide range of matters not necessarily covered in formal education programs.

Target audience

The report is targeted at policy makers, research organisations, universities and professionals involved in succession planning.

Objectives

The objectives of this project were: to undertake a scoping study of the issues, programs and initiatives that have been developed to facilitate and improve entry to farming in Australia and elsewhere, and to prepare a discussion paper that reviews the issues, identifies alternative entry paths and types of entrants, identifies the scope of, and gaps in, programs for facilitating entry, and proposes methods for developing and delivering programs targeted at entrants to the industry.

Methodology

- A literature search and review was undertaken of existing Australian and overseas programs of assistance (educational, training, and financial), as well as a survey of packages, courses, and materials designed to prepare prospective entrants to farming.
- Two email surveys of Australian educational institutions that have some role in preparing entrants were undertaken, to collect information on the content of units relevant to the project.
- The categories of potential entrants who constitute the target groups for educational programs, and their alternative entry paths, were identified.
- This Discussion Paper was prepared for comment.

Results

The literature and web review identified and summarised a wide range of programs and materials that have been developed in several countries to assist the entry and transition of new farmers. Of particular interest are 'land-linking' programs in the US that aim to create relationships between intending farmers and unrelated established farmers seeking to reduce their involvement in farming. The particular challenges of intra-family transition have also been recognised by some programs in US colleges. The highly regulated environment of European farming offers opportunities for policy intervention in the entry process that might not be easily emulated in Australia.

Two surveys of tertiary educational institutions and TAFE level providers revealed that there is an awareness of the importance of the issues that influence the success of the entry process, but as yet this awareness is only slightly reflected in course offerings and coverage. This suggests that educational institutions and other providers may be receptive to assistance with the development of innovative course materials and the trial of new delivery mechanisms.

The report concludes with a number of questions designed to serve as discussion points for comment by educational institutions and other course providers, and others who have some role in assisting entrants manage the process of transition to a farming career.

Recommendations

The report recommends more work to inform development of both future policy and of educational programs.

1. Future policy development in succession planning would be better informed by:

- quantifying the range of entry paths to farming within Australia
- quantifying the aggregate costs of farm transfers between individuals, looking at whether or not they are related, and paying particular attention to dysfunctional inter-generational farm transfers
- developing human resource profiles for individual agricultural industries
- examining whether or not people taking up management of a farm require management qualifications
- defining potential forms of education or training that could improve the traditional entry path for young people moving from formal education to farming in partnership with their parents

2. Education programs could be designed to smooth farm succession planning by:

- scoping the potential for providing more assistance to junior and senior generations in family farm partnerships to communicate, articulate their goals and aspirations, and develop informal and formal arrangements for managing the gradual transfer of management responsibility and ownership of assets from one generation to the next. Questions to be considered include:
 - what educational materials and delivery mechanisms might be developed to address particular issues of an entrant's transition to an existing family farm;
 - what might be the content of such a program (cf. the Iowa State University program);
 - what might be an appropriate delivery process (e.g. over what period, how might it be taught or facilitated, by what organizations);
 - should farm families be assisted in drawing up employment agreements for a returning member of the junior generation
- developing a better understanding of the needs of those who enter agriculture later in life after a career in a non-farming occupation
- exploring the potential for programs similar to the land linking programs in the USA to be developed in Australia, focussing on:
 - the key aspects of effective contractual arrangements between entering and retiring farmers;
 - what bodies of Australian contract law that could be drawn upon to establish such arrangements; and
 - what regulatory or institutional support might assist in the development of land-linking programs in Australia.

1 Introduction

1.1 Background

Unlike most other skilled occupations and professions, there are no formal requirements for entry into farming in Australia. In a report on a RIRDC-funded project on entry to farming, Stayner (1997b) drew attention to the need for well-designed programs to prepare people for entry to farming by various paths. He noted the lengthy entry process undertaken by those who entered via an existing family farm business, and that this process needed to be consciously and carefully managed. Entrants and their families require specific attitudes and skills in order to negotiate this extended and often difficult period successfully. The report recommended that attention be given to the design and delivery of education and extension packages that would assist the entrants and their families to plan for and undertake the successful entry of a family member.

The report also demonstrated that, apart from the traditional intra-family entry path, there are a number of other paths into the occupation, and that all can, if managed properly, satisfy both the entrant's occupational and lifestyle objectives and the objective of recruiting efficient operators into the industry. The study undermined the assumptions that the traditional path necessarily offers special advantages to the entrant, is efficient for the industry, and is crucial to the survival of 'the family farm'. The study recommended that attention be given to the design and delivery of education and extension packages for those who enter or plan to enter the industry in other ways, for example after careers in other occupations or industries.

Similarly, the RIRDC-funded study *Farmer education and training: issues for research and development* (Synapse Consulting, 1998) focused on education and training issues for farm people, in relation to both agricultural and non-agricultural on-farm activities, off-farm activities, post-farming activities, and broader social needs. The evolving highly technical nature of production agriculture, the need for larger scale enterprises that interact more closely with other participants in the value chain, the increasing importance of establishing and managing relationships with off-farm and non-farm actors (legal, environmental, social, and economic) that interact with the farm, require new skills on the part of farmers. In short, a widening of the scope for addressing the education and training needs of farm people is necessary.

The cost of farm land makes the capital hurdle for entry to agriculture high and often beyond the resources of young but appropriately skilled people. Therefore, ways of uncoupling the ownership of land from entry to the industry need to be investigated. A number of innovative models for funding new entrants, and for matching new entrants with farmers approaching retirement are emerging. The matching of capital that might be content with a secure but moderate return with the skills of well trained farm managers, would improve the efficiency of agricultural resources that are in the hands of an ageing population unable to fully capitalise on the increasing pace of technical change.

1.2 Objectives of the project

The objectives of this project were to:

- review the programs and initiatives that have been developed to assist entry to farming in Australia and in other countries;
- summarise the alternative paths by which people enter the occupation of farming, and the key issues encountered on those paths;
- investigate the feasibility of alternative methods of funding new entrants to farming; and
- identify the target audiences, the delivery modes of programs to facilitate the entry to farming, and gaps in provision across these programs.

1.3 Methodology

A review was undertaken of existing programs of assistance (educational, training, and financial), as well as a survey of packages, courses, and materials designed to prepare prospective entrants to farming. This was undertaken by a literature search and review, and a review of relevant web sites in Australia, North America and Europe. We obtained copies of promising material for review.

Two email surveys of Australian educational institutions that have some role in preparing entrants to the occupation of farming were undertaken, in order to collect information on the existence and content of units relevant to the project. One of these was directed to staff of Universities and Agricultural Colleges with teaching responsibilities in farm management, while the other was directed to vocational education providers listed on the National Training Information Service website as being registered to offer RTE4902A — *Support and Review Business Structures and Relationships*. This unit in the Rural Production Training Package is the only unit to deal with areas of competency of interest to this project. The email survey was designed to make it easy for recipients who did not have teaching responsibilities in farm management to return the uncompleted survey, so that uncertainties about non-respondents were minimised. Copies of the surveys are provided in Appendix 1.

The categories of potential entrants who constitute the target groups for educational programs, and their alternative entry paths, were identified.

This Discussion Paper was prepared and will be sent for comment to those who provided input, as well as to key education and training providers, farmer organisations and groups, and institutions likely to be closely involved with entrants. It will also be posted on the Institute's web site.

2 Literature Review

2.1 Introduction

During the course of the 20th century, successful farming became increasingly dependent upon the mastery of new technologies, upon good financial management and marketing skills and upon the ability to respond to the increasing demands for reductions in the environmental impacts of agriculture. A number of studies have demonstrated that there is an association between the levels of formal education and/or the levels of participation in further formal and informal education on the one hand, and the profitability and/or sustainability of a farm production system on the other. The review by Synapse (1998), drawing on work by Kilpatrick (1996) and Cameron and Chamala (1997), concluded that participation by farmers in education and training was associated with improved financial performance and greater use of professional advisors. Reeve and Black (1998) found that there was an association between the adoption of sustainable practices and participation in further education by either the male or female partner.

In parallel with the trend of increasing knowledge dependence in the economy generally, farming is also becoming increasingly professionalised. A growing body of knowledge is being transmitted through formal education, rather than informally from one generation to the next within farm families. An increasing array of specific areas of technical expertise with associated training and certification processes and career paths are emerging (e.g. artificial insemination technicians and cotton consultants).

Government policies directed towards improving the efficiency of the sector can be separated into those directed at existing farm businesses, and those directed at the entry and exit of businesses. In the former case, farmer education and training has been an important part of policy since the late 19th century when the first government agricultural agencies, extension services and agricultural colleges were established. In the last two decades of the 20th century, there was increasing emphasis on forms of farmer learning other than through educational institutions (e.g. the Commonwealth Government's FarmBis Program, and the Farming for the Future Program in New South Wales).

Policy attention to the exit of farmers from agriculture emerged in the 1960s and 1970s as a result of advances in the understanding of agricultural economists of the dynamics of the farm sector, in particular the need for the efficient flow of capital and labour into and out of the sector. This rationale underpinned the Commonwealth Green Paper, Rural Policy in Australia (Harris et al., 1974) and the establishment of the Rural Adjustment Scheme in the 1970s.

Compared with the policy effort devoted to the adjustment of people out of farming, that concerned with the entry of people into farming has been relatively limited. However, it can be argued that entry into farming of people with appropriate endowments of 'human capital' plays an equally important role in improving the innovativeness and efficiency of agriculture. The proportion of land purchases in rural areas that bring people into farming for the first time is not insignificant. For example, Reeve, Kaine and Stayner (1996) found in a study of land purchases in the Northern Statistical Division of NSW that 32 per cent of purchases of areas over 50ha were by people entering agriculture for the first time, and that one third of these had no family background in agriculture.

Even where management responsibility for a farm business passes between generations within families, the investment in agricultural education by the younger generation may take a long time to be repaid because many families have difficulty making the transition from parent-child relationships to the relationships of business partners, with the consequence that the abilities of the younger generation are not used to their full potential. Stayner (1997a) identified a number of problems that often arise in the process of absorbing a member of the next generation into a farming family that need to be addressed.

This chapter is a brief review of policy approaches and programs that aim to ensure that the entry of people into agriculture proceeds efficiently and maintains adequate levels of competence within the industry. In brief, we:

- define human capital and set out the factors that influence the level of human capital in agriculture, with a focus on entry to, and exit from, the industry
- describe the diversity of entry paths into farming and outline a number of approaches to classifying these paths
- describe some of the issues relating to entry to farming that have been discussed in the literature
- describe a range of programs for beginning farmers in the USA, Canada, Europe and New Zealand.

2.2 Human capital in farming

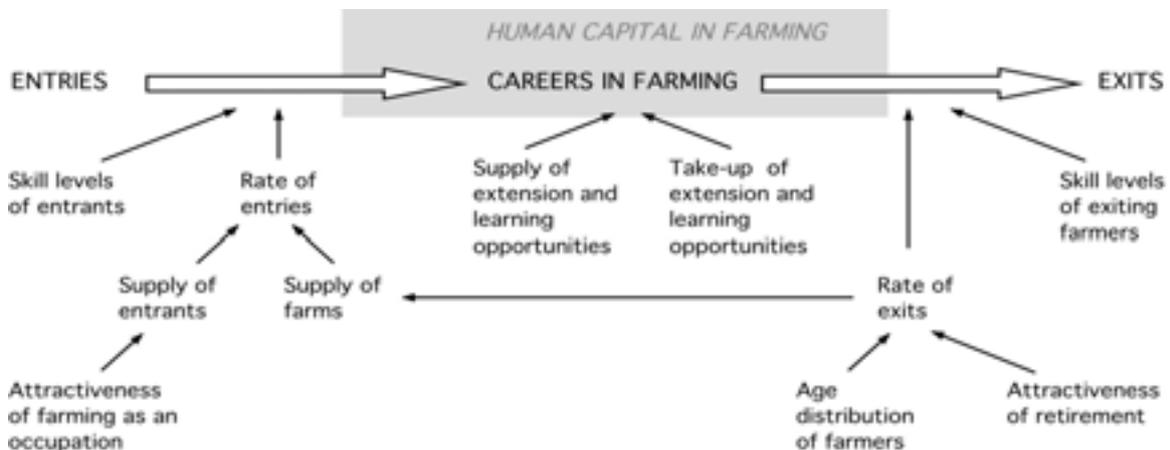
The term ‘human capital’ refers to the sum total of the innate abilities of individuals, together with the characteristics and capacities they acquire and develop throughout their lifetime (Laroche et al., 1999). The knowledge, skills and capacities that are part of human capital include not only those directly applicable to an individual’s current employment, but also those that may contribute to their occupational mobility and to their capacity to engage in a wide range of activities beyond their current work role. The relevance of this is that many people have at least some employment in the non-farm sector, before, during or after their involvement in farming.

