

Week 9 – off-farm income

24 August

An unpredictable climate is one of the traditional challenges facing Australian farmers, along with rising costs, falling commodity prices and competition in a changing global marketplace. One of the responses to these challenges may include sourcing off-farm income. This week, BCG asked Wimmera and Mallee farmers the following question:

How important is off-farm income to the sustainability of your farm? Will farms of the future rely on off-farm income for security and equity that will balance the uncertainties of climate?



Peter Doran – Birchip

Peter and Brenda Doran farm 1800ha between Curyo and Watchupga. The farm, which is mostly sandy loam, supports both mixed cropping and a lamb finishing enterprise. This year 35 percent of the cropped area is wheat, 40 percent barley and 25 percent is legumes.

Off-farm income: “Half a bottle of red wine went into this! We have found off-farm income not to be the ‘be all and end all’ in terms of the sustainability of our farm. It has been difficult to build off-farm assets of recent years without eating into farm equities.

Off-farm income, whilst attractive, needs to be balanced against the ability to manage both properly. Many farmers are happy to build their farming assets despite climate uncertainties because they have more confidence in their abilities and expertise in their farming practices.”



Aidy Coatsworth - Wycheproof

Aidy Coatsworth operates a mixed family farm 15km south of Wycheproof. The farm has 1800ha of crops, 80 percent of which is sown to cereals, and 500ha of pasture.

Off-farm income: “Sustainability is no longer a term commonly used in the farming sector. The word ‘survival’ is certainly more relevant in the Mallee at the moment. Due to a number of variables out of our control, rain being the most obvious, means of gaining income away from the farm has become a high priority.

Our contract harvesting business has developed as a means to finance expensive machinery that otherwise wouldn’t be viable for our operation. By harvesting elsewhere the cost of stripping on the family farm is kept to a minimum.

In quieter times (if there are any!) I work away from home to ensure cash flow without draining from farm funds. Insignificant maybe, but over time certainly helps.

Unless we see some drastic changes in climate conditions and more realistic profit margins for our inputs, off-farm income will have to stay a priority.

It will be interesting to see the path farmers will take to ensure their survival, but as history has shown us, people on the land are great innovators and will always find a way.”



Heath Miller – Dimboola

Heath and Nicole Miller crop 1100ha at Katyil, 17km northeast of Dimboola. Their soils consist of grey self-mulching soils mixed with red clay loams. Cereals make up 50 percent of their cropping program, lentils 25 percent, and chickpeas and fallow 10 percent each.

Off-farm income: “With having a young family of three children, aged five, four and two-months, and the high demand of not only manual farm work, but also all the bookwork and day-to-day management responsibilities, there is no time for any substantial money to be earned off our farm. Nicole works when time allows as a freelance photographer, and that money goes towards the groceries, clothing, etc, but

by no means pays the chemical bill. We, and many other families, also have issues in our local rural community with the amount of quality child care available; mothers do not in many cases have the opportunity of returning to work.

Farms now and in the future may find off-farm income to help out in small ways, but when you look at the big picture of all the money going out for chemicals, fertiliser and fuel, we don't think that the small change made in working off the farm is going to make much impact on the make or break bottom line, especially when we are talking successive seasons that are poor.

Spending time marketing your grain wisely, and being there to make optimal timely decisions can make enough money in one day to make up for months of work off the farm.

Most of all we all need to have a life, time to relax and spend with our family and friends. We have decided that if our farm gets to the point that it relied on our both working off the farm to support its running, as well as doing all the work we are doing now, it would not be a viable business in our eyes, although it has been in the family for many years.”



Tony Sawers – Boort

Tony Sawers operates an irrigation property north of Boort.

Off-farm income: “Farming was not our first business. Working for an American company in international marketing for four years following several years of trying to give myself an education. This was followed by some 16 years in the stockfeed business exporting mainly to Japan. It was these off-farm activities, which gave us our entrée into farming on a moderate scale. I am sure it would not have been possible to simply start with one farm and grow the business organically – so to speak.

In the context of staying there, an off-farm spouse's net income would make very little difference. In my view, the scale and investment required to farm efficiently and effectively in irrigation is such that the \$20,000 - \$30,000 take-home pay from, say a job at the local school or hospital, would probably not make a significant difference to the overall equation.

Obviously the smaller the farming operation, the larger the impact of off-farm income, but I really do wonder whether the lifestyle advantages offset or justify the cross subsidisation. I suppose the off-farm income is more certain than the farm income and that has to be important if one likes bread and butter on a regular basis. Perhaps like my wife and I, it was the off-farm income (albeit pre-farming) that enabled us to peruse our passion. I have always therefore kept my reservations on this off-farm income stuff to myself.

Fundamentally in the long term the business has to stand on its own feet. If you want to cross subsidise, it's a choice you knowingly make to jointly achieve your goals. However, as farms get bigger the opportunities to do this will probably get smaller.”