

Managing and financing business expansion in a developing industry, primarily focussing on the dairy goat industry for Tasmania.

A report for

NUFFIELD
AUSTRALIA
FARMING SCHOLARS



by Tony Barker

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Foreword

Our personal and business vision for many years has been as follows.

To have a profitable, integrated, sustainable business, value adding farm products, providing employment and learning opportunities for others and ourselves while having a balanced personal and family life.

The main reason for applying for a Nuffield scholarship was to assist in achieving our vision, looking for knowledge and experiences that would develop our dream. The scholarship provided the opportunity to investigate the factors leading to successful business expansion, covering the issues of managing, marketing and finance, particularly looking at how the study outcomes could not only be useful to our business but also to the dairy goat industry in Australia and Tasmania.

The aim in researching this topic was to look at a wide range of agricultural enterprises and businesses apart from dairy goat operations to investigate and learn what works and what doesn't.

Personal development through experiencing international travel and culture, being away from family and business and to become part of an international network of like-minded motivated people was also another important aim of the scholarship and to develop a global awareness personally and from a business perspective.

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My sponsor, Landmark, for their financial support to Nuffield Australia, which allowed me to become a 2005 Nuffield Scholar.

The scholars I travelled with on the Global Focus Program for great companionship while we learned as much about ourselves as we did about agriculture.

The UK scholars, who hosted me, helped me with contacts and travel arrangements.

To all those on the “September China” trip who helped make learning about Chinese culture such a memorable experience.

To my parents John and Pat for their continued support and all they did while I was away. Also those, that kept an eye on my family during difficult times.

Finally to my children, Kara and Lachlan for helping out and keeping me focussed on what is the most important in life!

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Executive Summary

When I embarked on my Nuffield travel, I focused on my topic of Business Expansion and how that could benefit my own business and the Dairy Goat Industry in Tasmania.

I benefited greatly from the experience of the Six Week Global Focus Program, and I realized almost immediately how business expansion was part of a much larger phenomenon occurring at varying rates across the world. This phenomenon, commonly known as “Change” affects us all, whether we are actively seeking it, trying to avoid it or that we simply do not recognize it occurring.

Our approach to change as individuals seems to depend on our motivation, access to information (knowledge) and resources (land, labour, capital) and our skill to manage these for a successful outcome.

Around the world, there are individuals who have constraints to growing their business. Many of the constraints are commonly known such as the access to a primary resource such as land. Urbanization is becoming a bigger issue and land value is often not determined by agricultural production returns but by demand for lifestyle blocks. Water, Labour and Capital will also affect potential business expansion, and there are restrictions in relation to general regulation – Political, Economic and Environmental.

New technology is often an integral component of business expansion, however to maximize the potential benefit from this technology, “Big Picture” thinking is required and maybe redesigning our farming systems to capture that benefit through increased efficiency. In many cases new technology is introduced without farm system changes, which can lead to increased cost without the offsetting benefit.

Producers in traditionally regulated and supported industries generally will be less able to be innovative and creative because they are entrenched in a handout mentality. Some Western European agriculture systems appear to lack efficiency due to scale, the inability to change farming practices for many years and the lack of knowledge of the true cost of production. In some instances, the necessity to rely on the Government for continued support is immense.

If as owners/ investors/ managers of our businesses we understand all aspects of the supply chain from on farm production through to the culture of the people buying our end product, we have a better competitive advantage in distinguishing new opportunities to grow and expand our businesses.

There can be a lot of emotion attached to change so being an optimist sure helps to focus on opportunities and moving forward instead of getting bogged down with potential threats and fears of the unknown. Those who heavily focus on weaknesses and threats and reject unknown territory will more likely feel incapable of managing change.

Ultimately, business expansion in any industry is possible and depends on the individual/s involved and their passion and attitude to succeed. This seems to be the case anywhere in the world.

Introduction

Ingleside Holdings is a family owned business operating on 591 ha of picturesque dairying land at South Riana, backing onto the Blythe River, situated 15 km south of Penguin, on the North West coast of Tasmania. The farm consists of 449 ha of owned and 146 ha of leased land with 80 ha currently irrigated. The leased land which adjoins the owned portion is used for young stock rearing, additional milking area and for feed conservation.

Over the four generations the farm has developed from a small mixed 100 ha farm to a solely dairy operation of 591 ha. This decision was made in 1993, with the potato seed operation finishing and the construction of a 50 unit rotary dairy in the middle of the farm, which commenced operation in October 1994. I managed the farm in conjunction with my parents until 2000 when my wife and I purchased the business.