The ‘stock’ of human capital available in farming at any one time reflects the net result of:

- rates of entry and exit
- the skill levels of those entering and leaving agriculture
- the supply and take-up of learning opportunities by those who are currently managing and working on farms.

As shown in Figure 2.2.1, the rate of entry to farming depends on the supply of farms with the capacity to absorb a new entrant, and the supply of prospective entrants. The supply of farms is in turn dependent on the rate of exits from farming, and the rate of new farm business formation.

Figure 2.2.1 The dynamics of human capital in farming.



The effect of entries on the human capital in farming depends on the rate of entries and their individual endowments of human capital.

2.3 Entry paths into farming

In addition to influences on the stock of human capital outlined above, it is necessary to consider a variety of possible entry paths. This will ensure that policy responses are matched to the types of entries to farming that are occurring. One approach is to develop a typology of entrants based on whether people enter farming immediately after they have completed their full-time education, on the type of education and on their family background. A typology of farming destinations can also be developed and the possible paths between the entrant and destination typologies delineated (Figure 2.3.1).

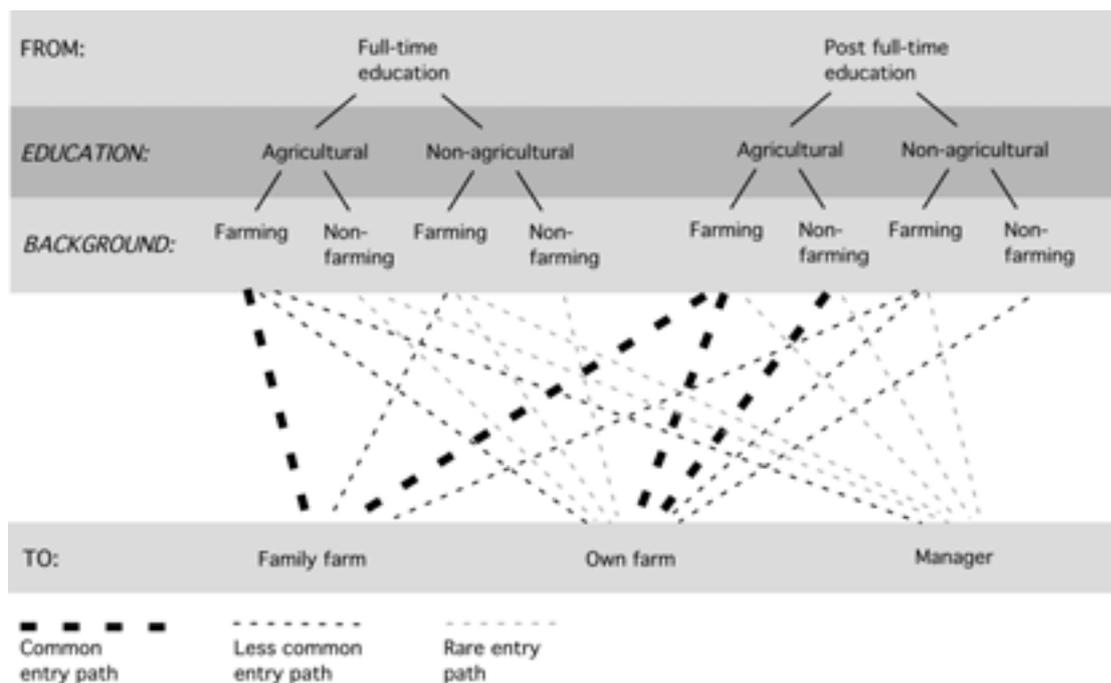
Other entry path typologies have been proposed. For example, Johnson (2001) proposed a process-based typology comprising prospective farmers and beginning farmers. The former are divided into:

- recruits — people with an aptitude for farming who have not yet considered entering the occupation
- explorers — people who are actively investigating farming as a career option
- planners — people who have made the decision to become farmers, but do not yet own a farm, and are acquiring the skills and resources needed.

Beginning farmers are divided into:

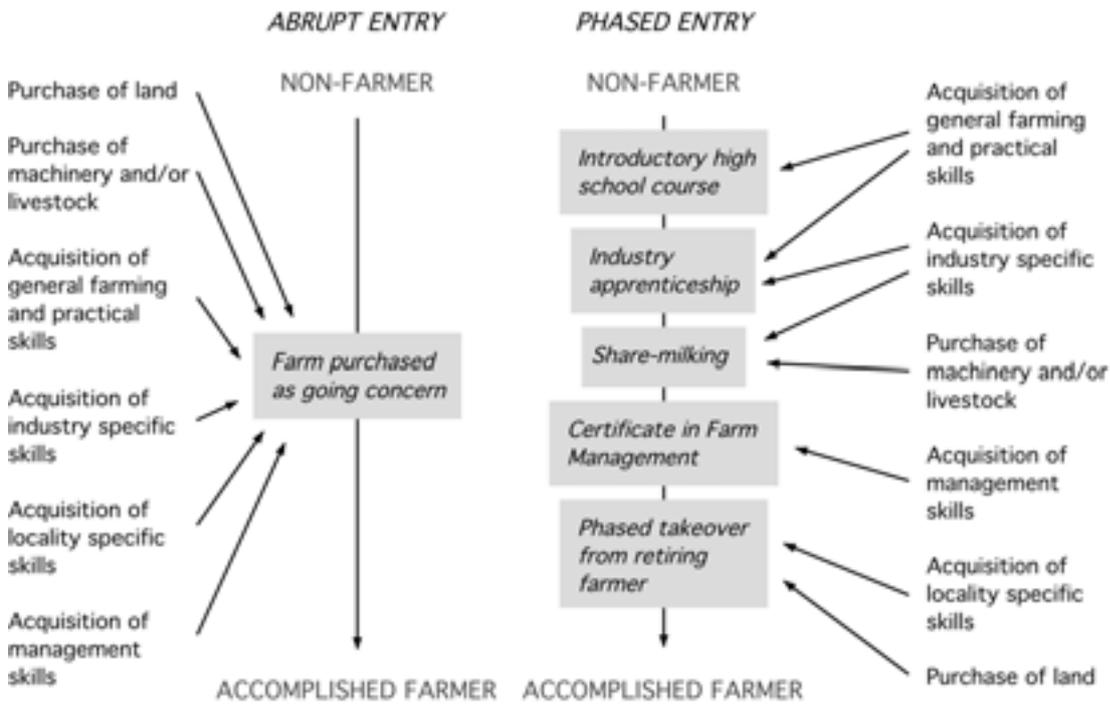
- start-ups — those who have been farming for three years or less
- re-strategists — those who are adjusting their goals and directions after a few years farming experience
- establishing — those who have settled upon their goals and directions and are establishing a stable farming operation.

Figure 2.3.1. Entry paths into farming



Another way to classify entry paths is in terms of the sequencing over time of the acquisition of skills and physical and financial resources needed in farming. An example of two entry paths classified in this way is shown in Figure 2.3.2. This example contrasts the compression of the acquisition of skills and resources that occurs when someone with no farming background or education purchases a farm as a going concern (left side of Figure 2.3.2), with a phased entry in which these acquisitions are spread out over time (right side of Figure 2.3.2).

Figure 2.3.2 Classification of entry paths according to the sequencing of the acquisition of skills and resources needed for farming.



2.4 Entry problems and issues

2.4.1 Rate and success of entries

2.4.1.1 Access to capital and credit

Access to capital and credit has been identified as a barrier to the entry of some younger people into farming (for example, Gale, 1994). Problems include financial instability due to high debt loads among beginning farmers, and low productivity due to their purchasing cheaper, less productive land, or lower spending on inputs (Dodson, 1996). Similar problems have been identified in European countries (Colson and Blogowski, 1990). However, not all young entrants face these problems; Dodson and Koenig (1995) found that many had adequate financial resources. Others begin farming by renting farmland (Gale, 1992).

The USA beginning farmers advocacy group, Growing New Farmers, identified access to capital and credit as one of four problem areas faced by new farmers that could be addressed by policy (Ruhf, 2001). Specific problems were that new farmers have low equity and limited resources and are not able to access finance from traditional sources, that there were a number of shortcomings with Federal and State loan programs, and that the existing programs did not accommodate the diversity among new farmers.

Access to capital and credit have also been identified as problems for entry of younger farmers in Canada (Baker and Thomassin, 1991) and France (Bonnet, 1997).

2.4.1.2 Access to land

The beginning farmers advocacy group in the USA, Growing New Farmers, identified access to land as one of four problem areas faced by new farmers which could be addressed by policy (Ruhf, 2001). Specific problems were that existing land owners did not have succession plans, that new farmers faced competition for land from existing farmers and high rental and land prices, and that there was a lack of appropriate partnership and tenure arrangements to facilitate entry and exit of farm owners.

Access to land was also considered to be a problem in the 1980s in Spain, leading to policies to encourage early retirement by older farmers to increase the supply of land for younger farmers (Mazorra, 2000).

2.4.2 Agricultural subsidies and quotas

A report by the European Parliament in 2000 found that many young people were unable to get started in farming due to difficulties in obtaining quota for the commodity they wished to produce, and due to high land prices caused by the capitalising of subsidies with environmental objectives into the value of land.

2.4.3 Supply and take-up of learning opportunities by new entrants

Growing New Farmers identified access to information, training and technical assistance as one of four problem areas faced by new farmers that could be addressed by policy (Ruhf, 2001). Traditional knowledge transfer and skills acquisition processes, such as on-farm parent-to-child learning and formal agricultural education were seen as not meeting the needs of new farmers.

2.4.4 Other problems facing new entrants

2.4.4.1 Access to markets

Growing New Farmers identified access to markets as one of four problem areas faced by new farmers which could be addressed by policy (Ruhf, 2001). The group found that new farmers faced barriers in accessing markets and joining cooperatives; that there were insufficient marketing systems and risk management strategies appropriate for new farmers, and that there was inadequate assistance with marketing.

2.4.4.2 Intra-family issues

In an Australian study of the entry process, Stayner (1997b) found that many of those who initially became involved in their family's farm business subsequently left, either to farm on their own or to leave the industry, at considerable cost to both the farm families and the industry. Apart from the inability of the farm business to support more than one generation, an important reason for this was that the conditions on which young family members become involved in an existing family farm business were often unattractive and unclear, and eroded both family harmony and business performance. The expectations of both the senior and junior generation were often not clearly defined, and communication within the family was often poor. The report recommended that that attention be given to the design and delivery of education and extension packages that will assist the entrants and their families to plan for and undertake the successful entry of a family member.

2.5 Program Approaches

2.5.1 Credit programs

2.5.1.1 USA

Policies to assist new farmers date from 1946 when farm ownership loans were made available through the United States Department of Agriculture's (USDA) Farmers Home Administration.¹ Following a period of policy neglect, concerns about the age of existing farmers and a decline in the number of trained farmers and ranchers in the late 1970s resulted in an initiative in the 1980 Farm Bill to establish demonstration and training centres in each State to train new farmers.

Additional measures were introduced in the 1990 Farm Bill and the 1992 Agricultural Credit Improvement Act. These included loan funds for beginning farmers, training for those borrowing funds to purchase a farm, preferential status for beginning farmers in the sale of inventory land,² and Federal-State partnerships to coordinate assistance to beginning farmers. The latter resulted in a number of State programs for beginning farmers. These included First Time Farmer loan programs, 'aggie bond' programs, concessional taxation arrangements, and State purchase of development rights to lower the price of farm land for beginning farmers.

Since 1992, the USDA Farm Service Agency has had a down-payment loans program, under which qualifying young farmers can obtain loans at subsidised interest rates for up to 30 per cent of the farm purchase price if they put down 10 per cent. The Farm Service Agency can also act as guarantor for the remaining financing of the purchase. Dodson (1996) noted that there remained problems with the programs, such as high delinquency rates.

The Federal Agriculture Improvement and Reform Act of 1996 increased the amount of loan funds available to beginning farmers and ranchers.

During the 1990s, land-linking programs emerged as initiatives by private and non-government organisations (see section 2.5.2.1).

In 1999, the Beginning Farmer and Rancher Advisory Committee was formed to provide policy recommendations to the Secretary of Agriculture. In 2000 and 2001 it put forward recommendations for improvements to the Farm Service Agency³ loans program.

Pressure on legislators from beginning farmer advocates continued in the late 1990s and in 2000 and 2001, with the Growing New Farmers Consortium in north-eastern USA seeking endorsement and sponsorship by Federal legislators of a draft Beginning Farmer and Rancher Act.

In his evaluation of farm credit programs, Dodson (1996) concluded that policy emphasis needed to shift away from purchase of land towards lease financing and production credit. Dodson also suggested tax initiatives that focussed on the landlord-tenant relationship (such as reduced tax on capital gains on land sold to beginning farmers, tax breaks for entities leasing land exclusively to beginning farmers, and lower property taxes for beginning farmers) would improve affordable access to farm land for beginning farmers.

