

CURRENT PRACTICES IN AUSTRALIAN FARM SUCCESSION PLANNING: SURVEYING THE ISSUES[^]

Olivia Falkiner, Adam Steen^a, John Hicks and Deirdre Keogh

a: Corresponding author

Tel: +61 417 557 108

Email: asteen@csu.edu.au

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ABSTRACT

The majority of Australian farms are 'family farms', that is, those that are owned and operated by members of a nuclear or extended family. An important key to the continuation of family farming is the smooth succession by subsequent generations. Increasingly, financial planners are becoming involved in succession issues including those involving farming families.

We examine the current status of succession planning in Australian farming through a survey of farming family members. While the majority of survey respondents considered that maintaining family harmony was their first priority, a significant proportion have no succession plan. Importantly for financial advisors, employing professionals with appropriate skills in estate planning is rarely done.

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Introduction

The majority of farms in Australia are 'family farms' (Kilpatrick, 2000; Wheeler, *et al.* 2012) accounting for about 60 per cent of land use in Australia (Australian Government, 2011), and an important key to the continuation of family farming is succession by subsequent generations (Gray, 2000). However, as reported by Sappey, *et al.* (2012), there has been an alarming fall in the number of family workers in the rural sector with some suggesting that as few as 100,000 persons will remain employed in farming by 2021 (Barr, 2000). In addition, although still in the majority, the number of family farms has also been declining in absolute terms (ABS, 2006)—a phenomenon that has also been observed in other countries (Darnhofer, *et al.* 2016; Fischer and Burton, 2014). Further, family farms that continue have been forced to adjust to the exposure to free market forces—a process that takes energy and drive (Johnsen, 2004). Exacerbating this situation is the fact that the current owners of Australia's family farms are reported to be rapidly ageing with well over a quarter of Australian farms being run by owners who are over 65 years of age (Foskey, 2005), making succession an issue of dire importance.

The ageing of the farm population, and the consequent importance of succession, appear to be issues that are common throughout the world (Conway, *et al.* 2016). In some countries it has resulted in specific policies designed to encourage farmers to retire in their mid-fifties to mid-sixties, but the assessment of such policies has concluded that they have achieved only moderate success with outcomes little different from what might have been expected from traditional succession patterns in the absence of the policies (Bika, 2007). One response to the challenges facing farming has been the growth of multifamily farms (Moreno-Parez, Arnalte-Alegre and Ortiz-Miranda, 2011). However, this development has been largely intragenerational, and is therefore likely to complicate issues of succession, although there are clearly a number of advantages. A not too dissimilar response has been discussed by Pritchard, Burch and Lawrence (2007), in which the development of an integrated business originating in farming is described. In this model, one that is neither that of the traditional family farm, nor a corporate enterprise, labour outside of that provided by the family has been harnessed to drive the enterprise's success.

In this paper we seek to review the current status of succession planning in Australian farming through a survey of farming family members. We focus on the first three stages of succession—the decision to retire, the identification of a successor, and the transfer of control to the successor in order to identify the factors that are currently impacting, positively or negatively, on these decisions, and whether or not there has been any change from what has previously been found. An audit of this nature is necessary, particularly in Australia, as there is now a well-established body of literature categorising the issues and calling for change. If progressive change has not been forthcoming, then the reasons for that need to be identified and appropriate policies adopted to foster succession in the agriculture sector.

To achieve this objective we proceed as follows: Section 2 reviews the literature and establishes the key factors to be canvassed in our survey. Section 3 details the survey method employed in this research. The results of the survey are presented in Section 4 and discussed in Section 5, and conclusions are drawn and recommendations provided in Section 6.

Literature Survey

Vogel (2006) is one of a number of writers who has identified several distinct stages of farm succession. The first stage is usually regarded as the development of the farmer's retirement plan. In the second stage, the successor needs to be identified. Stage three is often regarded as the gradual transfer of control from the farmer to their successor. This often precedes the fourth stage in which the legal transfer of the property takes place. Stages five and six are regarded as critical as, in stage five, the successor begins to make changes to the structure and nature of the business leading to the sixth stage, in which the outcomes emanating from stage five have their impact on the family as a whole. In this paper, we focus on the first three stages that lead up to the transfer of ownership to the successor.