At present, we have a predominantly Holstein Friesian split calving herd consisting of 450 cows. Infrastructure has been established to cater for a herd of 600 and it is planned to achieve this in the next few years but has the potential to expand further with continued land development and running two herds. Continuing with the dairying theme the business expanded into goat milking and there are currently 1000 head of predominantly Saanen goats.

The decision to expand into dairy goats was made for a number of reasons, opportunity of land becoming available, potential of value adding, greater increase in income possible compared to cows in the long term, possible synergy between animals and we would be using knowledge and equipment we already have plus the challenges of a new enterprise.

The cow milk supplies Bonlac and the goat milk supplies Westhaven Dairies.



**Dairy Goat Herd
"Ingleside" Tasmania**

The business employs up to a dozen casual staff, both local and international employees, depending on the time of the year to maximise management of the operation and provide a balanced lifestyles for ourselves and our employees. We employ one fulltime person and the rest of our staff are predominantly female because they are more interested in casual work, are more suited to milking and rearing young stock and tend to be more reliable. The business has employed up to 4 international trainees a year, when available through Agriventure and IRE, to fill gaps at the busy times of the year and to provide a cultural and a knowledge exchange for both our family and our staff.

Globally, I found that there are many similarities with business around the world; all are facing similar issues, like defining goals, having access to resources, e.g. land, water, labour, capital or infrastructure and issues with government through regulations. In all countries there are opportunities but this depends on people's mindsets, perceptions, knowledge and attitudes.

“The biggest constraints in expanding our business further are land, water, labour and resistance to change from farmers“ Driscoll Strawberries, California.

Goals

In business, we all have goals within, or somewhere out ahead but getting from where we are today to reach the goal in front of us is not always as straight forward as it seems.

It may look fairly easy to achieve but there can be many obstacles along the way.

We may be unsure how to get there or there may be unplanned interruptions or a fear of the unknown e.g. what was on that menu?



Not too sure about this Chinese meal!

Be prepared to change direction when unforeseen events arise e.g. the snow gets too deep!!

The first step is defining the goal and setting a course of action.

Andrew Nagorcka changes direction as reaching his goal wasn't as straight forward as he thought.



Resources

Land

Land is basically a finite resource (with some reclamation in places like the Netherlands an exception) so the effects of increasing world population and urbanisation are having an impact on agriculture. This is usually thought of as a negative impact but like many things it does present some opportunities as well as problems.

Competition for land use comes from other agricultural enterprises but is also driven by the requirement for extra housing and industry. Lifestyle blocks, which are often found close to major population centres, are valued part way between residential blocks and the traditional farmland. The main aim with both residential and lifestyle blocks is more about location rather than income producing capacity, the result is farmers can't compete on price for this land. Making a return on capital is important for farmers, so as the land value rises, the farming practices usually become more intensive. Eg horticulture.

Michael Kyle, a dairy farmer from Omagh, Northern Ireland, milks 350 cows and is very focussed on pasture management. He returns a higher level of profitability than many others in his area. The main feed source for his herd is pasture harvested directly by the cows. Even with lower per cow production compared to others in his area, benchmarking has shown his farming system to be still in front. Over time the family farm has grown with additional purchased land and various leased blocks, which made it rather fragmented and difficult to manage.

He is in an area close to town where urban sprawl has driven land values very high, way beyond the value of agricultural production. With a desire to further expand his business, Michael, who is well used to doing things a little different to his neighbours, found his next opportunity in taking advantage of the situation and checking out a farm for sale in Scotland. Relocating his business to Scotland would see his herd size double and his borrowings halve with still more potential up his sleeve. The move would also see more **opportunities** open up for his young family.

Pete, a large-scale potato farmer in Scotland owns 1000 acres and contract farms a further 2000 acres. He is changing his crop rotation from 4 to 6 years to assist crop disease and soil management. This increase in years for crop rotation means he needs more land available to grow the same amount of crop annually. To secure enough land for this he has just taken up a new three year contract for land quite a distance from the home farm, which means he will need to build storage sheds on this farm. By the time he does this he is little more than breaking even after the first three year term. He needs to secure a second three year contract to make any significant money on the deal. Most of the returns from this business go into maintaining and purchasing machinery and upgrading infrastructure. The value of the business is growing but it's becoming increasingly difficult to show a decent return on capital. This business was described to me as a "merry go round business" (Bob Douglas, Scotland) getting faster and faster without necessarily being any better off.