¹ The following account is a summary of a more detailed account by Ruhf (2001).

² *Inventory land* is farm land that has come into the ownership of the Farm Service Agency (FSA) of the USDA due to loan defaults by those in receipt of FSA concessional finance.

³ The Farm Service Agency within the US Department of Agriculture was formed in 1994. Its responsibility includes providing credit to new or disadvantaged farmers and ranchers.

2.5.1.2 European Union

In regulations introduced in 1997, member states of the European Union may grant 'installation aid' to young farmers (European Parliament, 2000). This may comprise a single payment, up to a maximum of €15,000 (Regulation 950/97), to be paid over a maximum of five years. Alternatively, member states may pay interest rate subsidies for a period not exceeding 15 years. Recipients of installation aid must be less than 40 years of age and head of the holding (and thus liable or jointly liable for tax and other civil responsibilities), must practice farming as their main occupation, must possess adequate occupational qualifications and have a farm holding that requires a minimum volume of work (European Parliament, 2000).

2.5.1.3 France

Up until 1991, young people entering farming were required to have a Diploma of Agriculture to qualify for financial assistance. In 1992, an additional requirement was introduced — that applicants for assistance have undertaken six months work experience on a farm (Emmenecker, 1994).

2.5.1.4 Germany

The Landwirtschaftliche Rentenbank was established as a central agricultural bank, with the aim of making credit available to agriculture, forestry, fisheries and the food industry. The banks services include credit provision for young farmers (Kuz'min, 2002).

2.5.2 Land linking programs

2.5.2.1 USA

From just two programs in 1991 in the USA, there are now 20 programs (Callahan, 2002; National Farm Transition Network, 2003). Summary descriptions for 17 of these programs are provided in Appendix 2. The programs are supported by the National Farm Transition Network which is coordinated by Beginning Farmer Center at Iowa State University.

There is considerable diversity among these programs with respect to their underpinning rationales and ideologies, involvement of professionals and government departments, and the provision of educational offerings.

At the simplest end of the spectrum are some programs which are coordinated by State departments of agriculture and only provide a matching service by which those seeking farm land are put in touch with those selling farm land. At the more comprehensive end of the spectrum are programs, including some run by not-for-profit organisations, that are underpinned by a strong commitment to ameliorating or reversing the social impacts of structural change in agriculture. The Land Stewardship Project in Minnesota, for example, has explicit goals to reduce corporate ownership in agriculture, to reduce the concentration of ownership more generally, and to establish new regional food systems that connect farmers and consumers more directly. The Land Stewardship Project, in addition to offering a land linking service, also offers courses, workshops, and mentoring programs for beginning farmers.

Other programs that offer services beyond land linking emphasise the need for professional advice in areas such as farm and financial planning, contracts and legal issues, retirement and estate planning. These programs provide referral services to the relevant professionals, or may establish a team of professionals who are available for the duration of a farm transition.

2.5.3 Quota pools

In countries where production quotas are required, governments or an industry organisation can impose a levy on transfers of quota among existing farmers. These are pooled and provided to beginning farmers. This system has been used for dairy and wine quotas in France (Barthelemy and Boinon, 1994; Degregori et al., 1999).

2.5.4 Concessional taxation arrangements

In Finland, recipients of installation aid (see section 2.5.1.2) are exempt from capital transfer tax on land purchases. Young farmers are allowed a higher level of deductions against inheritance tax where they have worked for more than ten years on the deceased parent's farm. Italy also has measures to reduce inheritance tax for young farmers (European Parliament, 2000). In Greece the taxation system allows for lower tax rates on the income of young farmers (European Parliament, 2000).

2.5.5 County farm estate

County councils in England and Wales have, for over 100 years, leased farms to beginning farmers (Warren et al. 1995).

2.5.6 Partnership arrangements

New Zealand has a long history of entry to dairying through share-milking arrangements (Gardner and Bennett, 1995). However, because land prices are increasing faster than dairy cattle prices, share-milkers are finding they have to build up a larger herd before they have sufficient equity to purchase a farm.

2.5.7 Purchase of development rights

Transferable development rights enable farmers in 'sending areas' to sell the right to higher density residential development to developers in 'receiving areas'. This can lower the price of farm land without development rights, thereby facilitating entry into farming by younger farmers with less capital. Alternatively, governments might fund the purchase of development rights where retiring farmers have succession plans in place (Ruhf, 2001).

2.5.8 Early retirement schemes

A number of countries have attempted to improve the supply of farmland for beginning farmers through early retirement programs. Since 1992, the EU has had a Regulation (2079/92) which aims to encourage older farmers to retire early. It is not obligatory for member states to offer the scheme, although ten member states have done so, with criteria and aid rates set to suit particular circumstances (European Parliament, 2000).

2.5.9 Educational materials for new farmers

2.5.9.1 Handbooks

Australia — Self-Help Landcare for New Farmers

This information package published in 1994 by the Queensland Department of Primary Industries is designed for the owners of small rural properties. The package aims to provide the user with the knowledge to make informed decisions about how to manage and care for their land. It provides a general outlook on a range of landcare issues and gives practical advice on handling specific problems.

USA — Farmland Transfer and Protection In New England

A 124 page handbook titled 'Farmland Transfer & Protection In New England: A Guide for Entering & Exiting Farmers' was produced by the New England Small Farm Institute, Belchertown, Massachusetts. The handbook is designed for farm families and service providers involved in farmland access, transfer, and protection. Topics relevant to entry into farming include:

- issues and opportunities for entering farmers,
- farm transfer and tenure arrangements,
- farm business arrangements,
- tenure without title,
- transfers between unrelated parties, and
- finalising and monitoring the transfer process.

USA — Farm Savvy Manual

This 200 page manual is produced by the Beginning Farmer Center at Iowa State University.⁴ The manual outlines a process for the transition of a farm business to the succeeding generation. It is intended to be used by vocational agriculture teachers, community college instructors, and extension staff to present programs for new farmers or those who wish to transfer a farming operation to another person.

USA — The New Hampshire Beginning Farmer Resource Guide.

This compendium of fact sheets is produced by the University of New Hampshire Cooperative Extension Service, in collaboration with various government agencies. Topics include basic information about the demographics, soil, climate and types of agriculture, a business development checklist, acquiring farmland, marketing and distribution, sources of finance, agricultural and tax law, pesticide permits, wildlife and where to seek further information.⁵

⁴ The description below is taken from the Beginning Farmer Center webpages at: <http://www.extension.iastate.edu/bfc/programs.html#Edmaterials>

⁵ Summary taken from <http://www.luce.lincolnu.edu/SNFC2PDFs/Bruce%20Marriott.pdf>

Norway — For Those Who Want to Farm

This handbook, prepared by a coalition of small farming and farm youth groups in Norway, deals with:

- various forms of farming
- how a prospective entrant can obtain practical experience in farming
- how to go about finding a farm
- how to purchase a farm
- contracts in farming
- government regulations and support
- farm insurance
- overview of farm management
- available agricultural and farm management courses.

The book has a listing of addresses of agricultural and farm organisations and service providers.⁶

2.5.9.2 Videos

USA — The Beginning Farmer and Farm On: Your Best Choice

The Beginning Farmer Center at Iowa State University (ISU) has produced two videotapes, one entitled 'The Beginning Farmer' and the second, 'Farm On: Your Best Choice'.⁷ 'The Beginning Farmer' video introduces a lender, an attorney, an extension farm management specialist, a retiring farmer and the young couple he has decided to bring into his hog business. The second video, 'Farm On: Your Best Choice', tells the tale of two farmers who took different paths to retirement. One farmer worked his land until he and his wife decided it was time to head for greener pastures, not realizing that they would pay a great price to taxes and feel they were losing the identity the farm had given them. The second farmer and his wife opt for a slow, gradual transition of their machinery and land to a young couple. The latter take part in the farm through a program operated by ISU Extension and through careful planning gain substantial tax advantages. The original owners gain a feeling that they are passing the torch to a new generation.

2.5.9.3 Short courses

Australia — CB Alexander Agricultural College

CB Alexander Agricultural College runs a wide range of short courses which are designed for full-time, part-time and new farmers. Almost all short courses cover aspects of physical farm management, while there are several short courses on financial management.

USA — New England Small Farm Institute

The New England Small Farm Institute offers a Small Farm Business Training Winter Series which has two courses specifically for intending farmers or recent entrants.⁸ 'Exploring the Small Farm Dream. Is Starting an Agricultural Business Right for You?' is a four-session course and workbook for people who are actively considering farm start-up. Participants set goals, assess available

⁶ This summary is taken from the handbook information page at: <http://www.gardsbruk.no/>

⁷ The description below is taken from the Beginning Farmer Center webpages at: <http://www.extension.iastate.edu/bfc/programs.html>

⁸ The course descriptions below are taken from: <http://www.smallfarm.org/>

resources, determine if farming as a business is an appropriate personal choice, and develop action plans to guide their next steps. They learn what it takes to own and manage a successful farming venture, including the realities of working for themselves. The course is available face-to-face and as self-guided study. Completion of either the course or the workbook is a pre-requisite to proceeding to the second course, 'Preparing the Soil: Creating a Personal Case History as a Farm Planning Tool'.

This course is a two-session course in which participants who have yet to acquire land or to make firm decisions about enterprise selection will create a personally relevant "case history" that they will use as they learn how to write a business plan in the farm business planning course. In this course, participants make temporary but appropriate assumptions about farm location, enterprise choices, and marketing strategies. While these decisions are only conditional, they enable students to go through the full process of business plan development, acquiring the planning skills they will need when final decisions about location, farm products and markets have been made.

USA — Ag Link Program at Iowa State University.

This four day course is designed for agricultural students of the University who are returning to family farms.⁹ Attendance by the members of the senior generation is required. The program provides information and resources as well as discussion sessions for participants on:

- setting the guideposts (personal and business goals)
- intergenerational farm families: living and working together
- strategic business planning
- farm business transfer
- young farmer program overview.

Through the course, participants:

- discover how to address major issues which can lead to failure in intergenerational farming operations
- find out whether an existing operation is large enough to support an additional partner
- learn the basics about current young farmer loan programs
- uncover alternatives for transfer of farm assets
- receive a collection of publications for those considering intergenerational farming.

USA — Maryland Beginning Farmer Course

The Howard County Economic Development Authority and the Maryland Cooperative Extension Service run an eight hour course, comprising four two hour evening sessions over a four week period. The course is designed to provide basic production, marketing and resource knowledge.¹⁰

USA — Farm Beginnings Course

This course is run by the Land Stewardship Project, a non-profit private organisation in Minnesota that is an advocacy group for low-capital, environmentally sustainable farming.¹¹ The course provides participants with access to farmer mentors and to a revolving long term no-interest livestock

⁹ The description below is taken from the webpage for the program at:

<http://www.extension.iastate.edu/bfc/Aglink/details.html>

¹⁰ This description is taken from the Maryland Department of Agriculture webpages at:

<http://www.mda.state.md.us/farmlink/Linkresc.htm>

¹¹ The description below is taken from the Land Stewardship Project's webpages at:

<http://www.landstewardshipproject.org/farmbeg.html>

loan program established in cooperation with Heifer Project International, a charitable organisation providing livestock to needy families in third world countries. The course includes a one-day workshop, three hour evening sessions and farm visits. Sessions particularly relevant to beginning farmers include:

- identifying your values and goals
- testing your decisions before taking action
- resources for starting farm businesses
- using money as a tool for goal achievement
- reviewing your business plan
- marketing alternatives
- exploring ways to learn more
- passing on the farm from one generation to the next
- identifying your next step.

The course has been running for four years with 42 people completing the course, three quarters of whom are currently farming.

2.5.10 Farmer mentoring programs

The Land Stewardship Project in Minnesota operates a farmer mentoring program for participants who complete its Farm Beginnings course. Course participants first meet potential mentors on farm visits that are part of the course.¹²

2.5.11 Young farmers' clubs

Young farmers clubs and rural youth clubs can provide support to beginning farmers, sometimes in association with government credit support programs. For example, the Farm Service Agency in the USA makes Youth Loans available to young people in rural areas to undertake agricultural income-producing projects, such as purchasing and raising livestock.¹³

2.5.12 Revolving livestock and equipment loans

This approach involves no-interest loans of livestock or equipment to beginning farmers, who when successfully established, subsequently donate the livestock or equipment to other beginning farmers. The Land Stewardship Project in Minnesota is currently establishing revolving livestock and equipment loans for participants in its Farm Beginnings course. This program is being conducted in cooperation with Heifer Project International.

