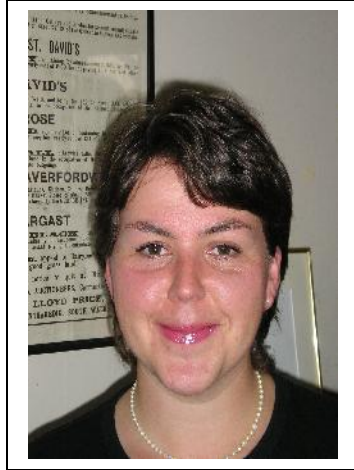


NUFFIELD FARMING SCHOLARSHIP 2002
BOB MATSON (YOUNG NUFFIELD) AWARD



Is the grass greener elsewhere? Opportunities for young farmers in New Zealand, The Australian State of Tasmania, Hungary and France compared to the UK and Wales in particular.

The views expressed in this report are entirely my own and those views do not necessarily represent or support the views of the Nuffield Farming Scholarships Trust or any of my sponsors.

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1. Introduction

I am a Chartered Surveyor specialising in rural practice based in South West Wales. I am married to Stephen and we farm 650 acres in partnership. Three hundred and fifty acres in hand producing potatoes, cereals, beef and sheep and 300 acres of permanent pasture on coastal land which is farmed to encourage lapwing and golden plover.

Both farms are in the Welsh Tir Gofal environmental scheme.

In conjunction with this we manage three residential properties let on assured shorthold tenancies. We are in the process of converting the first five of our 14 traditional stone barns at home and in the planning process for eight conversions of the traditional stone barns at the second farm to residential/holiday units.

We also have a two year old son Huw and are expecting our second child in the autumn.

2. Background.

My reasons for applying for a Nuffield Scholarship were both personal and professional.

On a personal level we are at a crossroads with our business. The planning permission for the traditional buildings will have a major impact on the agricultural business.

We feel we have the following options available to us:

- (1) Sell the residential assets and build a new farm house and farm buildings on a green field site.
- (2) Maximise the assets by splitting the farm land and buildings and residential assets and reinvest in another farm.

Where would we wish to farm, Pembrokeshire, UK or abroad?

- (3) Sell the land to develop the property business. We are both from a long line of farmers, but is that any reason not to change, especially if the industry we are in is no longer profitable and the forecast does not much inspire reinvestment!

On a professional basis part of my work as a rural practice agricultural valuer involves me with the marketing of farms, landlord and tenant issues and the management of land and valuation issues.

At present there is a shortage of farms and farm land on the market both to purchase and to rent. Therefore it is both difficult to enter the industry and for those already in , to expand.

3. Objectives of the study

- What are the opportunities for young farmers abroad compared to the UK?
- What drives farmers to emigrate
- Does the reality live up to the dream; is the grass actually greener elsewhere.

4. Countries visited

The Countries visited were as follows:

- France
- Hungary
- New Zealand
- Australian State of Tasmania

5. What is a Young Farmer

For the purpose of this report the criteria for a Young Farmer is someone who is under 40 years old.

6. Current position in the UK

At present there are a number of ways that you can enter farming in the UK.

Inheritance

The traditional way for the majority of farmers in the UK to commence farming has been to inherit the family farm, a father to son transition. This does not always happen smoothly nor does the change of decision making always happen when it ought to and these generation battles can hamper progress. It is reckoned that 25% of decision makers in the farming business are over the age of 65 and only 5% are under the age of 35 years old.

In the UK there are no incentives for the older generation to retire or financial taxation incentives for the younger generation to proceed!

Marriage

Don't marry for a farm, but look for love where a farm is!

Tenanted sector

Approximately 36% of land in England and Wales are subject to tenancies.

The UK currently operates under 2 Agricultural Tenancy Acts. The 1986 Agricultural Holdings Act. This can be basically divided into pre September 1985 for those tenancies which offer succession and post this date for no succession rights.

The second tenancy Act is the 1995 Agricultural Tenancies Act. Tenancies can be for any term and rents are market driven. However, this has meant that young farmers, or those lacking capital, have not been successful in tendering, instead tenancies have often been secured by large successful businesses.

County Council smallholdings

County Council smallholdings were developed as starter units for young farmers and used as stepping stones to renting larger units or even farm purchase. However, the decline in agriculture has also affected their viability and often the buildings and houses are too great an asset producing little return which has led to their sale and the land being amalgamated.

7. What prevents new entrants to the industry and young farmers from expanding?

Why is it so difficult for young farmers and new entrants to enter the agricultural industry?

Land price

The average price for bare land according to Royal Institute of Chartered Surveyors is £3,300 an acre. Smaller parcels tend to make a far greater figure.

Land availability

The lack of farms on the market in recent times has been caused by two main factors. The first being the uncertainty of the Mid Term Review and the second by changes in retirement patterns. Rather than a stock and farm sale and the purchase of a retirement bungalow farmers have tended to remain in the farmhouse and rent the land out on licences or Farm Business Tenancies.

Traditional starter part-time units are now sold as equine holdings and priced accordingly.

Cost of quota

The cost of milk quota in particular has completely inhibited new entrants into dairy farming.