Is it really worth it?

In the U.K., there are many business opportunities available in rural areas, close to large population, such as renting or selling farm buildings for a variety of uses from warehousing to doctor's surgeries. Being close to large populations also offers more opportunities for direct selling of produce.

Some farms within a reasonable driving distance of places like London are now being purchased by wealthy or high-income people from the city looking for a "Weekender" with an impressive house.

Many of these new owners are not interested in running the farms so this opens opportunities for other farmers to lease or contract farm this area (expanding their own business without the cost of land purchase).

These photos show two very different examples of farm business scale.



Large scale lettuce growing in California

Above is a property in California with 4000 acres of lettuce and below illustrates one farmer's allocation of half an acre in China growing rice. (In this case some off farm income was necessary).



Rice growing in China

I believe the biggest cost in urbanisation lies in the loss of prime agricultural land and the impact on rural business, of community expectations regarding farming practises and the environment.

Water

It is often thought the lack of water is a major issue but in some countries like the Netherlands too much water can present just as many problems. This necessitates intensive planning and considerable expense on infrastructure to control the water through dykes and canals protecting farmland and many residences.

Increasing competition for water often sees water diverted from agricultural use to supply increasing city populations. Competition and access to water sources is also driving up the cost of water.

There are increasing protocols from a farm management point of view, related to the environment, some of which are concerned with water quality. For example, the regulation and monitoring of effluent and fertiliser application. There is also an increasing awareness for minimal environmental flows as community expectations change.

An example of water issues is in the Westland water district, San Joaquin valley, California. They have retired 90,000 acres due to salinity and extremely high selenium levels, brought on by past farming practices. They are continuing to retire the more degraded areas as the total amount of water available for agriculture decreases.

Labour

Globally, the availability of labour is a big issue. In the UK I saw examples where labour came from Poland and other eastern European countries to meet the demand. Even Mexicans are becoming less available in the U.S. due to tighter border controls and rising living standards in some communities.



Mexicans harvesting lettuce in California



These photos show contract Mexicans harvesting lettuces in California. They were provided with camp accommodation, a bus to the work site, complete with port-a-loos and regular visits from the Burrrito van as part of their conditions of employment.

Well organised Mexican contractors

John Mitchell, from Grove Dairy in Northern Ireland, is part of a family business where they are value adding with a processing facility to bottle milk and delivering it to their customers. They've recently spent considerable money on capital upgrades, with a new milking parlour, effluent systems and yards. All this could be at risk because of the on going difficulty of sourcing and retaining employees.

In China there are approximately 1.4 billion people of which 75% are classed as farmers. Many of these are farming, not because they want to but because they don't have any other alternatives. They are regarded at the bottom of the heap with construction workers earning more. There is no need to develop labour saving devices or technologies because low skilled labour is so cheap and available. However "Every coin has two sides" and contrary to popular belief this is not the case in middle level management. A lack of employees with suitable management skill is constraining business growth in some areas.

The cost of labour is rising as agriculture competes with other industries for skilled workers it is necessary to have good working conditions and training, to retain them. It is also necessary to motivate staff by providing challenges, rewards, making them feel valued and providing opportunities to grow and develop into leadership roles if required.

Employment regulations are becoming tighter and greater occupational health and safety requirements are adding costs to agricultural businesses as well as requiring the farmer to be fully informed. This all takes extra time.

In order to retain good employees you need to be an employer of choice for employees!!

Capital

There are many types of finance options available from traditional bank mortgages, venture capital, share farming, leasing, equity partnerships, managed investment schemes, joint ventures, franchising, cooperatives and family farm arrangements.

When I visited Paul Baker in Gipping, England, he was looking at a tender for a new contract farm in addition to his other farming enterprises which would allow him to increase his farmed area without purchasing more land. He was looking at this jointly with another farmer who had some spare machinery capacity for contracting (Increasing his income). This farm that they were looking at had excellent soil fertility and a good cropping history but poor grain storage infrastructure, which was making it look less attractive because grain handling would be slow. The deal could still be a good one at the right price.

A good example of people "**working smarter**", together.

Zdenek Pollack, from Blansko in the Czech Republic, has a horse breeding and training business as well as a restaurant. They run summer camps for children and provide stables for locals with horses.

They started by leasing premises from a sporting club then slowly bought them out. He has plans for further expansion by building an undercover arena so it can be used all year. He will do this as an equity partnership with a wealthy dentist who has a horse housed at their stables.