2.5.13 Mapping vacant farms and contacting owners

This approach, together with conventional internet-based land-linking is being used in the 'Slipp oss til' ('Give us a chance') program set up by a coalition of small farm and farm youth advocacy groups formed Norway in 1998. Participating local governments locate vacant farms, contact the owners and ask if they wish to be listed on the 'Slipp oss til' website at: <http://www.gardsbruk.no/>. The program has also produced a handbook for new farmers.

¹² An article about a particular mentorship is provided on the Land Stewardship Projects webpages at: <http://www.landstewardshipproject.org/pr/2002/carlsons.html>

¹³ See, for example, the Farm Service Agency's website at: <http://www.fsa.usda.gov/mn/FarmLoans.html>

2.5.14 Integrated approaches

The career structure in the New Zealand dairy industry is regarded internationally as an exemplary model for encouraging a younger workforce in agriculture (Gouin and Jean, 1994; Myles, 1997; McNair and Martin-Taylor, 1996). The model combines and institutionalises a number of the approaches described in previous sections and provides well defined entry paths into farming.

A study by McNair and Martin-Taylor (1996) drew attention to a number of features of the New Zealand system that they believed contributed to its success. These included:

- clear career stages where the steps in the career pathways were institutionalised, and role models were plentiful for farming families at all stages,
- high quality training and farm apprenticeships which prepared young, aspiring farmers for successful entry into dairying,
- effective mid-career transition through contract and share-milking arrangements which allowed farmers to defer land ownership until the middle stages of their careers while accumulating capital in the form of cattle,
- phased-in retirement and farm exit strategies which complemented staged farm entry strategies, and
- support from both the public and private sectors for institutional structures to coordinate and legitimate the overall farmer career structure.

These approaches have resulted in one third of New Zealand dairy farmers being share milkers with an average age of 32 (Myles, 1997).

3 Results of the surveys

3.1 Survey of Tertiary Institutions

A total of 76 email surveys were sent to staff at universities and agricultural colleges who, from information on their institution's website, appeared to have teaching responsibilities relating to farm management (see Appendix 1). In a number of cases, particular members of staff provided a coordinated response covering all relevant courses and staff at their institution. Completed surveys were received from the following institutions: Dalby Agricultural College, Yanco and Tocal Agricultural Colleges of NSW Agriculture, University of Ballarat, Curtin University of Technology, Muresk Campus, University of Melbourne, University of Western Sydney, Hawkesbury, University of Sydney, Orange, and University of Queensland, Gatton. As might be expected from the focus on farm management in compiling the list of teaching staff who received the survey, most of the responses were from Agricultural Colleges or campuses of universities that had previously been agricultural colleges.

Responses to question 2 of the survey form yielded little information on the details of course content that we had hoped to identify; most respondents gave general descriptions of technical course content, such as plant and livestock production, and farm and business management.

In Part B, we asked questions about specific items of course content that we believe may be relevant to managing the process of entry or transition to a farming career. Few institutions indicated that these were 'taught in detail', and again those that did were agricultural colleges or former agricultural colleges (Muresk, Tocal, Dalby and UWS Hawkesbury). With reference to Part C, three respondents indicated that they 'used farm visits to introduce students to practicing farmers who could act as mentors during their transition to a farming career', while three responded that some of the topics in Part B were covered in workshops attended by both junior and senior generations of a farm family that intended farming in partnership.

From these results we conclude that there is already a good awareness of the relevance of the issues identified as influencing the efficiency and effectiveness of the entry/transition process, but that there is not yet widespread delivery within formal agricultural educational institutions of course content that addresses these issues. This may be because of the lack, at the moment, of well developed and tested course materials that focus on these issues, the difficulty of fitting the topics into already crowded programs, and uncertainty regarding the best times and forms of delivery.

Survey of Technical and Further Education providers

An email survey form (see Appendix 1) was sent to 93 teaching and administrative staff in vocational education providers identified as offering Unit RTE 4902A of the Rural Production Training Package. Replies were received from six vocational providers in New South Wales, Victoria and South Australia. This was too few from which to draw firm conclusions, although it may be that many non-respondents do not include this unit in the Training Package. No clear pattern emerged from the responses regarding the inclusion of the four Elements of Competency ('Identify and assist in establishing/reviewing a rural business structure'; 'Identify and assist in the review of roles and responsibilities within the business unit'; 'Assist in the development and implementation of stress management strategies'; and 'Access rural networks and support groups'). The mere presence of these topics within the Competency Standard, however, is evidence that both students and providers have recognised this as an issue that deserves deliberate focus within training packages that are directed at those who are likely to enter a farming career.

4 Discussion

The focus of this report is on support for managing the process of transition to a farming career, recognising that this usually occurs gradually over an extended period, and also recognising there are several entry or transition paths, each with its own obstacles and potential pitfalls.

Policy formulation to address possible problems associated with the paths by which people take up a career in farming requires adequate information in at least three areas:

- the paths by which people take up a career in farming and the relative importance of these paths
- the costs to agriculture of any problems associated with each of these paths
- the options for policies to address these problems.

4.1 Entry paths

In the course of this scoping study, it has been found that the amount of information available on entry paths to farming is generally inadequate. There is, however, some basic information available upon which preliminary policy analysis can be based. For example, a national survey of primary producers by Reeve (2001) found that 29 per cent expected that their present property would be run by a close relative such as a child, brother or sister in the future. In contrast, 61 per cent of producers indicated that their present property had been owned by their parents or parents-in-law.

This suggests that, while the proportion of those who take up a career in farming via inter-generational farm transfer has been declining over the last two or three decades, this entry path still remains a significant one, with perhaps one-quarter to one-third of people entering farming in this way.

Among those purchasing farms for the first time, there may be as many as one third with no previous family background in farming (Reeve, Kaine and Stayner, 1996). This suggests that those with no family background in farming may constitute a significant group of entrants, and a significant proportion of these may be late-age entrants with considerable experience in a non-farm career or industry. Anecdotal evidence suggests that these entrants tend to approach the process of entry in a relatively well-planned way, are motivated and systematic in their learning process, and seek out information and courses to suit their needs. Many of these start enterprises in new or emerging industries, and are therefore part of the 'innovative frontier' of Australian agriculture. As such, they are a strategically important part of the industry. While it is reasonable to suggest that this group may have a need for "farming basics" courses, no Australian analyses of the learning needs of this group were found in the course of this study.

Thus, while it is possible to sketch some possible entry paths into farming in Australia, and to suggest the approximate relative importance of some of these paths, a quantitative specification of the range of entry paths illustrated in Figure 2.3.1 appears to be lacking. A national study to provide this information would valuably inform future policy development.

4.2 Problems associated with entry paths

As discussed above, transfers of farms between related individuals comprise a significant minority of many transfers. As many as two-thirds to three-quarters of transfers may be between unrelated individuals. However, problems associated with transfers between related individuals have been the subject of a number of Australian studies in the last decade. The nature of the problems appears to be relatively well understood, although there seems to be little available information on what the aggregate costs of dysfunctional inter-generational farm transfers might be.

On the other hand, issues associated with the transfer of farms between unrelated individuals appear to have received little, if any, attention. For example, we have not been able to locate any Australian studies that have examined what proportion of those with no family background or educational qualifications in agriculture who purchase farms are still farming at various time periods after the purchase, nor any studies that examine the social and economic costs of failed attempts to take up farming.

The existence overseas of programs designed to improve the efficiency of farm transfers and to minimise the incidence of dysfunctional transfers (between both related and unrelated individuals) would seem to indicate that the issue of entry to agriculture and farm transfer is worthy of policy attention in Australia. If so, then these overseas programs provide a rich diversity of options for consideration. It is important, however, to note that the development of such programs is generally easier where there is already a large body of programs to support and/or subsidise agriculture. For example, in the European Union, programs to support young people entering farming have been developed as incremental additions to wider agricultural policy. In the United States, concessional credit for beginning farmers has been part of the agricultural credit programs that have operated since the 1930s. More generally, taxation regimes can be readily adjusted to provide concessions to beginning farmers, and this has been done in a number of European countries.

4.3 Policy options

Before proceeding to a consideration of policy options, it is important to have a clear understanding of the scope of the policy domain. First, it is necessary to specify whether entry problems are to be addressed in isolation from exit problems or, more generally, separately from structural adjustment problems. Our review of overseas programs suggests that there is merit in policy approaches that aim to meet the needs of entering and retiring farmers, among both inter-generational transfers within families and transfers between unrelated individuals. The rapid growth of land linking programs in the United States demonstrates the value of this approach. In some countries, the facilitation of the entry of younger farmers to replace those of retirement age takes place in an even broader policy context and is regarded as a normal part of rural structural adjustment or social welfare policy.

Second, the intended reach of policy across government and non-government organisations should be carefully defined. Non-government organisations have a prominent position in the United States, particularly with respect to the land linking programs of the National Farm Transition Network. A number of these involve partnerships between government agencies and non-government organisations. There is considerable variation in the degree to which program responsibilities rest with government, or non-government partners. Where there are no partnership arrangements, non-government organisations are free to pursue goals that may not accord with the intent of government policy. Phased transition programs built on partnerships between non-government organisations and government agencies enable a wider range of forms of support for beginning farmers to be brought to the program, and better integration between program components and existing educational provision. The New Zealand model for ownership transitions in the dairy industry appears to be held in high regard internationally as an exemplar for this type of program.

4.4 Policy issues for consideration

If it is accepted that there would be merit in developing an integrated policy approach which facilitates entry to, and exit from, farming in Australia, and which involves partnerships between government and non-government organisations, there are a number of policy issues that require further discussion, study and clarification.

First, there may be a need to develop human resource profiles for individual agricultural industries. These would provide answers to such questions as:

- are too few people entering farming in the particular industry
- what are the consequences, for the industry, of too few new entrants
- are the consequences mainly for the industry, or are there other ‘public interest’ issues
- what are the main sources of new entrants, and the main entry or transition processes, for the industry
- what aspects of the entry/transition process contribute to the inadequate rate of entry
- do those entering farming possess the most desirable attributes in terms of their skills and motivations
- what are the attributes that are considered to be inadequate
- what aspects of the entry/transition process contribute to this
- how can the quality of entrant be improved?

With adequate information about these questions, it is then possible to proceed to other policy issues. From the experience in this study, it appears that there are a number of substantive issues that require further examination.

First, the question of whether those taking up the management of a farm should have some minimum level of qualification and experience has rarely been examined in Australia. This is accepted public policy in some European countries, although it should be noted that such policies are easier to implement where governments already provide a wide range of supports for agriculture such as concessional loans or commodity quotas for new entrants. Questions that need to be considered include:

- is there a ‘public interest’ in ensuring that those who manage farm resources are adequately skilled and motivated (e.g. on the grounds that farmers have the primary responsibility for managing natural resources, the sustainability of which is a matter of public interest, or that their actions influence the safety of the food supply)
- what minimum level of qualification and experience would be regarded as appropriate
- how might educational and experience requirements be designed and implemented, such as a pre-condition to the ownership of land, or to obtaining finance for land purchase?

Second, there is the question of what might be needed in educational provision to improve the functioning of the ‘traditional’ entry path where young people go from full-time education to farming in partnership with their parents. The surveys conducted as part of this study suggest that there may be scope for greater attention in existing provision to assisting junior and senior generations in family farm partnerships to communicate, articulate their goals and aspirations, and develop informal and formal arrangements for managing the gradual transfer of management responsibility and ownership of assets from one generation to the next. Questions to be considered include:

- what educational materials and delivery mechanisms might be developed to address particular issues of an entrant’s transition to an existing family farm
- what might be the content of such a program (cf. the Iowa State University program)
- what might be an appropriate delivery process (e.g. over what period, how might it be taught or facilitated, by what organizations)
- should farm families be assisted in drawing up employment agreements for a returning member of the junior generation (this service is offered by one consultant we interviewed)¹⁴
- what has been the experience of families using employment agreements (e.g. what skills, processes, and templates have been found to be useful)
- to what extent can poor communication habits ingrained over decades be improved
- how can intervention in this sensitive area be undertaken successfully

¹⁴ Stayner (1997b) noted that of those who commenced their farming career by returning to a family farm and working with their parents, after ten years only about half were receiving a regular wage, owned any farm assets, shared profits, had a formal employment agreement, or had formal plans for management transition. This situation can lead to costly disharmony within the family, and premature exit of the younger generation.

- what other programs or interventions might be effective
- how should these programs be funded?

It is important to recognise that intra-family transfers of farm ownership can also occur when the junior generation returns to the family farm after pursuing another career for a considerable period. This may occur when the senior generation is nearing retirement and more interested in passing on the management and part ownership. This timing can work well, because by this time the junior generation has usually gained valuable experience in another business or occupation, has accumulated some capital to assist in the expansion or purchase of at least a share of the farm business, and can negotiate the terms of entry as an independent adult rather than as one whose identity is still closely bound to that of the senior generation. Nevertheless there may be some policy issues worthy of closer examination, such as:

- does this group have similar or other specific needs compared to those on the ‘traditional’ path described above
- what programs might encourage the early consideration of a phased retirement from farming by the senior generation, in order to increase the supply of farming resources for prospective entrants
- what opportunities are there for changes to the social security assets test to encourage earlier intra-family transfer of farm assets and management?