Unfortunately and typically, the process of succession falls at the first hurdle. There appear to be three main reasons for farmers failing to develop a retirement plan. In the first instance, it is difficult to get farmers to begin to think about retirement. Baker, Duffy and Lamberti (2001) found that nearly three quarters of farmers in their mid-fifties had no retirement plan in place and that over 20 per cent of their respondents, impractically, did not plan to retire. In Australia, Barclay, Foskey and Reeve (2007) found a similar attitude. Australian farmers, like their US counterparts, did not begin to contemplate the issue of retirement until they had entered their 50s. Overall, Australian farmers are not regarded as having a positive view regarding retirement because of their strong work ethic. According to Foskey (2002), retired farmers appear to lose a sense of purpose in life and this may result in a negative role model for farmers approaching retirement. More recently Conway, *et al.* (2016) have confirmed that Irish farmers fear a loss of "identity, status and control" on retirement. The literature indicates that Australian farmers planned to move into semiretirement at around age 65, and considered that they would not be fully retired until well into their 70s (Barclay, Foskey and Reeve, 2007). Accordingly, this paper investigates if farmers have become more (or less) receptive to the inevitable prospect of their retirement.

A second factor complicating the retirement issue is the increasingly pessimistic expectations regarding farm viability—especially in the face of continuing drought (Barclay, Foskey and Reeve, 2007; Kaine, Crosby and Stayner, 1997; Foskey, 2002; Hicks, Basu and Sappey, 2008). Farmers who doubt the continuing viability of their farm feel obliged to work on long after they normally would have retired. Unfortunately, in these circumstances, farm development is forsaken as ageing farmers battle with farm maintenance and debt (Foskey, 2002; Barkley, *et al.* 2007). This is occurring at the same time that the need for increased capital investment on farms is rising because of the changing structure of the farming sector internationally (Calus, Van Huylenbroek and Van Lierde, 2008). It has been argued (Calus, Van Huylenbroek and Van Lierde, 2008; Calus and Van Huylenbroek, 2008) that there is a high correlation between the value of fixed assets on the farm and farm succession. Tanewski, Romano and Smyrniotis (2000) found a similar relationship in Australia. Hennessy (2002) and Glauban, *et al.* (2009) both found that the likelihood of succession increased with the size of the farm and with farm income.

The third problem in developing a retirement plan is that farmers are often reluctant to seek advice in this area (Baker, Duffy and Lamberti, 2001; Barclay, Foskey and Reeve, 2007) notwithstanding the complexity of putting a retirement plan in place (Barclay, Foskey and Reeve, 2007; Gamble, *et al.* 1995; Symes, 1990). Accordingly we explore whether, and from whom, advice in this area is sought.

Identifying a successor is also frequently problematic for farmers. Barclay, Foskey and Reeve (2007) reported that close to 50 per cent of farmers in Australia had not identified a successor. In Australia one study found that the proportion of farmers farming land that had been farmed by their parents has been falling and, further, 60 per cent of farmers could not be certain that the farm would be retained in the family (Foskey, 2005). This is problematic for succession when, as Mendham and Curtis (2010) point out, there is likely to be a 50 per cent change in property ownership in the next decade.

The literature has canvassed a number of reasons that contribute to the difficulty of identifying a successor. The previously noted pessimism regarding farm viability may discourage farmers from nominating successors and potential successors from stepping forward. On the other hand, failure to identify a successor can result in actions that result in the farm becoming less viable as families begin to disinvest and/or adopt a static management strategy. Identifying a successor, on the other hand, tends to be associated with forward thinking farm development strategies (Inwood and Sharp, 2012; Wheeler, *et al.* 2012).