Throughout my farming career I have been focussed on growing my business and so constantly exploring options for sourcing capital. To understand this better I thought it was now time to have a look at the other side of the equation and so who better to ask about investing money than a Scotsman!

Bob Douglas, from Perth, Scotland, is a businessman who deals in venture capital. I asked him how he decides which businesses to invest in. He said, “The first thing to assess is whether or not it is a racket or scam. Don’t worry about businesses you don’t understand. All businesses are just layers of logic so businesses need breaking down to their simplest form so you can understand exactly what the business does, where it fits in the market place and which part of the operation actually makes the money. Closely look at the management team and be prepared to back the man. They need to be focussed on what they are doing not on the trappings of wealth especially if they can’t afford it. (No Mercedes cars!) . Look for opportunities with growth potential through improved management. It is hard to reinvent the wheel; it is much easier to fine-tune someone else’s business. Typically, out of 5 businesses to look at 2 will fail, 2 will stumble and 1 will be o.k. Only 1 in 10 will be really good.

Franchises are OK. If you want to spend all your waking hours working but it is too controlled with the best return going to the franchiser rather than franchisee

Family farms are giving way to different ownership options as younger generations are less inclined to become involved in agriculture. Also it is becoming increasingly difficult for younger generations to financially take over from previous generations due to the value of the businesses.



Modern rotary dairy with fully covered yards complete with heating, Manitoba, Canada

Having access to finance options what ever they may be allows for the expansion of businesses through improved infrastructure.

Cooperatives were seen to be quite common (post farm gate) in the Netherlands but are also seen in other parts of the world with Dairy companies in Australia and New Zealand being prime examples.

Financing business expansion can be achieved in many ways and often includes a number of different sources depending on the individual’s own goals and attitude to risk vs control. Rewards are not only financial but can include other benefits too, providing the business partners’ goals are complimentary rather than conflicting. **Maybe now is the time to have a chat with your dentist?**

People

“Sometimes the least likely teacher offers the most for us to learn” Calwell & Johnson (2000)

When interviewing Claudine, a pig farmer from Vignes la Cote in France I asked her opinion about subsidies and regulation. She said she would rather have a free system with no subsidy and less rules but she didn't realise that once regulation was removed and they were exposed to the world market their price would fall. She thought in 2013 when EU support would finish that pig farming would still be good but cattle may not. This is an example of poor information or not understanding the information, which is available.



There is information everywhere but how much do we really understand?

Whilst in China we met Serite Lee, a student at university in Guangzhou. Serite considered herself to be very privileged to have the chance to attend university (funded by a relative in the USA) as her family were farmers in a remote village about 4 hours bus ride from Guangzhou. We were fortunate enough to visit this village with Serite as guide, sharing Chinese history and culture through her eyes. In this part of China you are either a "citizen" or "farmer" as the villages are governed very differently to the city. Farmers have to get a certificate in order to visit a city with devastating consequences if caught without one, and so citizens ensure they dress differently to farmers so there is no chance for confusion. Serite also told of how her grandparents had been tortured and the family home searched by government officials, checking for pregnancies. As the picture in my mind was building of how very different this world was compared to any I knew, I couldn't help but marvel at how unbelievably positive Serite's attitude was. She looked back in history so as to learn from it and move forward without any hint of criticism or blame. There seemed to be a quiet faith that China was moving in a better direction and those in control were steering this for the right reasons.

Farmers in China don't own land but have a contract for 10 or 20 years to farm a given area. Serite's father, Mr Lee has a contract for 3 Mu, which equates to half an acre, which is continually cropped for rice.

Mr Lee also gains some off farm income, labouring at construction sites, when the opportunity arises. Armed with this background information I asked Mr Lee (with Serite interpreting) how he thought things would change over the next 10 years. He replied, “Nothing will change”. While the answer was not entirely unexpected, I suddenly became very aware that this was the first time someone had answered my question saying nothing would change. I have asked many people around the world that same question, from farmers to university professors, and until now everyone expressed their opinion as to what or how things changing in the future would affect them.

I then asked Mr Lee if he could choose anywhere in the world to live, where would it be? He replied “in a city of course” I asked “a city in China?”

He thought for a moment, then replied “In America, any city in America”

Although living in very basic conditions (no fridge or plumbing in the house and one toilet block for the village) Mr Lee and his family seemed quietly satisfied with their life. Serite, while feeling a little embarrassed about her family’s basic existence was so proud to be able to show a group of interested people her home.