Third, there is a need for a better understanding of the needs of those who enter agriculture later in life after a career in a non-farming occupation. There may actually be more people taking up a career in farming by this path than by the ‘traditional’ path discussed above, yet relatively little attention has been directed to the needs of this group.

Fourth, the rapid growth of land linking programs in the USA suggests there would be merit in a detailed examination of the potential for such programs in Australia. The key feature of land linking programs is the recognition that a phased entry into farming can avoid many of the associated problems for beginning farmers, as well as ameliorating the problems those retiring from farming suffer. These programs have a number of advantages: they reduce the amount of capital that a prospective entrant needs to commence farming; establish a mentor relationship whereby an entrant is able to acquire valuable ‘local knowledge’ that attaches to a particular piece of land or farming environment (e.g., paddock records and other local conditions that would otherwise not be transmitted to a new owner); and give the senior generation the satisfaction of passing on his/her acquired wisdom and ‘place attachment’ to someone with whom a mutually respectful relationship has been built.

An important part of these programs is the contractual arrangements that have been developed to allow phased ownership transitions over periods of as much as ten years, and between non-related parties. Similar arrangements can also formalise a phased inter-generational transition within family farm ownership and reduce the risks of dysfunctional transitions. Questions that need to be further examined include:

- are arrangements like this operating anywhere in Australia (none were found in the course of this study)
- what are the key aspects of effective contractual arrangements between entering and retiring farmers
- what bodies of Australian contract law could be drawn upon to establish such arrangements
- what regulatory or institutional support might assist in the development of land-linking programs in Australia?

Lastly, overseas experience, particularly in USA and New Zealand suggests that it is possible to integrate many of the policy options discussed above into a single strategy for an industry that recognises that there are benefits to be had if the industry takes an active partnership role with government in facilitating the smooth renewal of human capital on farms over time.

Such a strategy requires:

- active partnerships between industry and providers such that progression through courses, the gaining of qualifications and industry work experience periods balance the needs of industry and educational processes
- the maintenance of land linking databases to match entrants with those retiring
- development of model contractual arrangements for phased entries and exits (including for both related and unrelated individuals)
- on-going monitoring of other areas of farm and agricultural policy (including social welfare and taxation policy) so that recommendations can be put forward for any adjustments to these broader policy areas that will encourage and facilitate phased transitions between farm owners.

The New Zealand dairy industry appears to be regarded internationally as a leader in this area and the arrangements used there would be worthy of further examination with a view to determining their suitability for Australian broadacre, horticultural and specialty industries.

5 Recommendations

The report recommends more work to inform development of both future policy and of educational programs.

Future policy development in succession planning

Future policy development in succession planning would be better informed by:

- quantifying the range of entry paths to farming within Australia
- quantifying the aggregate costs of farm transfers between individuals, looking at whether or not they are related, and paying particular attention to dysfunctional inter-generational farm transfers
- developing human resource profiles for individual agricultural industries
- examining whether or not people taking up management of a farm require management qualifications
- defining potential forms of education or training that could improve the traditional entry path for young people moving from formal education to farming in partnership with their parents

Education programs could be designed to smooth farm succession planning by:

- scoping the potential for providing more assistance to junior and senior generations in family farm partnerships to communicate, articulate their goals and aspirations, and develop informal and formal arrangements for managing the gradual transfer of management responsibility and ownership of assets from one generation to the next. Questions to be considered include:
 - what educational materials and delivery mechanisms might be developed to address particular issues of an entrant's transition to an existing family farm;
 - what might be the content of such a program (cf. the Iowa State University program);
 - what might be an appropriate delivery process (e.g. over what period, how might it be taught or facilitated, by what organizations);
 - should farm families be assisted in drawing up employment agreements for a returning member of the junior generation
- developing a better understanding of the needs of those who enter agriculture later in life after a career in a non-farming occupation
- exploring the potential for programs similar to the land linking programs in the USA to be developed in Australia, focussing on:
 - the key aspects of effective contractual arrangements between entering and retiring farmers;
 - what bodies of Australian contract law that could be drawn upon to establish such arrangements; and
 - what regulatory or institutional support might assist in the development of land-linking programs in Australia.

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Appendix 1

Survey to vocational providers

2 minute survey

Competencies relating to supporting and reviewing business structures and relationships (RTE4902A in the RTE03 Rural Production Training Package)

Please indicate, by clicking on the appropriate tick boxes below, the extent to which the competencies below are covered in any farm management courses at your institution.

Taught in detail	Touched on in passing	Not taught		
			RTE4902A/01	Identify and assist in establishing/reviewing a rural business structure
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1.1	Options for the business structure are identified and legal and taxation ramifications assessed.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1.2	Administrative procedures are followed to ensure full compliance with the chosen structure.
			RTE4902A/02	Identify and assist in the review of roles and responsibilities within the business unit
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2.1	Business organisational structure is established/reviewed in consultation with members of the business unit.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2.2	Roles and responsibilities within the business are clearly communicated to members of the business unit.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2.3	Roles and responsibilities of family members are reviewed regularly in accordance with succession and estate planning requirements.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2.4	Wills are prepared, updated and stored in accordance with organisational requirements.
			RTE4902A/03	Assist in the development and implementation of stress management strategies
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3.1	Potential causes of stress within a rural business environment are identified.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3.2	Stress management strategies are developed in consultation with family and other employees.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3.3	Strategies are implemented to minimise stress within the family and the workplace.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3.4	Stress management strategies are reviewed regularly in accordance with organisational requirements.
			RTE4902A/04	Access rural networks and support groups
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4.1	Relevant rural networks and support groups are identified.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4.2	Appropriate interpersonal skills are used to facilitate and promote positive relations.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4.3	Relationships are developed and maintained to promote the rural business in accordance with organisational goals and objectives.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4.4	Networking opportunities are identified and accessed in accordance with organisational requirements.

Thank you for your assistance. Please save this spreadsheet and email it to ireeve@pobox.une.edu.au

Survey to universities

PART A

This section asks for some details about the courses offered by your institution.

1	Does your institution offer formal courses in farm management leading to a qualification?	<input type="radio"/> NO <input type="radio"/> YES
2	Are there topics in these courses that you would regard as being especially relevant to: <i>(please tick any that apply)</i>	
	(a) - people taking up farming who have no previous farming experience?	<input type="checkbox"/> <input type="text"/>
	(b) - sons or daughters of farm families intending to farm in partnership with their parent(s)?	<input type="checkbox"/> <input type="text"/>
	(c) - sons or daughters of farm families intending to farm independently?	<input type="checkbox"/> <input type="text"/>
3	Does your institution offer short courses on topics relating to farm management?	<input type="radio"/> NO <input type="radio"/> YES
4	Are there any short courses that you would regard as being especially relevant to: <i>(please tick any that apply)</i>	
	(a) - people taking up farming who have no previous farming experience?	<input type="checkbox"/> <input type="text"/>
	(b) - sons or daughters of farm families intending to farm in partnership with their parent(s)?	<input type="checkbox"/> <input type="text"/>
	(c) - sons or daughters of farm families intending to farm independently?	<input type="checkbox"/> <input type="text"/>
5	Are there any particular skills or areas of competence that you believe are essential for a successful transition to a career in farming by someone with no previous farming experience?	<input type="radio"/> NO <input type="radio"/> YES <input type="text"/>
6	Are there any particular skills or areas of competence that you believe are essential for a successful transition to a career in farming by someone who going to farm in partnership with their parents or other relatives?	<input type="radio"/> NO <input type="radio"/> YES <input type="text"/>

PART B

This section asks about some specific skills and areas of competence to prepare people for a career in farming.

1 Are any of the following skills or areas of competence taught in the courses offered by your institution that are aimed at, or taken by, people entering farming?		
<i>(please tick any that apply - a red triangle to the left of items in the list shows where additional information is available by placing your cursor on the red triangle)</i>	Taught in detail	Touched upon in passing
(a) - identifying personal values and goals and assessing the extent to which these would be met by a career in farming.	<input type="checkbox"/>	<input type="checkbox"/>
(b) - contractual arrangements and legal aspects of leasing and share farming.	<input type="checkbox"/>	<input type="checkbox"/>
(c) - finding the right farm to purchase.	<input type="checkbox"/>	<input type="checkbox"/>
(d) - phased transitions into farm ownership, such as share farming and acquiring farming assets in advance of land purchase.	<input type="checkbox"/>	<input type="checkbox"/>
(e) - options for phased transfer of farm assets between unrelated individuals.	<input type="checkbox"/>	<input type="checkbox"/>
(f) - phased complementary entry and retirement strategies for unrelated individuals.	<input type="checkbox"/>	<input type="checkbox"/>
(g) - assessing whether a family farm can support both the senior and junior generation.	<input type="checkbox"/>	<input type="checkbox"/>
(h) - communication and personal relationships in the intergenerational family farming partnership.	<input type="checkbox"/>	<input type="checkbox"/>
(i) - planning the transfer of assets in the intergenerational family farming partnership.	<input type="checkbox"/>	<input type="checkbox"/>
(j) - phased complementary entry and retirement strategies for intergenerational family farming partnerships.	<input type="checkbox"/>	<input type="checkbox"/>

PART C

This section asks about some specific learning activities that are being used overseas to prepare people for entry into farming.

1 Are any of the following learning activities included in the courses offered by your institution?		
<i>(please tick any that apply)</i>	Yes, all of this	Some of this
(a) - use farm visits to introduce students to practising farmers who can act as mentors during their transition into a farming career.	<input type="checkbox"/>	<input type="checkbox"/>
(b) - for students who intend farming in partnership with their parent(s), run a workshop attended by both the junior and senior generation that covers topics (g) - (j), above.	<input type="checkbox"/>	<input type="checkbox"/>

PART D

Additional comments (e.g. web address of information about relevant courses at your institution)

Thank you for your assistance. Please save this spreadsheet and email it to ireeve@pobox.une.edu.au.

Appendix 2

Summary descriptions of land linking programs in USA

Program Name Growing New Farmers

Location USA - North East

Program Manager New England Small Farm Institute

Source of Funding USDA

Goals To foster partnerships, networking and resource-sharing among resource providers; to help service providers better cater for the needs of new farmers; to raise awareness among policy-makers of the barriers faced by new farmers' and to develop programs, products and tools to benefit new farmers.

Services Provided Runs professional development, electronic forums and regional conferences for service providers, produces learning materials and decision tools, working with State governments to improve available of finance to new farmers, strengthening existing 'land-linking' programs, decision tool to assist new farmers to access markets, and funding for State initiatives to develop new decision tools, improve access to finance and markets. It provides information, on-line discussions and courses on its website.

Website <http://gnf.bigmindcatalyst.com/cgi/bmc.pl?page=pubpg1.html&node=1009>

Program Name NY FarmLink

Location USA - East

Program Manager NY Farmnet managed jointly by the New York State agricultural agency and the Dept of Applied Economics and Management at Cornell University

Source of Funding Cornell University and the New York State agricultural agency

Goals Linking people and resources to bring about successful business transitions.

Services Provided Operates a service linking those seeking to enter farming with those seeking to scale down their involvement. Has consultants who can assist by setting up a business transfer team. Can provide referrals to trusted professionals who can assist with business transfer.