Cost of equipment and buildings

The cost of housing and feeding livestock is prohibitive compared to that of New Zealand and Tasmania in particular. New regulations for Cross Compliance will possibly see more livestock housed than ever due to the fear of poaching by outwintered cattle.

Lack of tenanted holdings

The introduction of the Farm Business Tenancy was to hopefully release more land for renting however, in the majority of cases this land has been rented to established businesses at a high value.

Lack of equity

Even with relatively low interest rates the lack of equity held by young farmers makes it extremely difficult to borrow money.

According to one of the leading agricultural specialists for one of the main lending banks, one possible way around this is to approach family/friends about acting as Guarantors!

8. British farmers perception

You regularly hear comments in the farming community about how much better the farming situation is in other countries. That they do not have the same levels of red tape as here, that they are backed by their governments, supported by their consumer and so on. But is any of it actually true?

The agricultural press regularly advertise seminars for Australia, France, Canada, New Zealand and the USA. The autumn before commencing travelling I attended a seminar at the Royal Welsh show ground given by one of New Zealand's leading property agents, Baileys. It had teamed together with WestPac Bank and a firm of solicitors and could offer a one stop package for purchasing property in New Zealand.

At that meeting a number of points surprised me. Firstly, for an all Wales meeting the disappointing attendance rate. Secondly the age ranges of the attendees. I had wrongly assumed that it would be full of enthusiastic young farmers, but the average age in the room would have been around 50 years old. At that age they were enthusiastic about the possibilities of starting a new life.

As a result of that initial meeting I interviewed a number of those present to understand their reasons for attending. The answers given matched those given at later meetings with British people in each of the countries they had emigrated to with the exception of Hungary which was simply due to business opportunities.

The study tour allowed me to see at first hand whether there were greater farming opportunities for young farmers elsewhere in the world.

9. Why do farmers emigrate

Family reasons

- Difficult family situations or the breakdown in family relationships can lead to the need for distance or a fresh start.
- Immediate family are no longer alive, therefore the freedom to emigrate without worrying about ailing relatives.

Increasing burden of legislation

- Since the introduction of the IACS system in 1992 we have seen countless amounts of paper work, introduction of cattle passports and double tagging, sheep tagging, movement records, farm inspections.

Quality of lifestyle

- To farm in a system which allows them quality time with family and friends and to pursue leisure activities.

Expansion costs

- The cost of expansion in the UK is prohibitive, land prices, property price increases, quota acquisition.

Lack of expansion opportunities

- According to the RICS the acre land value is now £3,300/acre.
- Very few farms on the market
- Small holdings are desirable for good lifers or horse owners and are priced accordingly, no longer available as starter units.
- Farm Business Tenancies tend to be taken by established businesses rather than new entrants.
- Lack of Government support
- This is non financial, but in respect of BSE, Foot and Mouth, TB.
- Lack of transparency in the public enquiries regarding BSE, Foot and Mouth Lack of interest in tackling TB.
- Lethargy about dealing with the illegal import of meat, practically non existent policing at ports and airports compared to very vigorous control in New Zealand and Australia.

Climate

- A number of farmers were fed up of the wet summers and wanted something more predictable.

Subsidy free

- A number interviewed wished to escape from the subsidised system of farming.

Return on capital invested

- Wished for a decent return on the capital invested, rather than 2-5%, especially given the hours worked.

Education/health and crime

- Disillusioned with the standard of all three in the UK and wished for a better lifestyle elsewhere.

Increasing pressure of urbanization

- With a population of 60million in the UK it is a country bursting at the seams. The encroachment of towns and the pressure for development and road infrastructure.
- The movement of people from urban to rural locations and the impact on house and land price and also the structure of rural life.
- The introduction of the Countryside Rights of Way Act.
- The Hunting Bill.
- Lack of respect of the general public, the housewife, as a result of bad publicity 'Barley Barons' BSE, Foot and Mouth viewed as polluters of the environment. This is partially farmers fault for not encouraging interaction with the general public.
- Lack of respect from the Government.
- This is not attributed to either political party, but it is felt that the rural vote is less then 2% of the population and therefore holds no sway with Westminster or the regional Governments.

10. Why people choose not to emigrate

Family

- Importance of family unit. Worry about care of elderly/ailing parents.
- Lack of regular contact – Grandparent/grandchild bond.

Tradition

- The burden of tradition. Family have farmed the farm for five generation. The sayings such as 'There have always been Morgans at Fenton, or your Grandfather would turn in his grave. We all have heard them many times.

Climate

- Reasonable climate. We do not suffer from excessive heat, droughts or floods.

Home market

- On the doorstep domestic market of 60 million people as well as being part of the European Union.

No need to change

- Established in business and lifestyle. No desire to start again!

11. Hungary

I chose to visit Hungary as it was one of the more advanced countries joining the European Union.

Hungary is situated in Central Europe and is neighboured by Austria and Slovenia in the west, Croatia and Yugoslavia in the south, Slovakia in the north, Ukraine in the northeast and Romania in the east.

Hungary is the fourth largest Country of those which joined the European Union in May 2004. It has 9.3 million hectares. Agriculture represents 63% of this land size. It predominately produces wheat, maize, sunflowers, pork and poultry.