On the bus travelling back to Guangzhou I was considering the correlation between access to information and Mr Lee’s response’s to my questions. “How could it be that in a country which is developing and expanding at such a phenomenal rate, a man could think that in his world nothing will change?”

Maybe Mr Lee is right, and for him nothing will change. Or maybe it’s by design that Mr Lee and millions of other farmers in China have this view?

As we made our way back into Guangzhou city the traffic was horrendous with numerous stops because of accidents and vehicles broken down, horns were blaring, it was hot, the smog meant vision was extremely poor and breathing was unpleasant and I wondered “why would Mr Lee dream of living in a city, or was it that the **grass was greener on the other side?**”

Mansel Raymond, from Pembrokeshire, Wales, took on the family farm along with twin brother Meurig at an early age due to the death of their father. It was something they wanted to do and they also felt like they wanted to “prove they could do it”. A “Fear of Failure” also drove them and it was with this sort of attitude they took it in turns going to school so the farm work could still get done. The start was tough but they were grateful of having that initial farm resource providing a foundation to build on. Now with the next generation also involved, the business has grown to include a number of properties farming dairy, beef, sheep and numerous crops.

In hindsight, Mansel said the best advice he was given, as a young farmer was to go to Ag College with the main benefit being able to get outside the farm gate and being exposed to a broader view of agriculture. “Growing up fast” was a result of one incident with a bank manager when buying a farm in the early days. The budgets were done, the price was settled and the bank had agreed.

Then came a phone call from the bank saying they had reconsidered and no longer supported the deal! In a rush of adrenaline Mansel called on someone from his off farm network and soon had the backing from another institution to go ahead with the purchase. This gave control back to Mansel where he was then able to demand an even better deal from the initial bank, which they promptly agreed to.

Mansel believes passion and teamwork are important ingredients for success, farming with his brother gave them both support when faced with adversity. He said it also helped being an optimist. I asked, “How do you know you are an optimist?”

Before he had a chance to reply, Ros, his wife exclaimed, “of course he’s an optimist, he comes inside every night looking for supper!”

Even in this world full of technology, at the end of the day people do business with people, so in order to be successful it **helps if we understand the people** we are dealing with.

While at South Pacific Seeds, in Methven, NZ, they said the “Chinese are the hardest to do business with; they are seen as weak if they don’t break a contract”

Allen Hopps, Greenmount College, Ballymore, Northern Ireland, says, “The average herd in Northern Ireland is 66 cows. The country is very entrenched in tradition with small farms. Selling farms to relocate or do something different is rarely even thought about let alone done.”

When in New Zealand a comment was made that “**To start and succeed in any new venture, people needed to have credibility as well as passion**”.

Integrity wasn’t so high on the list in China though as we visited Jiang Nan Fresh Fruit & Vegetable Wholesale Market. We walked through the stalls looking at an array of fruit from many different countries including oranges in a box branded as product of America. One of the representatives here explained the oranges were really from South Africa but it is easier to get them through customs if it was thought they came from America.

The South China Agriculture University, “the best agricultural university in China” has 30000 students and 3500 teachers, most living on campus, but it was still hard to get a straight answer to a simple question. When seated with a university director and numerous professors I asked in which area they saw the biggest potential for growth. After rephrasing the question a number of times I was told my question was not specific enough to answer. From this I realised the significance of the pre meeting tour of some of the campus where we were told they have new buildings for biotech and horticulture and do a lot on Genetic Modification (GM) research. During the presentation about the university a number of research projects were mentioned so I asked, (numerous times again) “Who set the strategic direction and research priorities?” I was told this was set by central government. I then asked “how do those people from the government get their information in order to make decisions, was it from consultation with farmers?” The reply “oh no, some “famous” professors advise the government!” They had a typical specialised, narrow vision but don’t see the bigger picture. It seemed we were only told what they wanted us to know.

We visited Zhongshan Jin Tao Fresh Product Logistics Co. Ltd. A brand-new business owned by a publicly listed parent company in Hong Kong. This company can have access to 122 million people within 72 hrs from the logistics centre. It is a “logistics company” but will have all sectors sewn up from brand development to delivering to retailers. They also want to sell seed stock and provide agronomy services to farmers. For this master plan to work it requires a complete change in the way farmers, the markets and retailers work. Farmers are still very traditional in the way they operate.



The organisation plans to run seminars, and use books with pictures and technical manuals to try to change the way farmers operate. They will encourage farmers with cash and fertiliser. This company will then have supply (and farmers) exactly where they want them! This is an example of the idea of developing management systems and trying to work together, but whom does it really benefit?