Website <http://www.nyfarmlink.org/>

Program Name	Farm On Program
Location	USA - Iowa
Program Manager	Beginning Farmer Center, Iowa State University
Goals	Matching beginning farmers who do not have land with retiring farmers who do not have heirs.
Services Provided	Listing service, Ag Link seminars (see below), seminars for bankers, attorneys, investment counsellors, planners and insurance representatives, produces educational material, provides individual consultations and referrals and makes farm financial analysis available through 'Farm On Associates'.
Website	http://www.extension.iastate.edu/bfc/programs.html#Farm On

Program Name	Land Link Program
Location	USA - Nebraska
Program Manager	Center for Rural Affairs
Goals	Matching beginning farmers who do not have land with retiring farmers who do not have heirs.
Services Provided	Listing and matching service. Consultations and referrals
Website	http://www.cfra.org/issues/become.htm

Program Name	Land Link Vermont
Location	USA - Vermont
Program Manager	Center for Sustainable Agriculture, University of Vermont
Goals	To connect beginning and relocating farmers with farmland owners and farming opportunities.
Services Provided	Matching service and database to connect farm seekers with farm owners. Referral to a network of professionals who can assist in the farm transfer process (including an on-line referral list). Workshops and publications.
Website	http://www.uvm.edu/landlinkvt/

Program Name	Ag Link - Returning to the Farm
Location	USA - Iowa
Program Manager	Beginning Farmer Center and the Department of Agricultural Education and Studies at Iowa State University
Goals	Improve inter-generational farming.
Services Provided	<p>A four day program for ISU agriculture students who will be returning to their parents' farms. It is attended by the members of the senior generation. The program provides information and resources as well as discussion sessions for participants on:</p> <ul style="list-style-type: none"> * Setting the guideposts (personal and business goals) * Intergenerational farm families: living and working together * Strategic business planning * Farm business transfer * Young farmer program overview <p>Participants:</p> <ul style="list-style-type: none"> * discover how to address major issues which can lead to failure in intergenerational farming operations. * find out whether an existing operation is large enough to support an additional partner. * learn the basics about current young farmer loan programs. * uncover alternatives for transfer of farm assets. * receive a collection of publications for those considering intergenerational farming.
Website	http://www.ag.iastate.edu/departments/aged/

Program Name	Farm Link of Arkansas
Location	USA - Arkansas
Program Manager	Agricultural Division of the Arkansas Development Finance Authority
Goals	Matching beginning farmers who do not have land with retiring farmers who do not have heirs.
Services Provided	Listing service
Website	http://www.state.ar.us/adfa/programs/flp.html

Program Name	Californial Farmlink
Location	USA - California

Program Name	New England Land Link
Location	USA - North East
Program Manager	New England Small Farm Institute
Goals	To preserve and revitalize New England agriculture, through: <ul style="list-style-type: none"> * Improved access to farmland * Successful farm succession to family members * Innovative farm transfer strategies * Community partners * New tenure models
Services Provided	<ul style="list-style-type: none"> * Matching service, linking “lookers” and farm “holders” * Publications: books, information sheets, sample lease and rental agreements * Resource directory (by state and by topic) * Workshops (covering farm transfer planning, access to land, estate planning, etc.) * Customized referral (e.g. legal, financial, land use) * Technical assistance and consultation * Lease design and negotiation * Individual support & follow-up
Website	http://www.smallfarm.org/nell/nell.html

Program Name	Maryland Farm Link
Location	USA - Maryland
Program Manager	Maryland Department of Agriculture and Maryland Cooperative Extension
Goals	To help perpetuate Maryland agriculture and the lifestyle of family farming by making it easier for existing farmers to develop partnerships with the next generation.
Services Provided	Provides a matching service for retiring farmers and beginning farmers. Also provides some print resources and courses.
Website	http://www.mda.state.md.us/farmlink/Linkresc.htm

Program Name	FarmLink
Location	USA - Michigan
Program Manager	Michigan Farm Bureau
Services Provided	Matching service.
Website	http://www.michiganfarmbureau.com/benefits/farmlink.php

Program Name	Farm Beginnings Program
Location	USA - Minnesota
Program Manager	Land Stewardship Project
Source of Funding	A private non-profit organisation
Goals	Help young people start in farming.
Services Provided	A hands-on program to train new farmers in low-capital, environmentally-sound farming practices, financial management, whole farm planning and environmental monitoring. Participants also benefit from a mentoring component that connects them with experienced sustainable farmers.
Website	http://www.landstewardshipproject.org/programs_farmbeginnings.html

Program Name	Maine Farm Link
Location	USA - Maine
Program Manager	Maine Organic Farmers and Gardeners Association
Source of Funding	Funded by the Maine Farmland Trust
Goals	To curb trend of increasing amounts of agricultural land being sold for urban development and maintain the state's agricultural heritage for generations to come.
Services Provided	Prospective farmers and farmers searching for options for moving out of farming fill out application forms. This information is entered into a database so that farms may be sorted by location, size, type and other features that a potential buyer might be seeking. When it appears that a match is possible, the buyer and seller are both contacted by the FarmLink coordinator. If the farm owner agrees to meet the potential buyer, they are connected. Because many people who are looking to farm cannot afford to buy a farm outright, sellers are asked to consider long-term leases and work-in options in addition to immediate sale. Farmers are not contacted directly by prospective farmers unless they agree to have their information released to a specific buyer. All initial contacts are made through Maine FarmLink and all information is kept confidential.
Website	http://www.state.me.us/agriculture/mpd/farmlink/index.html

Program Name	Farm Link Program
Location	USA - New Jersey
Program Manager	New Jersey State Agriculture Development Committee
Services Provided	<p>Farm Link matches potential buyers and sellers of farmland. The program is directed to those who want to expand their farms or start farming, and also to retiring farmers or landowners who would like to ensure that their land stays in agricultural production but have no family members who want to continue to farm.</p> <p>The program also serves as a clearinghouse for information on such things as the availability of preserved farms for sale and business contacts and resources. Both unrestricted and deed-restricted farmland enrolled in the Farmland Preservation Program are tracked through Farm Link.</p> <p>Additionally, the Farm Link Program assists nonprofit organizations, municipalities and counties in finding buyers for farms that they have preserved and want to resell with permanent deed restrictions.</p>
Website	http://www.state.nj.us/agriculture/sadc/farmlink.htm

Program Name	Pennsylvania Farm Link
Location	USA - Pennsylvania
Program Manager	Pennsylvania Farm Link, a registered charitable organisation.
Goals	Creating farming opportunities for the next generation.
Services Provided	<p>Farm owners and farm seekers complete questionnaires. Searches are completed upon receipt of these questionnaires and periodically thereafter. Potential matches are identified and those who have a match are advised and provided with information and technical assistance.</p> <p>The program also provides a referral service for advice on such things as farm succession planning, beginning farmer loans, resources, and beginning farmer strategies.</p> <p>The program also runs "Passing on the Farm" workshops, a "New and Beginning Farmer" annual workshop, marketing and entrepreneurial development meetings, and a Beginning Farmer Apprenticeship Program.</p>
Website	http://www.pafarmlink.org/index.html

Program Name	Washington Farm Link
Location	USA - Washington State
Source of Funding	King County Agricultural Commission and the Snohomish County Agricultural Advisory Board
Goals	To help ensure that working farms remain in agricultural production and to help facilitate the transition of farms to the next generation.
Services Provided	<p>The New to Farming Program provides direct links between beginning or entering farmers and current landowners; practical assistance for assessing land, farming practices, business planning, and market development; and access to capital and training or apprenticeship programs.</p> <p>The Farm Transition Program provides direct links between farmers in transition -- retired or retiring farmers -- and beginning or entering farmers. The program is designed for landowners who want to stay on their farms and provide mentoring or groom an operating partner. The program provides useful information on successful transition strategies, retirement options, tax and estate planning, and alternatives to development.</p> <p>The Farm/Farmer Matching Program provides direct links between landowners with underutilized or unused farmland and those interested in farming. The program provides assistance in identifying lease/sale opportunities and structuring lease/sale agreements.</p> <p>A Non-Profit Resource Center, a one-stop resource-base for financial planning, estate planning, farm planning and management, real estate, farm product marketing, land trusts, and agricultural production.</p> <p>The Counseling Program consists of a pool of qualified resource providers with expertise in a broad range of fields to provide specific, one-on-one assistance to entering, transitioning and/or exiting farmers. The program provides information and technical assistance regarding transition planning, estate planning, marketing and other techniques to ensure that each party's financial needs are met and that land stays in agriculture.</p> <p>The Communications Plan is aimed at creating statewide visibility in the agriculture community through workshops, educational support, and outreach.</p> <p>Mentoring/Apprenticeship Programs are available to help provide hands-on experience to beginning or entering farmers, or those wishing to improve their stewardship skills.</p>
Website	http://www.wafarmlink.org/

Program Name	Farm Link
Location	USA - Wisconsin
Program Manager	Wisconsin Farm Center
Source of Funding	Wisconsin Department of Agriculture, Trade and Consumer Protection
Services Provided	<p>The program assists existing farmers to identify available farm transfer options, find a prospective farmer who best matches their specific operation, and develop a linkage plan to ensure a smooth transfer. The staff of the Center match farmers who share compatible goals and needs, and refer farmers to a transfer team in their region to help plan the transfer.</p> <p>The program assists beginning farmers to examine their alternatives, set goals and plan for their entry into farming.</p>
Website	http://datcp.state.wi.us/mktg/agriculture/farm-center/transfers/farm_link.html

Appendix 3

Annotated bibliography

Austria, F. (1994). "The agricultural support system in Germany in 1994. New regulations under EU structural policy." *Forderungsdienst* 42(2): 1-8.

A brochure published by the German Ministry of Agriculture on agricultural support measures in 1994 is summarized and compared with current provisions in Austria. The subjects covered include: direct help with investment, agricultural credit, aids for young farmers, aids for energy saving, support for less favoured areas, support for forestry, and diesel oil subsidies. In each case the persons eligible for assistance and the conditions under which it is granted are described. The supplement also summarizes the aims of the European Union structural policy and the way they have changed under the 1994-99 regulations, as well as the Bonn Ministry's opinion on the way the GATT agreement has changed the framework in which agriculture must operate in future.

Barthelemy, D. and J. P. Boinon (1998). "Milk quotas market and land market in three countries of European Union." *Zemledska Ekonomika* 44(5): 193-196.

This paper outlines the differences in enforcement of the regulations concerning milk quota transfers in three countries of the European Union. In France, every transfer of milk quota must be agreed on by a local commission which can take a share of the transferred quota from a reserve with the view to allocate them to young farmers. There is often a difference of price between a land with quotas and a land without quota. In the UK, legally milk quotas are tied to the land, but in fact permanent transfers of milk quotas are independent of land transfers. It is also the case in Germany where, since 1993, the regulations do not impose a link between milk quotas and land, but the transfers of milk quotas are limited inside the same geographic area.

Barthelemy, D. and A. Leseigneur (1997). "How much for farm entrance?" *Comptes Rendus de l'Academie d'Agriculture de France* 83(8): 89-98.

Farm entrance for a young farmer requires purchase of a farm or of a significant part of its assets. The imperfect competition apparent on the French farm market is explored and the difficulties in transferring farms outside the family are highlighted.

Belgium, M. d. C. M. e. d. I. A. (1997). "Dairy quota regulation: 1996-97." *Agricontact*(290): 11-13.

The principal components of the regulation on dairy quotas introduced in Belgium for the year 1996/97, incorporating the changes which have taken place relative to 1995/96, are examined. These components include: rights to a quota; conditions associated with temporary transfer or leasing of a farm; permanent transfer, including transfer relating to taking over a farm and creation of a farm; general principles relating to the transfer of dairy quotas; the transfer of dairy quotas by an intermediary from the Quota Fund; and special quota conditions for young farmers.

Blanc, M. and P. Perrier Cornet (1993). "Farm transfer and farm entry in the European Community." *Sociologia Ruralis* 33(3-4): 319-335.

In the countries of the EC, as in nearly all developed countries with a free-market economy, wage labour is uncommon in the agricultural sector, which is still dominated by family forms of production. However, the way in which farms are passed on from one generation to the next varies greatly throughout the EC. This paper focuses on the reasons for this diversity. The paper examines the conditions under which property is transmitted from one generation to the next, how a retiring farmer transfers farm management to his successor and the significance of government policies designed to help young farmers to set up in business. The paper is based on data from a study conducted in 1990 and 1991 throughout EC Member States.

Bonnet, J. P. (1997). "The challenge of capitalizing in agricultural business." *Comptes Rendus de l'Academie d'Agriculture de France* 83(8): 99-110.

The capital employed by French farmers has increased considerably during the last decades. This evolution results from technical improvements and restructuring of farm units. Through this search for productivity, many farmers increased their family's earnings to a level equivalent to other sectors of activity. This economic change occurred along with a trend towards partnerships. The successful start up in classic systems of production by young farmers requires help from others, notably parents.

Brown, R. Encouraging rural enterprise in Great Britain - Britain's 'Venturecash' competition. 1994, 8 pp.; 11 ref. Cranfield, Bedford; UK, School of Management Cranfield University.

In the light of the problems and opportunities facing UK agriculture, an initiative was started in 1985 by three private sector organizations (National Westminster Bank, National Farmers Union and Young Farmers Club) to encourage enterprise amongst young farmers. Applicants between the ages of 18 and 32 were invited to complete a mini business plan. From amongst the applicants, 20 were selected to complete four days business skills training at Cranfield University School of Management where a more detailed business and research plan was produced. Ten finalists were awarded £1500 for further project research. A single winner was awarded a further £1000 prize. Projects have ranged from mineral water bottling and organic bakeries to wild boar speciality sausages and farmhouse cycling tours. A brief case history is given of the 1988 winner, whose project was to grow and dry flowers on part of their farm in Kent. The benefits of such low-cost, company financed competitions is that young enterprising farmers are encouraged to come forward and, with the help of business training and industry expertise, to develop their ideas into significant new enterprises. Providers of training and bodies concerned with developing enterprise should be encouraged by the Venturecash example to develop similar competitions with the help of appropriate private companies.