Land ownership

Prior to the downfall of communism in 1989, Hungary operated state owned and large scale co-operatives with an average of 4,500 ha at one end of the scale and subsistence farmers with 0.5 ha at the other end, with very little in between.

From the end of the Second World War until 1989 Hungary helped feed the Soviet Union. From 1989 until 1995 agricultural production declined to 70% of the 1989 production figures. From 1995 to present day this figure is steadily recovering.

Between 1989 and up until 1994 land was sold on the open market often to foreign speculators, as they were in a strong cash position. However, the 1994 Land Act was then introduced to prevent this happening.

Land tenure

The 1994 Arable Land Act prohibited the sale of land to foreigners and also limited the maximum hectareage owned by individuals to 300 ha. This policy has not been entirely successful as 'pocket contracts' exist where foreigners have been able to arrange private agreements with Hungarian sellers. This land is likely not to be registered or dated.

Land can not be sold on the open market without restrictions until 7 years after the accession date.

Land rental

Land quality is measured in 'Golden Crown' and has a scale of 30 grades. A rental agreement can range from 3 years to 9 years. The region to the north east of Budapest, for example, the rent paid for arable land for agreements made pre 2003 range from £7-£15/ ha with grassland for less. For a 9 year agreement, this is a licence to print money as the IACS payment is not reflected in the rent.

Return on capital invested

At present there are established European farmers who rent land and are experiencing a 25% return on capital invested. However, with the introduction of a subsidy payment, those undergoing changes in rental agreements will experience rent increases. In time it is inevitable that rent and land prices will increase reflecting the subsidy.

Grant aid

In 2002 pre accession aid for agriculture and rural development was granted. The amount of SAPARD Grant was 39.8 million euros. This has filtered out to grants for purchasing new machinery and building improvement grants.

There are very limited programmes for young people based on education and technology transfer.

In February 2004 the Hungarian Prime Minister, Doctor Peter Medgyessy, made 200 billion Hungarian Florins available for agricultural development. One of the key notes was the desire for young educated farmers and its assistance to college programmes. There was very little evidence of this during my visit 4 months later.

There is money available for reinvestment. For instance there is up to 70% grants for building work and extensive grants for purchasing new machinery of up to 75%. However they have some very restrictive clauses about usage and retention periods. This has proved to be difficult in some circumstances, especially with machinery. To retain it for 5 years does not sound impossible, but for large scale units with high yearly hours means that this is very difficult.

Photograph 1 – Class 580 Combines in Hungary



The above photograph shows 5 of the 10 Class 580 Combines owned by one group. They were purchased with grant money. This is operated by an established business not by newcomers.

12. Difficulties of farming in Hungary

Language

The Hungarian language is not similar to any other language and is extremely difficult to learn. Even established British and European farmers who have been involved since the mid 1990s rely on translators for many business meetings.

Theft and security

Crime is a problem in Hungary and rural areas are no exception. All farm yards, stores, work shops need security guards.

Corruption

Nobody would publicly comment about the levels of corruption. But one would make an educated guess that it would be 5% to 10% of the budget, a fraction of what it would have been 10 years ago.

Legislation burden

Hungary implements EU directives to the last letter of the law and makes the UK look simplified.

Inability to purchase land.

One of the conditions of accession into the European Union has been to free up land trade. However in order to protect the Hungarian land market from foreign ownership it has been agreed that Hungary has a seven year transition period from the date of entry.

Bank interest rates

The rate of interest at the time of the visit was 11.5%. The florin can experience some violent movements of 3-4 % at a time. Hungary is seeking to join the Euro once the inflation rate has been stabilised.

13. Conclusions from Hungary

This is not the country for new entrants and expanding businesses, but for large established businesses. Economies of scale is the name of the game.

Those that established themselves in Hungary in the 1990s are now going to reap the benefits of entering into the EU, especially if they are tied into tenancy agreements with fixed rents.

There is a growing demand in the labour market and farm managers with knowledge of international markets are definitely being sought. However, enticing staff and retaining them can be a problem partly due to the language difficulties.

The food industry is adapting to more western modes and it is felt that there are opportunities for pre processed food and ready made meals.

Even though the aim of this report was to look at agricultural opportunities one could not ignore the drive for tourism. This is the growth area and it has only just begun.

Established European farmers in Hungary advised that the country of opportunities now is the Ukraine, but it needs the optimism and energy of the young and the wisdom and wealth of the older generations!

14. Australian State of Tasmania

I chose the Australian state of Tasmania due to some of its similarities with the UK, but because it was here that the New Zealanders were now looking to establish farms.

15. Tasmania

Australia is one of the biggest food exporters in the world, much of its success due to absence of agricultural subsidies, which means they are market driven and efficient. Tasmania, Australia's smallest state is that which has the closest similarities to the UK climate.

Tasmania has a land area of 68,000 km of which only 17,930 km or 26.1% is agricultural. It is similar size to Wales, but has a population of only 474,000 people.