Making this more difficult is action by parents to discourage children from taking up farming (Ball and Wiley, 2005; Barclay, Foskey and Reeve, 2007; Crockett, 2004). Typically, such parents encourage their children to pursue an education in a non-farm labour discipline. Some studies (e.g. Glauban, *et al.* 2009) have found that identifying a successor was often assisted if the potential successor had been educated in an area *other* than farming. This was because a non-farming degree opened up the prospect of higher off-farm earnings that might enable the potential successor to supplement their income and to meet the capital requirements discussed above. Certainly there appears to be an increasing trend to part-time farming (Foskey, 2005; Barr, 2001 and Hennessy, 2002). However, it would be misleading to push this argument too far as Farmar-Bowers (2010) has reported that off-farm work is frequently tied to factors other than the continued viability of the farm. Furthermore, notwithstanding the importance of the business viability of the farm when seeking to identify a successor, Fischer and Burton (2014) have convincingly argued that this is only part of the story. In addition, it needs to be kept in mind that a long-term socialising of the successor is also required. Successful succession will require a balance of economic and social values (Grubbstrom, Stenbacka and Joose, 2014). That being said, it is also evident that successors who enter full-time farming tend to take on properties that are large and recognised as good businesses. They also have a lower propensity to undertake non-farming educational activities (Hennessy and Rehman, 2007). Accordingly, we want to gain further insight into the identification of successors. Does succession, where it occurs, continue to be primarily based on the principle of one male successor or does family succession, including the succession of women, now have a greater role to play?

The socialising of the successor requires that there is good, long-term communication between the farmer and the potential successor. However, the literature reports that there is frequently a problem in communicating across generations (Kaine, Crosby and Stayner, 1997; Foskey, 2005; Gamble, *et al.* 1995; Gamble and Blunden, 2004; Barclay, Foskey and Reeve, 2007). Failure to communicate can lead to family conflict and the eventual breakdown of the farm (Wheeler, *et al.* 2012). Consequently, it has been argued that an open communication strategy will cause the successor less stress (Grubbstrom, 2014). Accordingly, we investigate the extent of communication between farmer and family with respect to succession issues.

Once identified, successors in Australia will generally work with the farmer on the property that they will eventually take over (Barclay, Foskey and Reeve, 2007). This compares to the US where nearly two thirds of eventual successors work away from the farm to which they will succeed (Baker, Duffy and Lamberti, 2001). However, plans for succession may also come adrift as the stage of transferring decision-making responsibility is entered into. Transferring control to the successor can be problematic (Baker, Duffy and Lamberti, 2001). There are a number of reasons for this. First, if the potential successor works off-farm, it will be difficult to have the successor engaged in decision-making. Second, the farmer may be reluctant to permit the successor to make decisions for a variety of reasons including the fact that his retirement income will be drawn from farm income. In Australia, transfer of control tends to take place at a rate slower than experienced in other countries (Barclay, Foskey and Reeve, 2007). Succession, when it occurs, also tends to move slowly through a range of different stages (Errington, 2002; Barclay, Foskey and Reeve, 2007). However, these stages are not definitive and often depend on the complexity of circumstances confronting each farmer (Taylor, Norris and Howard, 1998). A tendency has been identified amongst some older farmers to hold back the younger generation by insisting that the younger generation utilise the older farmer as 'expert' (Grubbstrom, Stenbacka and Joose, 2014). Such actions, in addition to delaying succession, increase the frustration of the successor. From the above discussion we consider the reluctance of farmers to retire and hand over the reins to the next generation.

A decade and a half into the 21st century, we consider it important to ascertain if the issues raised above remain a concern in agriculture. The farming community has aged further in that time— increasing the need for successful succession strategies. Therefore, in general terms, we want to know: 1. Are farmers becoming more (or less) receptive to the inevitable prospect of their retirement? 2. Are farmers seeking succession planning guidance, and from whom are they seeking this if they are? 3. Finally, we want to gain further insight into the identification of successors. Does succession, where it occurs, continue to be primarily based on the principle of one male successor or does family succession, including the succession of women, now have a greater role to play? 4. We investigate the extent of communication between farmer and family with respect to succession issues. 5. When transition does occur, is this a smooth process and, if not, what issues/problems occur? In order to answer these questions, we have used a survey of the Australian farming community as discussed in the next section.

Method

To understand the extent of, and issues involved with, succession in Australian farming families a survey methodology was employed. The development of a methodological approach for this paper was governed by the exploratory nature of the research that seeks to develop insights into the experiences and perspectives of agribusiness operators on business succession. After an examination of extant literature a convenience sample of 50 farmers were interviewed to inform the development of survey questions on farm succession. Interviews were recorded, transcribed, and responses matched thematically and analysed. The questions focused on the extent to which succession planning had occurred as well as the factors and considerations involved in succession planning. The survey consisted of a number of questions related to the aspects of succession discussed above and an invitation to participate was emailed out to prospective respondents along with a link that allowed it to be completed and submitted online². The interviews and survey data collection were undertaken between January and July 2016.