Colson, F., A. Blogowski, et al. Who are the farmers in difficulty? *INRA Sciences Sociales*. 1989, No. 6, 4pp.; 5 tab., OQEH.

The financial difficulties of farmers, in the past considered as individual problems, have taken on such proportions in France as in other western European countries that they have become an agricultural policy dilemma. The 1987 study of farmers in difficulty, undertaken by the French Ministry of Agriculture and the INRA, responded to the need to identify those farmers experiencing difficulties, and to evaluate the effectiveness of the public support mechanism put in place in 1982. Spanning 5 departements, the study included an evaluation of the number of farmers experiencing problems in the nation as a whole, employing data from the European Farm Accounting Network. Loan repayment levels were used as an indicator of financial difficulty. Issues highlighted in the paper include: methodology of the study; identification of farmers most at risk; departmental disparities; aggregate results for France; and the effectiveness of public aid measures. The study brought out the financial fragility of farms undergoing intense modernization and those owned by young farmers. The lack of concrete decision making as to whether a farm in difficulty should be continued or abandoned often hindered any improvement to its predicament. The admission of an economic failure should not carry with it a social stigma or hardship.

Colson, F., A. Blogowski, et al. The problem of farmers facing financial difficulties. Managing long term developments of the farm firm: strategic planning and management. Proceedings of the 23rd Symposium of the European Association of Agricultural Economists, November 6 8, 1989, Copenhagen, Denmark. 1990, 141 144; OQEH., Wissenschaftsverlag Vauk Kiel KG; Kiel; German Federal Republic.

The level of financial stress in French agriculture is estimated and an assessment made of the assistance measures available for farms in difficulty. Data regarding the default of payment and Farm Accountancy Data Network information indicate 68 000 farmers (11% of full time farmers) have high debt levels and low returns to family labour. Of these 20 000 are not expected to survive. Two most vulnerable farm groups are identified: those large farms run by young farmers with recent high levels of investment; and small farms run by elderly farmers

with low returns running a slight risk of bankruptcy.

Colson, F. and B. Pineau "Ratios for financial risk detection on farms run by young farmers." 1991, No(57-63; 5 tab.): 5 fig., OQEH.

This paper analyses five different accounting ratios for the financial analysis of French farms run by young farmers receiving public subsidies. For each ratio, two levels of significance are selected for the financial risk detection. The study surveys 175 farms, 25 of which are in arrears of loan payment. Discriminant analysis is used for the choice of financial ratios.

Cross, J. A., D. Jackson Smith, et al. (2000). "Ethnicity and farm entry behavior." *Rural Sociology* 65(3): 461-483.

The persistence of ethnic traits in both the visible agricultural landscape and the practices of established farmers in the USA has been well documented but not unchallenged. One limitation of most studies is that they have focused on relatively special populations of farmers who could be expected to have unusually strong ethnic identity. It has not been clear that ethnic background could serve as a useful variable in explaining variation in farmers' behaviour in the general farm population. The present study examines the role of ethnicity in a large random sample of recent entrants into dairy farming in Wisconsin. In particular, we provide some confirmation that the farm operator's ethnic identity can be linked to differences in entry paths, current farm characteristics, and cultural beliefs in our sample. We also suggest that ethnicity plays a stronger role in affecting the resources and opportunities available to young farmers than the strategic decisions made to employ these assets.

Dauce, P., F. Leturcq, et al. (1999). "Early retirement in French agriculture - impact of the second programme on the establishment of young farmers." *Economie Rurale*(253): 51-57.

The second early retirement scheme for farmers implemented in France from 1995 to 1997, aims to support the intergenerational transfer of farm holdings in favour of young farmers. This paper measures the effects of this policy. It seems likely that the objectives have been reached since the number of establishments in agriculture is significantly higher than during the 1992-1994 period. However the mid-term impact will be less favourable because the size of the land market will be strongly reduced and the cost of the programme seems very high, comparative to the results that have been obtained.

Degregori, P. H., D. Barthelemy, et al. (1999). *A French point of view. L'agriculture europeenne et les droits a produire*. Paris; France, Institut National de la Recherche Agronomique (INRA): 399-403.

The chapter looks at the Agenda 2000 reforms and the EU Berlin summit from the French angle. The introduction suggests that the reforms are little more than a stop-gap measure which will increase bureaucratic complexity and lead to more and more farmers chasing subsidies than improving productivity and product quality. In addition, the proposals are likely to benefit most the larger producers, who are precisely those who need them least. The French policy of transferring quotas outside the commercial arena is applauded, as a means of allowing young farmers a better start than they would otherwise have in the dairy and wine sectors. Remarks on Agenda 2000 continue by deploring the renationalization of the CAP and reduction in subsidiarity they entail, though the development of a European model of agriculture is applauded. Detailed perspectives on the main sectors of cereals, oilseeds, beef and milk follow, with condemnation of the policy of lowering the oilseed subsidy to put it in line with that for cereals, of the failure to align meat subsidies more exactly with one another, and of the changes to the milk support system, which has worked well hitherto.

Dhoudt, L. (1993). "Investment in dairying - taking over a farm." *Agricontact*(254): 17-20.

The transfer of a farm from one generation to another poses problems on both sides. The older generation have to distance themselves from a business they may have built up with their own hands, and the younger generation suddenly has new responsibilities. In Belgium, policy is becoming increasingly regionalized. Different regulations, such as on planning and the environment, exist in the French speaking and the Flemish speaking provinces. The last 12 years have seen increasing specialization and growth in the size of farms. In dairy farming, the main limitation is size of quota and, in some cases, a farm has to support two generations. Preparations for handing over include, in the long-term, training for young farmers and, in the medium-term, planning and investment in infrastructure. The immediate preparations for handover include legal formalities, consideration of tax implications, profitability studies, drawing up of contracts and an inventory. Decisions taken could have a big impact on the career of the new owner, and need to be planned several years in advance.

Dodson, C. and S. Koenig (1995). "Young commercial farmers: their financial structure and credit sources." *Agricultural Income and Finance Situation and Outlook Report*(56): 40-44.

Recent declines in new entrants into US farming have raised concerns about the effectiveness of policies that aid new entrants. The growing capital requirements of today's production agriculture often are linked to the decline in persons entering farming. Research indicates most young commercial operators have ample financial resources. A small group has more limited financial resources and is more likely to need assistance in the form of grants or subsidized credits. These young low resource operators primarily obtain their credit through commercial banks and USDA farm loan programmes. The results suggest that broad-based targeting of assistance programmes based on age, or even years of experience, may be inappropriate.

Emmenecker, C. The 6 month work experience training course. Results of the first two years. *Chambres d'Agriculture*. 1994, No. 824, Supplement, 55pp.; tab., fig.

In France financial assistance is available to young people between the ages of 21-35 who wish to enter into running their own farm. Until 1991 the only qualification required was a diploma in agriculture. However, since 1992 young farmers have also been obliged to complete a 6 month course involving work experience on a farm or agriculture-related enterprise, and by mid-1994 over 3500 people had fulfilled this requirement. After describing the course structure in some detail the report then represents the results of a detailed survey of both farmer students and farmer-instructors, covering attitudes, course conditions and value, level of satisfaction, and ideas for improvement.

Gale, F. The new generation of American farmers: farm entry and exit prospects for the 1990's. *Agricultural Economic Report Economic Research Service, US Department of Agriculture*. 1994, No. 695, iv + 38 pp.; 30 ref.

Between 1992 and 2002, more than 500 000 older farmers will exit the US farm sector, to be replaced by about 250 000 new young farmers. Farm numbers are expected to decline about 1.3% annually, reaching about 1.7 million by 2002. Farm entries will likely continue at low levels. The decline in farm numbers is not a threat to the Nation's food supply. The complex workings of land and credit markets will determine how farm assets of retiring farmers are transferred to the next generation. The outcome of this process has important implications for the structure of farming in the next century.

Gale, F. (1992). "How young farmers accumulate farmland." *Agricultural Income and Finance Situation and Outlook Report*(AFO-46): 30-33.

Patterns of owned and rented farmland by age of operator and region are examined using US Census of Agriculture data. Young farmers generally rent more acres than they own, and acquire more acreage through purchase and rental as they gain experience. Family transfers are a major source of ownership for young farmers, but more than half of the land they owned was purchased from a non-relative. Midwestern and Plains farmers are the most reliant and Northeastern farmers the least reliant on rented land.

The availability of rental as a means of acquiring farmland allows young entrepreneurs to begin farming with a modest amount of capital and debt. It is concluded that the popular belief that young people are excluded from entering farming unless they inherit or 'marry into' a farm is unfounded.

Gatto, E. (2001). "Assessing regulation 950/97." *Bollettino INEA* 15(1): 16-21.

The article reports on research assessing the impact of EU regulation 950/97 on Italian regions outside Objective 16 for the 1994-1999 planning period. The main aims of the regulation are farm modernization, the establishment of young farmers, and compensation to farmers active in disadvantaged areas, with a target date of December 2001 and interim reports along the way. Initial results are available in respect of implementing the financial aspects of the intervention, the impact of investment in farms, and impacts on the introduction of young people and compensation for environmentally disadvantaged farms. Farms are grouped according to whether they have or have not made investments in this period, and if the former, how much investment as a proportion of existing value, with thresholds of 5% and 10%. Another distinction relates to whether the involvement of young people on farms is due to their upbringing on family farms or their own decisions to set up independently. Finally, farms are distinguished as being ecologically disadvantaged (e.g. in mountain areas), rather than disadvantaged through adverse market conditions.

Granger, A. L. (1990). "Setting up grants in France: a privileged tool for raising the professional capacity of agricultural producers." *Agriculture Montreal* 46(2-3): 30-33.

The gradual increase in incentive measures to promote better levels of education in France has had a positive impact on the agricultural sector, contributing to increasing the level of training among beneficiaries of setting up grants by nearly 40% over the last decade. Designed essentially to support the renewal of the farming population and ensure agricultural competitiveness, the policy of providing setting up grants to young farmers is based on the condition that their professional capacity has been improved through the acquisition of a certain level of qualifications. This objective was reinforced again recently when increasing professionalism became one of the central focuses of a policy of reform introduced in 1988. To provide a better understanding of the reasons behind this approach, the article describes the development of the setting up policy in France and highlights the success with which it has achieved its desired objectives.

Iba, H. (1999). "A study of the function of young farmers clubs; from a view point of informational networking." *Natural Resource Economic Review*, Kyoto University(5): 125-142.

Young farmers clubs such as '4H Club' are important as a system for development of young farmers. However, many of the Clubs are not working well. There are several reasons for this, which relate to changes in both the external and internal environment. Considering the theory of Information Networking, these changes can be seen as an obstruction to the data processing function of the Clubs. This paper focuses on two types of information to reconstruct the Clubs' function; common information and exclusive information. Existing Clubs have produced exclusive information, mainly. That has been valuable information for young farmers. However, common information is becoming increasingly important for them, in order to deal with both external and internal changes.

Juhasz, C. (1999). "The 4H movement and family farms." *Falu* 14(1): 83-87.

The 4H movement began in Hungary in 1990. It's main role is to train young farmers in the management of and production on family farms. The training programme is outlined and the agricultural advisory service tasks highlighted.

Kaufmann, C. A. (1993). "Investment credits in agriculture: developments, innovations, outlook." *Landwirtschaft Schweiz* 6(11-12): 645-648.

Special investment credit arrangements available to Swiss farmers for the 30 years 1963-93 are reviewed. These have usually been in the form of interest free loans either to farmers or farmers' organizations.

The rolling fund established in 1963 was running at around FS 1500 million in 1993, and had provided some 106 000 loans in the 30 year period. The major share of investment (about FS 100 million per year) was spent on modernizing farmhouses and farmbuildings. Another FS 40 million for takeovers went mainly to young farmers taking over the family farm. About 3100 farms were provided with investment credit each year and the average cultivated area per farm increased from 10.8 ha in 1963 to 19 ha in 1992. Under the January 1993 legislation more attention will be paid to encouraging environmentally friendly production and, in remoter areas where farming is not enough to maintain population, investment help will be available for part time farmers and also for ancillary enterprises like tourism on full time farms. There are also special provisions for providing tenants with loans for the maintenance and major repairs of rented buildings.

Kuz' min, I. (2002). "Provision of financial credit to agriculture in developed countries." *Mezhdunarodnyi Sel'skokhozyaistvennyi Zhurnal*(No.1): 31-34.