Tasmania, unlike the rest of mainland Australia, has four distinct seasons which allow it to produce – beef, lamb, milk and milk products, onions, opium alkaloids, stone fruit, potatoes, carrots, beans, peas, pyrethrum, hops, grapes, berry fruits, cereals, bulbs and orchard fruit.

Tasmania is attracting growing numbers of migrants especially from the Netherlands, the United Kingdom and New Zealand.

The average age of farmers in Tasmania is similar to that of the UK and my visit to the Director of Agriculture for the State Government proved timely. They are currently the driving force in an 'action partnership' with the agricultural industry in an attempt to build a closer working relationship.

One of the main themes is attracting new entrants into farming overcoming the poor image and financial barriers of entry. To date they did not have solutions but the very fact that this group had been convened reflects the serious concerns of the agricultural and allied industries.

16. Positives of Tasmania

Cheaper land price

Land prices are cheaper than that in the UK.

Dairy

- One of the 800 acre best dairy farms offering irrigation facilities also including milk shares in the north west region was £1,800/acre
- Recently converted land suitable for dairying £600 an acre for 600 acre blocks
- Scrub land suitable for conversion £300 acre

Tasmania still has land suitable for conversion to grazing and dairy land especially in the north west of the state.

Where in the UK would you find this or be able to fell and clear such land!

Tradition

The Australians are more sentimental about their farms than the New Zealanders, but it is still a business at the end of the day.

Availability of farms on the market

Of the Agents interviewed they all could offer a choice of 15-20 dairy farms and 20-30 stock farms in a region. This reflected a normal year.

Ease of expansion

Matthew and Pip Gunningham, a couple in their early thirties emigrated from the south west in 2002. They milked 200 pedigree cows on a high input high output system with Matthew's father and brother. They had a desire to expand, but had neither the opportunity nor the finances to do so. They are now farming 750 cows expanding rapidly. By selling up in the UK it allowed them to treble their enterprise in Tasmania. They were aiming to aggressively reduce their debt whilst also aiming to milk 1,000 cows.

Photograph 2. Matthew & Pip Gunningham



Positive nature

The Australians have a more positive attitude than British farmers, but not quite the eternal optimism of the New Zealanders.

Ownership of land

I met a farming couple Mike and Vivian Quilliam, share milking 1,100 cows in north west Tasmania. They made me question the desire to own land. They were a similar age to myself and depending on the milk price they were earning between £50,000 - £70,000 per year after tax! The house and cars were all provided with the job. Rather than saving to buy their own farm they were purchasing houses in Melbourne. They were aiming to retire at 50.

Photograph 3 Mike & Vivian Quilliam



Return on capital invested.

A British farmer who emigrated from Hertfordshire in 1999, summed up entirely his feeling in 3 words 'Return on Capital'. In the UK he was achieving 2-3%, but in Tasmania 10-12%.

17. Tasmania negatives

Distance

Tasmania is 24 hours plus from the UK. Flights are not direct, but need to change in mainland Australia. By ferry from Australia it is an 8-10 hours crossing.

Small island

Tasmania is a relatively small island; that remoteness would not suit all. Its cities are not as sophisticated as Sydney and Melbourne and for some it could be too much of a backwater.

Land and property price

Land and property prices are increasing. It has suffered the knock on effect from Sydney and Melbourne. The fact that it is now more accessible to mainland Australia has increased the demand for holiday homes.

World market price

Marketing is the crucial factor; reliance on world market prices means greater volatility than experienced in the UK. It does not have the resident population.

Increasing environmental legislation

Land clearance legislation has up until 2 years ago been easy with little interference. It is now licensed and this will become even more controlled. However, it is not nearly as restrictive as the UK.

Water abstraction

Like New Zealand water is 'king'. Land that offers irrigation systems and abstraction ponds is worth a premium. Water quantity and quality will become ever more important both to the farmer, but also to the environmentalists.

Animal welfare

This is very much becoming a hot issue. Shortly before my visit to Australia the pop legend Chrissy Hind had held numerous rallies in the country highlighting welfare issues such as live export, tail docking and castration and was calling for a ban. The agricultural industry was incensed by her action, but this is what the UK has dealt with for years.

18. Conclusions from Tasmania

Since the de regulation of its milk industry Australia does not offer the confidence of the New Zealand milk industry. However with the cheaper land price it would be worth the risk!

One area worth mentioning is the vast growth in the tourist industry and interest from main land Australia. There is a lack of agricultural related tourism and this has to be an area with huge potential.

Charles Darwin on visiting Tasmania in 1836 said "If I was obliged to emigrate I should certainly prefer this place".

19. France

I chose to visit France due to its proximity to the UK and its renowned help for its farmers and young farmers in particular.

France is the fourth largest economy in the world in terms of gross domestic product. It is the second largest exporter of agri goods and the largest European exporter of agri goods. It is the largest cereal producer in the EU and the second largest milk producer.

France is renowned for its help in establishing young farmers and supporting family farms but to understand this we first need to know the reasons behind the policies.

As a result of the second world war and up until the late 1950s France experienced food shortages and farming was divided into subsistence existence and large scale production which increased land prices. This combined with rural depopulation led to two very important land acts in 1960 and 1962 to stabilise the rural economy.