The online survey was distributed to the membership of the NSW Cattlemen's Breeders' Association that has approximately 3,000 subscribers. In addition, postings were made on the Facebook pages of the NSW Young Farmers (approximately 3,000 followers); the NSW Future Farmers Network (5,000 followers); Sydney University Agricultural Society (644 members); Marcus Oldham College, Sydney University (644 members) and Robb College, University of New England (1,500 followers). The Facebook postings constituted an open invitation to followers to participate if they were members of farming families. In total 241 respondents were received. (A copy of the survey questions is available from the authors on request.)

Results

There were 241 respondents to the survey of which 141 or 58.5 per cent were male and over 60 per cent were aged 30 years or younger. Clearly, the family response became largely the responsibility of the younger members of the family, which is not surprising given the means by which the questionnaire was administered. It does, however, mean that the responses provided are largely filtered through the lens of youth. Only six respondents (2.5%) reported that they had no siblings while over 40 per cent reported three or more siblings. Thus issues of distribution, and the fairness of that distribution, were likely to be important. Of the 241 respondents, 67 (28%) indicated that they worked full-time in the family business and only 12 (5%) indicated that they worked in the family business part-time—although three of these indicated that they also worked part-time in another business. Of the remaining respondents, the majority (76 or 32%) were employed full-time in another business and 51 (25%) were studying full-time. One was not employed, one was retired, 21 indicated 'other' and four gave no response.

² Ethics clearances were acquired from CSU.

In general, the respondents can be regarded as having been quite familiar with succession in farming. Of the 241 respondents, 72 (30%) indicated that the farm had been in the family for four generations or more, while 56 respondents (23%) were from families that had been engaged for three generations, 41 (17%) had been engaged for two generations, and only 28 (11.6%) were the first generation in the family engaged in farming.

The Decision to retire

Thinking about retirement

Nearly half of respondents (118 or 49%) considered retirement a positive stage of life and were looking forward to it. Another 64 (26.6%) stated that they felt indifferent to the decision to retire. Such statements, however, appear to mask serious issues. When asked at what age they had, or expected to, retire, the average response was in the late 60s (67.3 years). However, a significant proportion indicated that they didn't desire retirement. For example one farmer stated:

Rather than retire I'll probably just ease up and only do the things that I enjoy most on the farm (letting others do the rest) and spend more time on hobbies or travel.

Another response indicated that: "If I stay healthy physically and mentally I guess I won't ever really retire. There's always something to do!"

In terms of funding retirement, 64 respondents (26.6%) expected that their farm assets would, at least in part, fund their retirement. As one respondent stated: "... our farm and stock and plant are our superannuation". Unfortunately, with the agricultural sector experiencing a difficult time, plans based on farm assets funding retirement may be thwarted. It was evident from the survey that a number of farmers considered retirement problematic in the context of current economic circumstances. One farmer complained of:

trying to hand on an enterprise that is recovering from years of drought, low prices, run-down infrastructure and increasing debt in a climate of mistrust and misunderstanding...

Farmers concerned about retirement are also struggling to maintain the business. One respondent stated:

I speak for my father here. We have spoken about this. He has not thought about the future and worries about relinquishing the farming business but at the same time feels he is struggling to keep pace with the scale and workload required.

A closely related issue is the need, by one or more members of the family, to work off-farm in order to enable the business to survive. The survey confirmed the importance of off-farm work with 116 respondents (47.7%) indicating that the farmer or spouse or both would work off-farm to support the business. Others indicated that working off-farm was often a lifestyle choice rather than a necessity.

Retirement advice

Nearly half of our respondents (112 or 46.5 %) considered that the family should employ succession consultants to provide advice during the succession process. However, of those who considered it necessary, some stated that access to such services at a reasonable expense was difficult. Furthermore, there were some strong feelings with respect to who might be able to provide suitable advice. Some felt that accountants were not necessarily the most appropriate professionals to use because of the diversity that existed in the farming industry—a diversity, presumably, that farmers (or their children) did not consider accountants to be across. Of those who were uncertain about the use of a mediator, some indicated that, having used them, the outcomes attained did not meet their expectations. However, for the majority who had used professionals, the experience was frequently regarded as beneficial—especially in terms of initiating the process and informing and communicating to new family members (for example spouses). In addition, techniques for communicating issues were learned and adopted with the result that the need for the continued use of professionals gradually declined—although the benefits of having used them remained. For example, one respondent stated that: “We learned the skills to operate with only very occasional help now.”