Peak of the Market, Manitoba, Canada. Value their people.

For “Peak of the Market”, a vegetable packing and distribution business in Manitoba, Canada, their biggest challenge was in transport, not problems with roads, not problems with trucks but being limited by not having enough suitable drivers.

It just goes to show, success in business, large or small comes down to people!

Two things that I heard, from a person talking about people succeeding in business are:

“YaGottaWanta”

and

“Never judge a person until you have walked a mile in their shoes” Dale Elphinstone.

Infrastructure

At the Grasshopper Club, Ashburton, NZ a comment was made that “Infrastructure off farm is the biggest constraint in developing any diversification” (Blackcurrants, venison, angoras). For example distribution, warehousing, processing and packaging.

On farm infrastructure can also play a big role in the level of productivity that can be achieved.



Modern front mounted mower for harvesting grass, Switzerland.

In Switzerland, Walter Kruppen, has 40 red Holsteins (with cow bells) which are on pasture for 7 months for day or night but not both. Heifers go to the mountains for the summer and they do not feed any silage to the cows as a requirement from the cheese company they supply.

They are good at using modern technology but farm systems are still old fashioned. For example they use modern machinery to direct harvest pasture (tractor with front mounted mower and towing a self loading wagon), which is transported back to the cow barn and unloaded on the floor. This system then still requires a “high tech” pitchfork (and sometimes a wheelbarrow) to feed the cows.



Feeding cows with “high tech” pitchfork, Switzerland.



Czech Republic, Privately owned farm.

Only in subsidised agriculture would this activity be profitable!

In the Czech Republic, some privately owned farms now offer good economies of scale since the revolution in 1989 and later entering the EU.

Traditionally many small farms were collectivised under socialist rule and controlled by government.

When the country was “opened up” these farms stayed large rather than be broken up. One farm I visited ran 300 milking cows, beef finishing feedlot, feed pelletising mill, poultry, fruit orchards and many arable crops. Ten years ago they employed 200 staff, they and are now employing 100 staff because of various technologies replacing the labour. It is predicted the staff numbers will probably halve again in the next 10 years while current production levels will be maintained with technology continuing to replace labour.

It is easy to take for granted something as simple as refrigerated transport, however this is not available to everyone. During a visit to a “frozen meat wholesale trade market” in Nanjing I saw an open tray truck (pictured) being loaded with cardboard boxes. This was “frozen” meat (including poultry), which had been purchased at the market and about to be transported up to 400 kilometres to a retail market. A rather different scenario to the quality control systems including full traceability required by many of our larger retailers!



Transporting frozen meat in China

Government

“Diplomacy is the art of saying “Good Doggie” while looking for a bigger stick” Rob Morton.

Business expansion can be helped or hindered (or both) by a mix of government control, regulation and support (subsidy) depending where in the world we are doing business and in which industries.

Greg Brown, Manitoba, Canada, is milking 600 cows in a very controlled industry. He would double production overnight if quotas were removed.

In Virginia, USA, a new farmer or minority farmers (Mexican) can get a 90% subsidy for on farm capital works.

UK farmers are feeling the pressure of environmental regulation in relation to nitrogen, phosphorous and slurry applications.

Sometimes regulation is driven from public policy, eg The EU directive for developing a Bio Diesel industry. Idealistically I would see government’s role as assisting in the provision of a stable environment for us to carry out business. (Where stable means somewhat predictable, not controlling without any change).

Quarantine regulations would fall into this category, for example protecting the Australian industry from Fire Blight, the risk with importing apples from New Zealand. In reality though, none of these issues are simple, especially with the politics that go with it. I think Australian apple producers are right to be wary of any potential disease threats to their industry as there are many examples of unwanted pests already in the country from people who “thought they were doing the right thing at the time”. From the New Zealand perspective though, they see the “Fire Blight” argument as a trade barrier because the science behind controlling the disease is robust.

In China a lot of government policy is about keeping 1.4 billion people happy enough. (Don’t want the next revolution).



I think if farmers are doing business in areas that attract support they need to maximise the benefit to their business, by knowing what the rules are and complying. The risk here though is becoming entrenched in a “handout” mentality and not looking at all avenues for achieving business goals.

Discussing quarantine in a New Zealand orchard.

An example of barriers through regulation is quarantine (apples from NZ).

Opportunities

Successful people capitalise on opportunities. There are many and varied opportunities that can include non agricultural enterprises on farms like renting out farm buildings. Sometimes farmland can be rented out but also farmed with windmills for electricity generation as on the hills in Wales.