Land Market

Land prices and rental values operate very differently than in the UK. They are controlled by the Société d' Aménagement foncier et d'établissement Rural (SAFER) and land cannot be sold freely on the open market as in the UK.

In order for land over 0.5 ha to be sold both the purchaser and the price must be approved by the SAFER and if it is not then the deal is not completed.

Tenant's situation

If a tenant wishes to purchase the land and is not in a position to do so immediately then the SAFER will intervene and purchase part or all of the land and sell to the tenant at a later date. There will be an agreed percentage increase to the price.

As there is no open market price for land above 0.5 ha it gives farmers, young farmers and tenant farmers in particular a chance to purchase land. The absolute opposite to the land market in the UK.

Quotas

Livestock and milk quota in France has never been a tradable asset. It has been stringently controlled and if not utilised then returns to the reserve. Quota is also linked with labour units and whether employed or family labour. This has traditionally meant that, for example, entering the dairy sector has been far easier than in the UK because there is not the burden of leasing or purchasing milk quota.

Single Farm Payment

French farmers are not concerned about the introduction of the SFP and see no reason to worry about life after 2012. The reason being that the Government of the day will simply introduce a new system otherwise there will be a second revolution!

Financial aid to young farmers

Financial aid to farmers under the age of 40 years old is 2 fold; - - Start up grants.
- Subsidised loans.

Farming start up grants

Young farmers in France and in the Europe Union under the age of 40 are able to receive finance from the state to take over or create a new farming business.

There are a number of conditions attached to these grants:

Not to already be farming either in France or another country

- Be of French or European Union nationality
- Between 18-40 years
- Hold an agricultural diploma or studied a 6 month course outside the family farm.
- Produce and feasibility study of the condition of the farm, cash flow needs, objectives and forecasts for investments.

If successful in the grant application:

- The farmer must also submit accounts for 10 years to the DDAF
- Join the VAT scheme and remain in it for 10 years
- Comply with welfare and hygiene inspections also technical or economic advice given by inspectors.

If any of the above are failed then the grant would have to be repaid.

The start up grant is paid in 2 instalments, 70% of the grant within 3 months of the award. The remaining 30% 3 years later having satisfied that the minimum income condition of €25,570 has been met.

The amount of grant depends upon land quality and also the marriage status of the farmer and also if he/she is full time or part time farming. If the installation is for a young farmer whose agricultural activities are secondary to something else then the following table of figure is reduced by 50%.

The definition of a full time farmer is one that devotes over 50% of the working time and derives at least 50% of total income from farming. The amount of the Dotation jeunes agriculteurs (DJA) start-up grant is based on criteria laid down by the department committee that oversees agriculture Commissions départementales d'orientation de l'agriculture. (CDOA) within the following limits and according to the region:

Table 1 – Grants available to young farmers

Status of farmer	Plain areas	Less favoured areas	Mountain areas
Farmer alone, or to each of 2 spouses on separate farms (to each of them)	€8,000 to €17,300	€10,300 to €22,400	€16,500 to €35,900
Farmer and spouse on the same farm	€8,000 to €25,300	€10,300 to €32,600	€16,500 to €52,400
Maximum for farmer and spouse in the same farming enterprise	€25,300	€32,600	€52,400

(CNASEA – ADASEA)

In the case of the installation of a young farmer for whom farming is a secondary activity, the amounts of the DJA are cut by 50%

Farming grants are funded by both the state and the European Union (DJA)

Loans to young farmers

The loans are made by state approved banks and the interest is subsidized by the state and the European Union. These loans are for a maximum term of 15 years and the period for applying can be up to 10 years after the start up date.

The Les prêts aux jeunes agriculteurs (MTS–JA) loans are intended exclusively for the financing of expenses related to agricultural production activities for the following-

- The takeover of the operating capital, facilities and premises excluding land.
- The acquisition of the land necessary for operating the farming concern, its preparation for production purposes and the adaption of the operating capital taken over, within an upper limit of 46,000 euro's.
- The working capital needs (equal to at least 10 % of the loans made up in the first year following the start up, with an upper limit of 4,600 euro

Table 2 – Loans available to young farmers

Status of farmer	Borrowing Loans Euro's	Aggregate	Rate and period of subsidy	
			Plain area	Other areas
Available to an individual or to both husband and wife who are farming separate holdings	95,000	110,000	3.50 % 12 years	2.00 % 15 years
Spouse working on same farm	142,500	165,000	3.50 % 12 years	2.00 % 15 years
Husband and wife forming a farm company	190,000	220,000	3.50 % 12 years	2.00 % 15 years

(CNASEA – ADASEA)

Young Farmers Union

The young farmers in France are members of a union unlike the UK. This gives them a voice and strength of their own. It is partly due to their lobbying power that the Land Acts in 1960 and 1962 were passed. The photograph below shows the representatives of the young farmers union.

Photograph 4 – Representatives of the Young Farmers Union



Groupement Agricole d' Exploitation en Common (GAEC) partnerships

France actively encourages non family partnerships and the above grants enable young farmers to buy into a business or to buy the business outright in some cases.