It was generally considered necessary to engage professional consultants from an early stage and to be sure that the right person has been retained, as an inappropriate choice can often make matters worse. As one respondent explained: “My family brought in a well-known consultant who wanted to get decades of issues sorted out in a day. It made the situation worse rather than better.”

It appears, from the wide-ranging comments made, that professionals with the appropriate skills are rare. There was certainly little support for lawyers in the process. Of those who considered professional advice not necessary, one stated: “No just get rid of lawyers”. Where lawyers were used, some regarded their role as merely to formalise and document agreements—not to offer advice. Bankers were also treated rather harshly. For example: “Do NOT employ a bank succession planner, they just want the child taking over the business to increase the mortgage to sure [shore] up the business.”

These responses, and the discussions around them, raise the question of what is the appropriate skill set for planners. Respondents did not want to employ planners who came to the task with a preconceived idea of what the outcome would be. Those seeking advice wanted the planners to listen to their needs and to carefully take into account the particular circumstances of the business and of the family. They strongly felt that there was a need for planners to be adaptive and creative in proposing solutions to family issues. Comments made remind us of the fact that frequently the farm is not just a business, but also a home: “it was a house not a property and it was stressful but the family still love each other!”

The literature indicates that succession planning should be part of the business plan of the farming operation. Of the 241 respondents, 183 (76%) agreed with this. However, although this was considered desirable, it was not consistently carried through. Some of the respondents indicated that more written information should be made available to them on the issue of succession and that this would assist them in developing a succession plan and incorporating it with their business plan. However, the reality remains, as is discussed below, that the finalisation of a succession plan is frequently an unfulfilled goal.

Identification of successor

The first step in planning for succession is the identification of a successor and 138 respondents (57.3%) indicated that this had been done.

Incentive and disincentives to identify a successor

Interestingly only 24 (10%) of the respondents identified maintaining a viable business as the first priority when choosing a successor—although 49 (20.3%) considered that the farm was a business like any other asset that could be bought or sold. The majority—118 respondents (49%)—considered that maintaining family harmony was their first priority. Given the findings of other researchers, it was surprising to find that only two of the respondents did not want the children involved in farming and to take over the property or business when they retired. On the other hand, 213 (88.4%) either wanted their children to take over or have the option, but not the obligation, to take over. Most (184 or 76.4%) were in the second group. Keeping the business in the family was the most important thing to 68 (28.2%) of our respondents. Another 18 (7.5%) were keen to see their family continue in farming even if it was not on the current farm. Of our respondents, 89 (37%) would prefer the farm not to be sold, but said that they understood if this did have to happen: “Family members must enjoy the business to be included and pursue it as their life’s work. If they don’t there is no point doing it.”

The high proportion of respondents with siblings presaged a problem in the making— notwithstanding the desire for family harmony. Those wanting to tackle the issue of succession may frequently be prevented from doing so because they cannot decide how to deal with all of their children. Only a small number of our respondents (6) saw this as an issue. However, in some of these cases, the problem was intractable and unresolved in the farmer’s lifetime: “Siblings became jealous when I found/married wife/said they should get money/share of farm. Has resulted in family breakup, both parents now deceased and about to engage lawyers.”

The tension between maintaining family harmony and ensuring an ongoing business appeared to be ever-present. Asked if there should only be one successor to own and operate the family business, 138 (57.3%) of our respondents answered ‘no’ while 53 (22%) considered it to be necessary. This tension was also reflected in answers to questions concerning the future distribution of assets. While 74 (31%) stated that all assets and all ownership would be split equally between all children, 108 (44.8%) admitted that although they would try to be fair, they knew that they would be unable to distribute the assets equally.