Wind turbines on a sheep farm in Wales

In the Wairapa in New Zealand, Derek Daniels has found a new use for a traditional agricultural product where they are using Manuka honey as a nutraceutical in the fight against “golden staph” a resistant bacteria common in hospital surgical facilities.

Development of entrepreneurship and support for developing industries and enterprises was happening in some countries. In Portage la Prairie, Manitoba Canada a food development centre has been set up “To help Manitobians become more successful through diversification and value adding”.



Food development centre, Manitoba, Canada

The centre provides a fee for service facility so people can develop and test a new product on a small scale. The product can then be produced and packaged with the centre’s equipment until there is sufficient demand for a larger scale operation.

A vegetable packing company used this facility to turn vegetable waste into a premium range of soups in tetrapaks.

William Pritchard in Wales has grown his dairy business from 300 cows in 1983 to more than 600 cows today. He saw that expansion as important to give the business more scale. Now the business direction is towards value adding his milk. William sees an opportunity to have a joint venture with a fruit and vegetable wholesaler bottling milk.

Being with this person gives William a distribution system and gives the wholesaler the benefit of another product to sell. The plan is to increase the product range to smoothies and yoghurt and selling them to the food service industry.

Steven Houston, Glaryford, Northern Ireland, farms with his parents and an uncle. They milk 100 cows, which are shedded for 5 months on a typical Irish farm. Steven is looking at value adding to increase business income by having a cheese factory, butchery and farm shop. Stevie is full of ideas and enthusiasm, finding new opportunities is his favourite hobby!

Also in Northern Ireland I met David a small-scale cheese maker, who sold much of his product in gift hampers. He said the hampers were a good option for him as he made top quality cheese and as that was only one of the items in the hamper it wasn't too price sensitive. Airport shops are another outlet that stock David's cheese however sales there had suddenly stopped in the wake of the most recent terrorist alert which meant travellers could not carry hand luggage, and so they weren't buying as they passed through the airport.

On a larger scale in Dongguan, China, we visited Song Shan Lake Science and Technology Industry Park. It is a high tech city, established in November 2001, and is situated in the central southern Guangdong Province, on the east coast of the Pearl River Delta and in the middle of the Guangzhou-Hong Kong economic corridor. It is a classic example of business expansion with the redesigning of a region. It was mainly developed for the electronic and information industry, biotechnology and pharmaceutical industries and the precision machinery industry. The park is trying to encourage entrepreneurship and offers many opportunities for businesses to carry out research and development for new products in supportive surroundings. One example here was a company developing a new tablet to incorporate traditional Chinese medicine that could be mass distributed to the Western world.

Goat Industries

The Tasmanian dairy goat industry consists of only a handful of herds suppling two processors. Over time individual herds have grown in size, some herds now have 600 milkers, but as an industry it lacks critical mass and off farm infrastructure. Most of the milk is made into cheese, both fetta and chevre. However demand for these products is very cyclical. The milking season follows pasture growth, which peaks in the spring and drops off to nothing through winter making it difficult for continuity of supply into demanding markets. As a whole the industry is starved for capital at all levels from farm, through processing, to brand promotion.

With enthusiastic leadership and a wider product mix I think there is huge potential for the industry in Tasmania to grow to a point where it has a critical mass and can attract the support services required.

France has a well-developed goat industry, exporting to numerous countries as well as supplying a huge domestic market. Most goat milk in France is made into cheese with about half being processed in commercial dairy factories and the balance processed on farm.

I visited Ferme Auberge Montlondon where they milked 70 goats and made their own cheese. The farm also ran 400 chickens for egg and meat production. A restaurant on farm provided a good location for selling some cheese with the balance sold at local markets.

The farm was set up in an old fort, which gave plenty of novelty factors to attract tourists but the whole presentation left a lot to be desired, as did the attitude of the farmers who appeared to be tired and sick of everything. Unfortunately this is not unusual for goat farmers!

Ben Busser, owner manager of CBM in Nijverdal, Netherlands, said the goat was viewed as the poor man's cow but was very positive about the industry. CBM is a company that manufactures and markets a range of products made from goat milk. The industry in the Netherlands began in the mid 80's and started by exporting Gouda to Germany. Milk production has a seasonal cycle so supply and demand management involves a number of products. Cheese is stable at about 1000t per year, while powder is flexible so surplus milk from spring production is exported as powder to Taiwan. An increasing volume of milk is going through a UHT plant to feed the rapidly growing demand in Europe. CBM supply goat milk ingredient products, mostly powder, business to business to the food processing industry, which is exported in fine foods.