Agricultural publications

As the land market is controlled each region acts as a 'matchmaker' and produces a booklet with partnership opportunities advertised, this is freely available to anyone. The information contained is a full description of the farm and business. Also held is a confidential list of farmers looking for situations.

20. What are the negatives of France

Learning a new language

For some the thought of learning a new language is daunting, but there are various different courses available both in the UK and in France. The sooner you start to learn the easier it is. We were advised by families whom have already emigrated that integration in the local community is vital.

Operating under a subsidised system

As France is part of the EU it will mean operating under the same legislation within a subsidised system. For instance France is currently still operating under the IACS system and will do so for a further 2 years before implementing the single farm payment scheme.

Legislation

Just like the UK, the paperwork is a burden, environmental controls are as strict and the control on land sales and purchases is complicated.

Expansion difficulties

To expand is not just the decision of the family unit but is subject to SAFER approval. Without it expansion is not possible. If a block of land neighbouring the farm became available it would mean that you could not guarantee to purchase it as in the UK. It would first have to be offered to the most suitable candidate.

Young Farmers are becoming disillusioned with rural life, lower pay compared to other industries, long hours and also the lack of young women in rural communities.

21. Conclusions from France

Of all the countries visited France was the only one that actively encouraged young farmers and new entrants with any financial aid and had continuing policy of support for the medium sized family farm unit.

If you wish to commence farming and meet the necessary criteria then there is no doubt that France is the country for new entrants. However, if you wish to expand your business enterprise aggressively then it is far more difficult.

One interesting fact was that the French farmers, unlike the British farmers, are not restless about agriculture in their own country and have no desire to farm elsewhere in the world. Also they do not feel at all threatened by the enlargement of the European Union and the huge production potential from countries such as Poland and Hungary.

French farmers in all age brackets had no fear of life after 2012. They had strong belief that the Government of the day would protect them as it has done since the 1960s and if they did not then they would simply have a revolution!

22. New Zealand

New Zealand was chosen due to its similarities to the UK and also because of the number of British, Dutch and Irish Farmers already emigrated there.

What can New Zealand offer young people

Traditionally New Zealand is the birth place of share farming agreements. This has allowed countless share farmers to successfully expand and purchase their own farms. This route of expansion is now diminishing and one of the main reasons for this is the capital uplift in land and property during the good milk years. It was felt that the return to the share milker and owner was not reflecting the capital invested by each party.

The emerging alternative to this is the equity partnership route.

Equity partnerships

An equity partnership is a joint venture between individuals who combine their capital and skills. It has the rewards of large scale farming whilst the individual is not a large scale operator. It is possible for the smallest shareholder to increase their shares but also reflects a better return on capital invested for the majority shareholder. A number of people involved with this arrangement are often in allied agricultural industries such as consultancy. They wish to have ownership of a farm but not necessarily run it.

Photograph 5. Kevin Thomas & James Allen



The above photograph shows on the left Kevin Thomas a 24 year old farmer from Wales and James Allen the President of the National Young Farmers Association and Farm Consultant.

Kevin's parent's farm 140 dairy cows in West Wales with little opportunity for expansion due to cow prices, quota prices and available land. Also his parents are relatively young and there is not enough income generated for three wages.

Kevin has been in New Zealand for three years and works as a contract milker. He has applied for New Zealand citizenship. He has been approached to become a share milker and he feels this opportunity will allow him the chance to purchase his own farm and fulfil his ambition to expand to a viable sized unit.

James Allen wishes to own his own farm but by the different route of equity partnership. He currently works as a farm consultant and is seeking the right opportunity to 'buy' into a farming equity partnership whilst continuing with his farm consultancy work.

Both people have the same goal but different methods of achieving it.

Land quality

New Zealand offers a huge variation in land topography and quality however it has greater depths of soil than the UK and good fertility levels. Every inch of ground is utilised for grazing as shown below!

Photograph 6. Even the garden has a value !



Land prices

Do not assume that land is still much cheaper than the UK. But take into account that the dairy land figures quoted include compulsory dairy processing factory shares. The best dairy land plus the milk share will be the equivalent to £2,500 - £5,000 acre. Good arable land with suitable irrigation facilities at £3,000 - £4,000 acres would be similar to the UK, beef and sheep land suitable for conversion to dairying land would be £1,000 - £2,000/acre and grazing land up to £1,500 acre.

Positive attitude

The New Zealanders have a huge zest for life. Optimism seems to be bred into them. It is better to try and fail than not to try at all. There is no stigma attached to failure as in the UK. Some of the most successful and publicly recognised figures in the farming industry will tell you without being embarrassed that their first business ventures failed.

Photograph 7 Charlie Pedersen vice President of Federated Farmers.



Charlie Pedersen, Vice President of the Federated Farmers is a prime example of the positive attitude. He quite openly discussed difficulties experienced during the 1980s and now he and his wife Chrissy successfully run a large farming operation as well as diversifying into other businesses. He was a strong advocate of farmers discussion groups and gave some excellent advice:

- keep the information of the group confidential
- do not poach staff from within the group
- Do not poach wives from within the group.
- Businesses that fail do so by overspending on mechanisation, keep the systems simple.