Problems of primogeniture

This discussion brings us to the problem of primogeniture, which has featured prominently in the literature. Male farmers with female heirs tend to justify the failure to consider the interests of the females by arguing that the farm would not survive if it were not left to the male heir. One male successor stated that his inheritance of the family business left: "... a feeling of resentment and inequity between my self and sisters, although they understood that the business would have suffered probably irreparably if a strict division of assets occurred". The willingness to accept such statements—even among females—remains quite high in the farming community. The majority of respondents to our survey indicated that women were not treated differently to men with respect to succession and even amongst women, 57 per cent of responding females agreed that women are not treated differently, only 29 per cent voicing an objection. However, there is evidence that the situation is changing. One female respondent indicated that the biggest barrier to a successful succession was primogeniture: "out-dated attitudes and unrealistic expectations of what passing on down male line really means".

Although numerically in the minority, the women voicing an objection to prevailing attitudes to primogeniture put their case strongly. They clearly considered that women should be considered as equals and that the 'business' case could not be used to justify the favoured treatment of males:

Definitely. My parents want to give my brother the majority of the family business, my sister & I were discouraged, even though we both want to be involved.

My father has stated that we are "no longer -surname-". Only my brother has been offered the opportunity to return.

Girls in my generation (if there were boys) were not usually expected to be a part of the family business.

My brother is gay and interested in theatre. My sister and I are far more interested in agriculture than he is.

Communication and socialising successors

The literature indicates that lack of communication is a major problem in succession planning. Of 234 respondents to the question 'who should be included in conversations around succession?' 174 respondents (74.4%) indicated that all family members should be involved whether they want to return to the business or not. However, 26 respondents (10.8%) indicated that succession had not been discussed at all within the family. Of all respondents, 183 (76%) indicated that there had been some discussion. However, of these, only 64 said that the family had a plan that everyone was familiar with, and 106 stated that although succession had been discussed, no plan had yet been put in place. The other 13 of the respondents indicated that although discussions had taken place, they had not been involved.

One reason for the lack of acceptable outcomes of succession discussions (i.e. failure to finalise a succession plan) was that discussion did not go beyond informal comments made in passing with, in some cases, the owner of the farm being held accountable for the lack of more formal and detailed outcome: “Dad loosely talks about it, alludes to it all the time, but doesn’t seem ready yet to communicate the plan fully”. In other cases, discussion had taken place but not all of the family had been engaged or were even aware that discussion had taken place: “Yes, some discussion, but everyone isn’t aware of the whole plan. Feel there are some plans that will shock us when the time comes”. Unfortunately, with or without discussion, satisfactory outcomes were not attained and this often resulted in legal issues:

Yes we had a good plan every one was happy with until lawyers stuck nose in; unfortunately legal counsel has been sourced; we are currently preparing to have a mediated succession meeting.

That the succession process is not an easy one is indicated by the fact that only seven respondents to the questionnaire indicated that the succession process had gone smoothly and that an easy transition had been achieved. On the other hand, 157 respondents described the process as traumatic and nearly a quarter of these indicated that there remained unresolved family issues. “Traumatic and has cut ties with family members”. In total, only 64 of the 234 respondents to the survey question (27%) indicated that a successful outcome had been achieved—but even this was often at a cost: “But to endure 20 years of hell was not pleasant with a young family”. One of the major issues with a failed attempt at establishing a succession plan is that farmers may leave the industry: “I said I was out. (The) farm is for sale”.

The two leading threats to a smooth succession process were regarded as lack of communication (57 respondents) and conflicting expectations (60 respondents). These clearly needed to be undertaken earlier rather than later as it was felt that this would enhance the chance of achieving more satisfactory outcomes: “I wish I was allowed to discuss with my father and mother succession planning etc while I was in my 30s”.

Transition

Transition from one generation to the next has long been regarded as an issue—even when successors have been identified. Thirty-two (13.3%) of our respondents indicated that a smooth succession process had been hindered because, although the successors were ready to take over the family business, the parents were not ready to leave. Others stated that the issue was the lack of experience of the coming generation or that they were too young. However, we also found farmers looking to put a succession process in place but were prevented from doing so because the children were not yet ready to come home.

Some farmers indicated that they would never fully retire, but considered that their children were already part of the business. Others wanted to work for the next generation:

I want to work for the next generation as soon as possible. The knowledge and inshitive of the the next gen should be be better than the previous, so let them have the responsibility and decision making.