Ben works closely with farmers to ensure milk is supplied at the required quality standard for processing with a maximum age of 3 days. Some farms now have 1000 to 2000 goats with an average production of about 900litres per head per year. Milk price on farm is 40-euro cents compared to 25-euro cents for cow's milk and there is a zero grazing policy to achieve more consistent milk quality.

Ben says working with family businesses can be a handicap because of the lack of capital and resources. He also commented that second generation farmers are more open minded.

Common Agricultural Policy (CAP) reform won't be an issue for the goat industry as it is already an unsupported industry, however Ben sees disease as a major threat to the business if goats contracted something similar to "mad cow".

Present infrastructure could handle 1.5 times the current volume of goat milk but Ben prefers step-by-step growth, which has been typically 5%. There is scope to develop a range of products with further collaboration in research and development. Rising demand for products and the romantic perception with consumers are providing new opportunities. Ben doesn't believe there is a market for organic milk because the consumers' perception is that it is already healthy.

In New Zealand, a farmer owned co-op processes most of the goat milk into powder, which is predominantly made into high value infant formula. Some milk is also sold as UHT, which finds its way into Australian supermarkets.

Personal Development and Altered Vision

“You must experience to grow, with growth comes knowledge and with knowledge... you can change” Sara Henderson.

All my life, until this experience, I have thought my life revolved around agriculture, I always had the dream of being a farmer. The experience plus the events of the past year on farm and the needs of my children have made me take stock of where I am and what I want and I concluded that we weren't achieving our vision. Apart from the value adding part of my vision none of it specifically relates to agriculture.

The time for reflection, being away from home and business and seeing other countries and cultures made me realize that there is more to life than agriculture and there are other things I would like to do other than just farming.

I would like to give others the same opportunities as I have had with this scholarship, particularly for my family. I realised that I am capable of doing other things and taking a different direction than I ever thought possible, both for my family and myself.

I would like to share knowledge and information with people and help them achieve their visions and realised that maybe I could add greater value to agriculture without being a full time farmer and that my current business was my biggest constraint.

The study enabled me to be a more independent, confident traveller, to question and have a better global understanding. I found the China experience very humbling with so many people living in what we would regard as poverty but at the same time they seem happy and so proud to welcome us and share their life's experience.

I developed a greater appreciation for Australia and Tasmania and what it has to offer in terms of environment, lifestyle, and agriculture....

I learnt a lot about the effect change has on people whether it is putting farms into trees or windmills on farm, or a sports hero retiring. The reactions are the same, disbelief and lack of understanding and a refusal to hear what is being said. Often reactions are based on people's willingness to change, past experiences, knowledge and the ability to identify with the person.

The reflection helped me understand my strengths and weaknesses, the importance of teams, and realise that I want to continue to learn and experience more of life. I have found that perceptions are related to experience and it is much easier to understand if you have experienced.

Conclusion

Globally, similar issues exist independent of the system, regulated or unregulated, western vs eastern, developed vs undeveloped, northern hemisphere vs southern hemisphere, industry vs industry.

Most issues can be reduced down to one common factor, people, their minds, beliefs and attitudes.

Any business expansion is possible if the person has a vision, goals and a plan to achieve it. They need the motivation and the passion to persevere. They need to have the ability to seek information, develop networks, use technology to their advantage and be willing to be flexible. They need to push through adversity and consider all possibilities. There is the need to strategically review your business direction, checking that goals are being met and aligned with your overall vision. Grasp opportunities when they appear if it fits your vision, as it may not arise again.

It is important for the agricultural industry to take a proactive role in policy development and keep reasonable control of future regulation as public demands increase in regard to land usage, animal welfare, occupational health and safety and environment. We need to consider future generations, by not creating too many limitations and restrictions on agricultural production but try to provide a workable balance between agriculture and public demands.

I believe there is a future for a Goat Dairy Industry in Tasmania but as in anything teamwork, cooperation and leadership as well as investment are required for it to work. It also needs modelling on, even working in alliance with other countries that are well established.

As new scholars we were told at the outset that “Nuffield” would be a life changing experience. I thought this would be true but had no idea at the time in which areas this change might occur or where it could lead me.

“Don’t be afraid to take a big step if one is indicated. You can’t cross a chasm in two small jumps” David Lloyd George.

and

“Let go of your attachment to “security” and embrace a life of infinite possibility” Calwell & Johnson (2000).

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