Quality family time

The New Zealanders as a nation have a strong work and leisure ethic. The saying work hard and play hard definitely fits. The B & B culture, boat and beach hut is what most farmers seem to strive for.

Lack of sentimentality

New Zealand does not carry the burden of tradition as in the UK. Sentimentality does not get in the way of business decisions. Because of this there are plenty of farms on the market.

Farms for sale

Agents throughout New Zealand had an abundance of farms on their books, not all necessarily for sale but just to test the market. For farmers wishing to expand it would be easy to 'map out' a future. In the UK the problem is the lack of farms and farm land for sale.

Planning regulations

Planning regulations compared to the UK are very flexible. A major hurdle in the UK is the lack of affordable housing and very rigid planning restrictions. This is not the case in New Zealand.

Agricultural connections

Due to the population being only 4 million people, most are connected to agriculture. Main time television advertises farm equipment, and the Young Farmers of the Year competition is televised.

23. Negatives of New Zealand

Distance

New Zealand is a long way not only from the UK but also the rest of the world and export is the main market.

Increasing land and property prices

Over the last 4 years New Zealand has experienced tremendous growth in prices which is a reflection of their economy. It does not offer the same value for money that it did say five years ago however it is still cheaper than the U.K.

World market price

Be careful to remember that agriculturally New Zealand, over the last 5 years, has experienced good returns in all sectors. It is believed that this has peaked. Countries such as South America are aiming their beef production in particular for the American, Japanese and European markets.

Increasing environmental legislation

Water storage and use is becoming a very major issue in agriculture. Restrictions are now being placed upon bore hole depths and extraction quantities.

Increasing animal welfare legislation

The animal welfare lobby is gaining momentum in New Zealand as in the rest of the World.

24. Conclusions from New Zealand

New Zealand offers young people a far better opportunity to own their own farming business than the UK whether it be by the share farming route or equity partnerships.

The number of farms for sale compared to the UK allows a business to plan its expansion route. Also the combination of a simplified working system, with emphasis on profit as well as quality of life to my mind makes New Zealand one of the most attractive business propositions.

Like Tasmania, New Zealand is now a major tourist destination and there is huge growth potential for agri tourism such as farm house bed and breakfast.

25. Are we optimistic or pessimistic about agriculture?

In global terms

The answer to this has surely got to be yes. China is one of the fastest developing economies, it is now the dominant market force in iron ore, purchase and import of fossil fuel and scrap metal and has the population to fill all employment in Europe and these forces are increasing aggressively.

The world population by 2020 will be 8 billion people which it is understood will require at least 1½ - 2 times the current levels of agricultural production from existing land areas. Obviously there are areas of land not currently in production, but this increase is phenomenal and by 2050 it could be three times the requirement.

Every undeveloped nation wishes to improve its earning power and lifestyle and part of this revolution is the quality, quantity and choice of food they wish to enjoy.

Terrorism. Without becoming alarmist, threat to food safety and supply has got to be a consideration.

Fuel. Supply and cost. Due to the difficulties experienced in the Middle East and environmental issues there will be greater pressure for countries to produce their own fuel rather than being reliant on oil. Energy crops have to be a growth area.

World Trade Organisation. The deadline for the World Trade Organisation talks is now only six months away in December 2005. The UK is well positioned to meet any new legislation as we are now implementing the Mid Term Review, and have 100% decoupling.

No matter where in the world, profitability is the key to attracting new entrants and retaining the youth already in the industry and encouraging them to expand.

In the UK

As of the 1st of January 2005 we are now operating the Single Farm Payment Scheme. There is still much uncertainty over how the industry will react. There will be opportunities for young farmers and they will need to be flexible and ready to react to situations.

An element of the farming community will accept their Single Farm Payment without wishing to actively continue farming. They would wish to see their land utilized for a nominal rent as long as it did not affect Cross Compliance regulations.

Once uncertainty within the UK with the Single Farm Payment system is that England, Wales, Scotland and Ireland on different systems.

Within Wales the Single Farm Payment is based on the historic payments of 2000-2002. There is some thought that this could be reviewed in 2008 and become area based – which would severely affect small but intensive producers.

In South West Wales there has been very little alteration in either farm business tenancy rent or short term grazing monies compared with previous years. However, in some part of the country it seems that grazing and new rental agreements have been reduced dramatically.

UK farmers may have to approach farming in the same way as the New Zealanders and be prepared to relocate more often.

At present money is cheaper to borrow in the UK than any of the countries visited and there is constant pressure at present with the Bank of England to lower the interest rate further.

Sir Winston Churchill said “a pessimist sees the difficulty in every opportunity; and an optimist sees the opportunity in every difficulty”.

26. Fresh Start. Investing in the future

Launched in December 2004 Fresh Start is an industry led initiative for England only. The aim is to secure “a sustainable future for farming through bringing fresh, dynamic and innovative people into the Industry”

It is very easy to be critical but the documentation produced as part of the Fresh Start package is over simplified and glossy. It fail to address a large number of issues, the main one being finance and equity.

At best the documents have collated useful names and addresses and at worst it appeases the industry leaders that they are attempting to address the situation.