Only 62, just over a quarter, indicated that they would eventually move off the farm and leave management to whoever succeeds them. Of all respondents, 72 were happy to step down from management, but preferred to stay on the property. On the other hand, 50 wanted to continue to be involved in the management of the business after they retired.

Discussion

With respect to the first research question—are farmers becoming more (or less) receptive to the inevitable prospect of their retirement—results indicate that while most see retirement in positive terms, a significant proportion still view it negatively.

Results to our second research question—are farmers seeking succession planning guidance, and from whom are they seeking this if they are—indicate that around half of those surveyed saw the need to engage specialist professional advisors to assist with the succession discussion and succession issues. But respondents expressed concerns about other professionals, such as accountants, becoming involved in the succession discussion.

Our third question investigated the identity of successors. The majority of respondents considered that maintaining family harmony was their first priority, while an overwhelming majority wanted their children to take over or have the option, but not the obligation, to take over.

Our fourth research question investigated the extent of communication between farmer and family with respect to succession issues. The overwhelming majority of respondents felt that all family members should be included in the succession discussion and the overwhelming majority had been involved in some discussion already. Still, there was a significant proportion that had not discussed succession and, more importantly, only a small proportion that had a formal and documented plan.

Our final research question considered the issues/problems associated with the succession process. Even when successors have been identified it was found in many cases the process was not smooth due to a variety of reasons, such as successors not being ready to take over the family business, or the parents were not ready to leave.

Conclusion

The majority of Australian farms are family businesses and the continuation of these enterprises into the future is highly dependent on putting in place successful succession plans to ensure the transition of the business from one generation to the next. Compounding the problem is the current age and ageing of the Australian farming population. Strategies to assist farmers to initiate and cope with succession planning are clearly necessary. The issue is not new, and has been known for some time. However, our research suggests that little is changing for the better in the industry, putting food security, sustainable agriculture and a valued way of life at risk.

Getting farmers to think about retirement is problematic. The thought of not working is foreign to them. Greater effort needs to be made to educate farmers that a worthwhile and productive life exists beyond retirement. Further, to take full advantage of their retirement years they need to begin planning early. Doing so is not just advantageous to the farmer, but to the whole farming community as it will create a positive example and facilitate the efficient husbanding of farming resources.

In making complex retirement decisions, farmers need the assistance of skilled and dedicated advisors. Farming is not just like any other business. Accordingly, those offering advice to agribusinesses could consider investing further in specialist agri-planners who understand the dynamics of farm management and family issues. Future research could consider the extent to which issues of succession and retirement are canvassed along with traditional agricultural planning issues. Given that financial advisors have an increasing role in assisting with estate planning issues they need to have empathy for the farmer and their family's needs as well as an understanding of the financial realities of the farming community. They need to be listeners and communicators as well as outstanding business analysts. Such a combination is extremely rare and calls for government intervention to ensure the training of personnel skilled to meet this urgent need of the farming community.

At the heart of succession planning is the identification of a successor (or successors). The farming community needs to be encouraged to engage in this process at an early stage. The drift of farming children away from the farming life needs to be acknowledged and addressed by the timely intervention of government policy to encourage the growth and sustainability of regional economies that can provide social and economic support into the future. On the farm, all of the children, male and female, need to be encouraged to identify the productive role that they can play. Programs need to be put in place that encourage and develop communication within farming families and communities as our research confirms that lack of effective communication is a major cause of traumatic succession experiences.

Continued involvement of the farmer in the operation of the business can be extremely beneficial. It gives the retiring farmer a sense of purpose as he gradually 'lets go of the reins' and it provides the successor with access to a knowledge that only experience can bring. At the same time, there needs to be an increasing acceptance that youth, and the drive and enthusiasm that it brings, is found in the successor and that, therefore, the successor needs to gradually take on more and more of the decision-making. For this to happen, farmers need to be confident that their financial security is not at risk. Assistance with imaginative and appropriate financial planning for retirement is required.

We conclude, therefore, that succession planning in farming remains a problem of immense importance to the Australian community. The problems identified vary little from those observed overseas and from what has previously been observed in the Australian case. However, they are problems that remain largely unaddressed by public policy in Australia. Notwithstanding that farmers may be a relatively small proportion of the Australian population, they are an integral component of our society and Australian society as a whole will benefit from greater public attention being given to their needs.

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