The roles and policies of governments and banks in various countries in providing finance to the agricultural sector are considered, focusing on the situations in Germany, France, Austria, the Netherlands, the United Kingdom and Canada. In Germany, *Landwirtschaftliche Rentenbank* was established as a central agricultural bank, with the aim of making credit available to agriculture, forestry, fisheries and the food industry. The main activities of *Landwirtschaftliche Rentenbank* in this area are outlined, including the provision of preferential credit through the programmes "Agriculture", "Young Farmers" and "Regeneration of Forests". Prior to 1990 the allocation of preferential credit to agriculture in France was carried out only by the *Credit Agricole*. However in 1990, *Credit Agricole's* monopoly was removed, meaning that other banking networks could also provide preferential credit to farmers. Mechanisms by which the allocation of preferential credit to agriculture is regulated are outlined. Brief outlines are also given of the operations of *Rabobank* (the Netherlands) and the *Farm Credit Corporation* (Canada) in providing finance to agricultural production. The situation in the United Kingdom is noted as differing somewhat from other countries, in that there is no specialized agricultural bank or government institution involved in providing finance to agriculture; instead agricultural businesses have to negotiate to obtain finance from the major commercial banks on the same terms as businesses in other economic sectors.

Leistriz, F. L., B. L. Ekstrom, et al. (1990). "Beginning farmers in North Dakota." *North Dakota Farm Research* 47(6): 27-29.

The paper highlights the demographic and economic characteristics of individuals who started in farming in North Dakota during the period 1984-88. A key factor in becoming established was earnings from off-farm employment. Beginning farmers represented a workforce that is highly educated, skilled and ready to work. About 89% indicated that they had 6 or more years of farming experience prior to beginning their farm or ranch venture. Growing up on a farm (77%) and working for parents or relatives (52%) were the forms of experience most frequently cited.

Liguori, A. (1991). "Young people and agriculture." *Bollettino Economico* 53(4): 75-86.

Italian agriculture is faced with problems of stagnation. Aspects of agricultural policy are reviewed briefly, mentioning income support to individual farmers and production controls. The need to promote the establishment of properly trained young farmers is emphasized. Measures required to improve establishment include setting up a savings bank to aid land acquisition. It is argued that such a Bank should accord preference to young farmers in allocating at least one-third of its funds. Bureaucracy has slowed the efficient transfer of available funds in the past. Cooperatives may also be given some preference, provided their operations of control and financing are sufficiently clear. Some statistics are presented which emphasize the greater age of farmers than workers in other sectors within the EC. Land ownership in two regions is tabled, broken down by the age/gender characteristics of the farmer.

Mazorra, A. P. (2000). "Analysis of the evolution of farmers' early retirement policy in Spain. The case of Castille and Leon." *Land Use Policy* 17(2): 113-120.

The aim of this paper is to present an empirical analysis of early retirement CAP (R. 2079/92) policy in Spain. The guidelines issued by the commission in 1985 (COM(85)750 last) emphasise the need to help young farmers to get started and describe the handicaps to be overcome by young individuals seeking to start up as farmers on account of reduced mobility in ownership of arable land. The early retirement policy is a structural and rural development policy (installation of young farmers, modernization of agrarian structures). The paper explores the implementation of this process on a national and regional level in Spain and Castille and Leon, and reviews its inconsistencies and the interests of the parties involved. It is concluded that the early retirement scheme presents poor results because of its extra-cultural nature, unconnected with the traditions of inheritance and the farmers' interests.

Mecenero, G. (2001). "New agricultural-environmental measures in Piedmont." *Informatore Agrario* 57(24): 27-30.

The article looks at the question of choosing priorities in respect of measures protecting the environment from agricultural activities in areas of high environmental sensitivity where the availability of finance is otherwise insufficient. The chief EU regulations involved, 2078/92 and 1257/99, are described. The second section describes certain activities currently being undertaken, such as the promotion of integrated production and organic farming, the maintenance and increase of soil organic matter, field reconversion, extensive grazing, the promotion of agricultural activities that are mainly designed to protect the environment, and raising fauna species in danger of extinction. The third section describes the shortage of finance available to carry out such projects comprehensively, meaning that priorities have to be set in the form of farms to be chosen for action: one priority is farms that have not been able to adopt such measures as yet, and another those farms freshly taken over by young farmers. The conclusion underlines the necessary nature of these projects in an environmentally sensitive part of Italy as alpine Piedmont.

Mengozzi, B. (2002). "Programs to support young people who are interested in farming." *Mondo Macchina* 11(6): 48-50.

This paper explores proposals for facilitating the entry of young people into the agricultural sector of Italy. One such proposal is to create a grant to allow young farmers to cover, up front, the cost of leasing land.

Midmore, P. (1996). "Barriers facing young entrants to farming in Wales: economic and legal aspects." *Journal of the Agricultural Society University of Wales* 76: 81-96.

The situation in Wales regarding barriers facing young entrants to farming is reviewed to demonstrate firstly that a problem exists, and secondly that it needs to be addressed. Statistical evidence from the sector is presented along with a simple financial example of a medium sized hill and upland dairy farm (Welsh Institute of Rural Studies, 1995). Alternative policy measures which would improve the situation for young farmers are explored. It is concluded that any solution will involve a combination of policy measures.

Moyano Estrada, E. and M. C. Fernandez Durantez (1991). "The policy of settlement of young farmers in the EC." *QA, Questione Agraria*(43): 5-23.

Some results are analysed of the aid programmes instituted in different EC countries for the settlement of young people in agriculture, in accordance with article 7 of EC regulation No. 797/85. The first part of the paper discusses the theoretical framework and presents two 'ideal types' of policy into which all the national programmes could be fitted. The role of farmers' organizations in developing such programmes is explored, together with conditions that favour or impede participation. Some of the essential aspects of the national application of EC regulations are analysed, including the difficulties. It is argued that structural differences between agricultural areas and the different roles that agriculture plays within the socioeconomic context of individual countries render abstract the concept of an 'ideal type' of settlement.

A differential policy is advocated, with more effort devoted to coordination among EC agencies. In conclusion, alternative proposals are presented in which central importance is given to: simplification or elimination of administrative procedures; separation of agricultural from fiscal management; improvement of the quality of products and of the environment.

Myles, L. (1997). "A skilled young workforce - a key factor." *Irish Grassland and Animal Production Association Journal* 31: 58-64.

The article discusses the situation of farm entrants in Irish Republic dairy farming, covering training, the age profile of farmers, access to farming, the future for young dairy farmers, and comparisons with the situation in New Zealand. It is considered that despite the fact that young entrants to farming are well educated and trained, their contribution is limited because of poor access to farming. Young farmers lucky enough to inherit are confined to small enterprises by virtue of their inheritance and quota regulations. It is suggested that, given a reasonable opportunity, young farmers can make a much greater contribution, and that without their involvement Irish Republic dairy farms will not be competitive enough to meet the challenges of the future. The New Zealand dairy industry is driven by a very young highly motivated workforce. One third of dairy operators are share milkers with an average age of 32. It is considered that the Irish Republic needs to put similar policies in place to establish a ladder of entry for young people to become involved in the business.

Nasuelli, P. and M. Setti (1997). "A new reform of EU dairy policy." *Rivista di Politica Agraria* 15(2): 53-64.

The EU reform of dairy policy now in force since 1995/96 has created some undesirable effects. This study makes some additional proposals in favour of greater flexibility which would allow the defining of more realistic objectives and strategies for production and marketing which would in turn bring greater efficiency. It recommends a partial liberalization of the system and the introduction of a specific milk quota system. Producers would be free to produce any quantity up to an agreed upper limit in certain defined areas. The measures proposed would increase producers' responsiveness to the dynamics of the market and increase efficiency in terms of development in general: protection of the environment; employment (especially the award of additional quotas to young entrepreneurial farmers); paying attention to mountainous and other disadvantaged regions and to best land use practice. These criteria have been proposed in relation to areas of Northern Italy, therefore the impact of the measures would have to be carefully monitored to determine their relevance to other parts of Italy and to other EU countries. Nevertheless, if they do not foster the general socioeconomic development of the region concerned, it is unlikely that entrepreneurship and employment in the dairy sector can be increased or even maintained.

Neveu, A. (1997). "The policy of Credit Agricole for financing farmers setting up their own farms." *Comptes Rendus de l'Academie d'Agriculture de France* 83(8): 111-120.

The policy to incite young French farmers to set up their own farms has been a notable success owing to financial aids and to the Credit Agricole's determined action. However, the production constraints which started in 1984 with dairy quotas have altered the economic conditions for the newly settled farmers, whose number has dramatically decreased. This decrease should be curbed by the Agreement concerning farmers setting up their own businesses which was signed in 1995, but the new policy is impeded by demographic changes in farmers' families, and by the necessity to finance economic plans that will work.

Remy, J. (1997). "'Dowryless' young farmers: should unaided farm enterprises be given help?" *Economie Rurale*(238): 33-37.

Unaided farm enterprises (without a subsidy for young farmers which is called 'Dotation Jeune Agriculteur') make up about a third of today's young farmers' enterprises in France. For several years these unaided enterprises have caught the attention of the media and of agricultural unions. Increasingly demanding requirements to be eligible for the 'Young Farmer's Subsidy' also exclude unaided farmers from different forms of aid such as quotas. Nevertheless, they

produce, occupy territory, maintain the landscape, and above all, do not claim welfare.

In the present social, political and economic context, the ways of distributing different aids between regions, different forms of production and types of farmers, often create feelings of discrimination and exclusion.

Rivard, C. Milk quotas and the continuation of dairy farming in Quebec. Proceedings of the XXIII International Dairy Congress, Montreal, October 8-12, 1990, Vol. 3. 1991, 2322-2326., International Dairy Federation; Brussels; Belgium.

The effect of the milk quota system in Quebec (Canada) on new entrants to dairy farming in the province is discussed. After a brief summary of the establishment (in the 1970s) and operation of the quota system, the measures taken to assist young farmers are considered. These include a system of loans on favourable terms and the establishment of a quota 'bank' from which surplus quota is distributed annually to new farmers who request it.

Santos, R. O. (1998). "From the establishment of farmers to the installation of rural businessmen." *Economie Rurale*(247): 55-57.

French and European policy aimed at the installation of young farmers is outlined, together with other agricultural policy changes which have led to the alienation of farmers from their role in local development: the professionalization of farming and high output aims have contributed to this. The eligibility criterion for establishment grants has been based on a viable management plan. It is proposed that this should be modified, such that grants are related to the number and range of activities of workers, not to the employer alone, thus recognising the range of activities carried out by individuals and their contribution to not only economic but also social, cultural, demographic and spatial aspects of life. Structural policy would thus become an instrument for support for agricultural employment and rural development.

Savy, H. "Policy for up-grading the qualifications needed by young farmers after 1992: implications for apprenticeships and adult education." 1992, No(37-42; 4 tab.): 2 fig., OQEH.

An up-grading of the qualification required from young French farmers asking for Government grants is planned from 1992. However, some farmers already experience difficulties in acquiring the present required level of education. This paper examines the problems that the up-grading is likely to have for future young farmers, and discusses a possible solution which would allow a steady flow of newcomers into the sector whilst maintaining the qualification up-grade. This solution concentrates on basic education in french and mathematics, and the diversification of training frameworks.

Vaccari, S. (1994). "EU policy on young farmers: six years of application of EC regulation 797/85 in the Italian regions." *Rivista di Politica Agraria, Rassegna della Agricoltura Italiana* 12(6): 17-28.

EU Regulation 797/85, relating to improved agricultural structures, included measures in favour of young farmers/farm entrants. The article reviews the extent and results of efforts in the Italian regions to set up young farmers, and the role of their farms in the current agricultural structure.

Winkler, W. (2000). "The new Agricultural Act in France." *Agrarrecht* 30(6): 182-186.

France has revised its agricultural law every 20 years since 1960. The 1960 act aimed to establish parity between agriculture and other sectors through economic and social measures. The 1980 legislation added a new emphasis on developing agriculture as an important sector to maintain national economic balance, encouraging young farmers to stay in the profession and providing food to meet world needs. The 1999 Act lists the economic, ecological and social functions of agriculture and the policies necessary for their sustainable development in much more detail. Its sections cover the continued encouragement of family farming, improvement of production conditions, improvement of farmers' pensions, production of high quality food and renewable raw materials, food development aid, improved market organization and fair division of proceeds among producing and marketing sectors as well as care of natural resources, maintenance of biodiversity and promotion of research.

Zimpelmann, U. (1999). "Five decades in the service of agriculture: from state subsidized credit to the bank's own credit programme." *Zeitschrift für Agrargeschichte und Agrarsoziologie* 47(1): 59-70.

The German Agricultural Rentenbank was founded in May 1949 in succession to the earlier Deutsche Rentenbank founded to stabilize the currency in 1923 and its successor RKA more directly involved with agriculture. The bank's gradual shift from being an instrument of state support policies for agriculture to building its own special credit programmes is described. In the period 1971-1998 it provided a total of DM 21 billion for special agricultural credit programmes. Of this DM 12 billion went directly to agriculture and young farmers, DM 200 million was for restructuring, DM 500 million for village renewal and DM 7800 million was for regional infrastructure. An additional DM 1200 million was for farm dwellings. Changes in the way the bank has been financed over the years are detailed.