UK farmers never seem to agree with French farmers however their system of tax incentives, special bank loans and a favourable grant system combined with a restricted land market do help young farmers and new entrants achieve their own businesses.

This will never be the answer for the UK due the very different land ownership regulations between the two countries, however general points, such as tax incentives and special loan rates, should be reviewed. Not just for agriculture but for all young business people.

Wales is not covered by the Fresh Start initiative but the Welsh Assembly Government is working along the same lines to produce a document, yet to be launched.

In 2001 the Welsh Assembly Government launched a publication called Farming for the Future a new direction for Farming in Wales. One part of this document addressed the issues of farmers under the age of 40 years old.

As a result of this The Farming Connect grants were launched. A two fold grant system which had an extra 10% benefit for young farmers. A 30% farm improvement grant and a 40% farm enterprise grant for farmers diversifying.

Also money has been made available for education and training via Farming Connect and Education and Learning Wales (ELWA).

These grants have been partially successful, but in some cases the grant money has led to cost inflation by the builders, etc., as often is the case in grant situations.

27. Key points from people who have already emigrated

Of all the people interviewed who had emigrated there were a number of common key points as follows:

- Take time to visit the country/countries and if possible spend at least 6 months working/living there before committing yourself.
- If you work for another farmer for 6-12 months before running your own business you will make mistakes, but hopefully less of them.

- If you are married or in a relationship, the decision to move must be mutual, if it is not then resentment can build and place extreme pressure on a marriage and family life.
- Address the wider issues of a country other than just business opportunities. Such as lifestyle and if you have a young family, education, health and crime.
- Seek professional advice at all stages.
- Watch the exchange rate very closely when transferring funds.
- Be prepared to miss family and friends, but even more so, be prepared for tremendous hospitality and welcome into new communities.
- Many people commented that they now knew their family far better as they spent quality time with them during visits rather than fleeting visits when in the UK.
- Involvement. Involve yourself with the community and local activities.
- The fear of the change is greater than change itself!
- **Of all people interviewed during the course of travelling the only regrets expressed were that they had not made the move earlier.**

28. Conclusions

This report does not bring back any revolutionary ideas to kick-start our industry nor does it recommend everyone emigrates immediately.

But hopefully what it has done is dispel some of the myths and given an insight into what each country has to offer.

Whilst travelling it is very easy to become blinded with 'rose tinted glasses', but all the countries visited experienced some of the same difficulties as the UK to various degrees;-

- Increasing legislation burden.
- The growing strength of the animal welfare lobby.
- Aging agricultural population.
- Shortage of skilled labour and a lack of young farmers entering the industry.

(At the outset the question asked was) **'Is the grass greener elsewhere'?**

The answer to this has to be yes, no and possibly depending upon different scenarios.

- (1) If you are young, with little capital, but meet the necessary education qualifications and wish to be in easy distance of the UK and have no desire to farm aggressively then France is the country for you.
- (2) If you lack capital but have drive and enthusiasm then Tasmania and New Zealand offer the opportunities for land and also share/equity partnerships.
- (3) If you have the capital then New Zealand and Tasmania offer some great farms and the ability to live and farm in a comfortable position.
- (4) If you have no desire to own a farm but wish to pursue farm management then, New Zealand, Tasmania or Hungary offer very well paid positions.

The UK is undergoing major changes with the introduction of the single farm payment. We do not know, as yet, what opportunities will arise, but young farmers must have confidence in their own ability and be assertive in their actions. Approach farmers, and the new non farming land owners. Many farmers will wish to accept their payment and remain in the farmhouse without physically farming the land and could be looking for partnership routes. One difficulty is going to be the lack of affordable housing and this is something that the government will need to address with planning authorities.

29. Recommendations

- (1) Know yourself
Identify your personal aims and as couple/family, work out a plan of how you hope to achieve it. If you don't know where you are going how you expect to get there.
- (2) Know your business
What do you wish to achieve with your business, scale, cost efficiently quality of product?
Again plan and set time scales.
- (3) Travel
Step outside your business, look at what else the country, has to offer.
The opportunity to travel has never been easier or cheaper. Take a gap year. if possible or sandwich placement from college, out of numerous people interviewed, they all had previous experience of the country that they emigrated to.

Keep an open mind, do not travel with preconceived ideas.
- (4) Education
All countries visited stressed the same points. Farmers need to be technically proficient and financially astute.
- (5) Non Farming Partnerships
All countries visited successfully achieved non family partnerships. The UK needs to embrace this concept rather than be sceptical; they may be possible with the single farm payment.
- (6) Question the desire to own land. If 51% of land is now being purchased by non farmers then approach them for land. Invest your capital elsewhere?
- (7) Failure
Do not be afraid of failure. It is better to try and fail then not to try at all.
- (8) Information
France provides regular information about opportunities for partnerships and also registers, confidentially, those looking for opportunities. A database needs to exist in the UK on a national level with access to all. The Young Farmers in Wales are addressing this. However, it needs to be operated on a national level to all those under the age of 40.

As one final thought, Sara Henderson an Australian outback station manager and writer, said:

“Don't wait for a light to appear at the end of the tunnel, stride down there and light the thing yourself”.

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