

Some findings on Farm Family Transfers

England, France, Canada and the U.S.

Professor Andrew Errington
Research Chair in Rural Development



Objectives of the farm family business

- ‘For many, the strategic time-scale was intergenerational... Only a minority gave profitability as their prime objective... Their chief desire was to maintain control and pass on a secure and sound business to the next generation’

(Hay and Morris 1984:
*Unquoted companies: Their
contribution to the UK economy*)



Some terms that are used

- Inheritance
 - The inter-generational transfer of land and farming assets
- Succession
 - The inter-generational transfer of managerial control
- Retirement
 - The inter-generational transfer of managerial control
- *Farming Succession*Le Transfert*La Transmission*Farm Transfers



Patterns of Succession among farm family businesses

Responsibility for
'home farm' decisions

Much

Partnership

*Separate
Enterprise*

Little

*Farmer's
Boy*

*Stand-by
Holding*

No

Yes

Running an independent enterprise?



FARMTRANSFERS....

1991 England

1993 France

1997 Canada : Ontario and Québec

1997 England (again)

2000 Iowa

2001 Japan

2002 Virginia (USA)

2003 Pennsylvania (USA)

2003 Australia

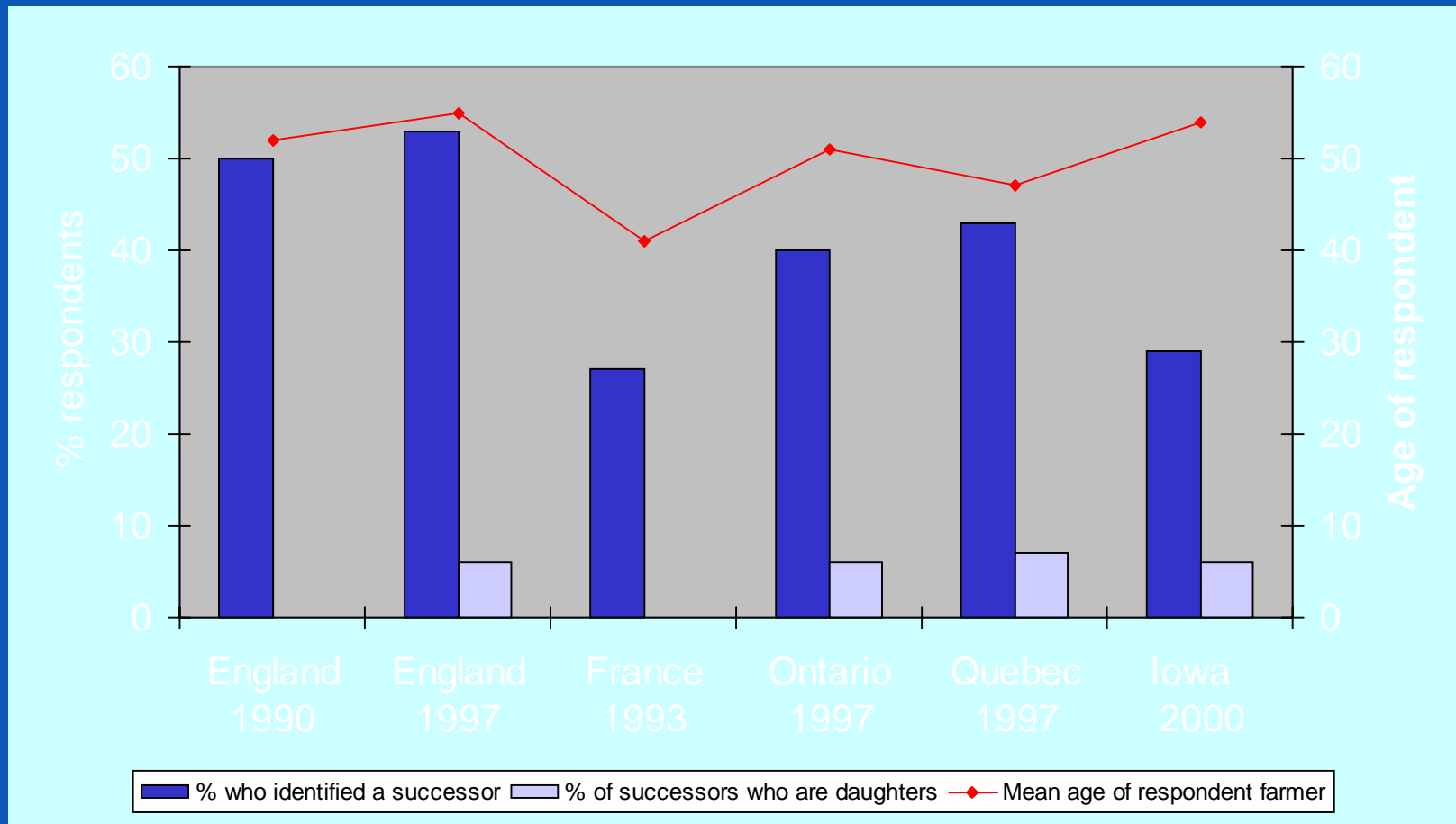


% respondents who say they will....

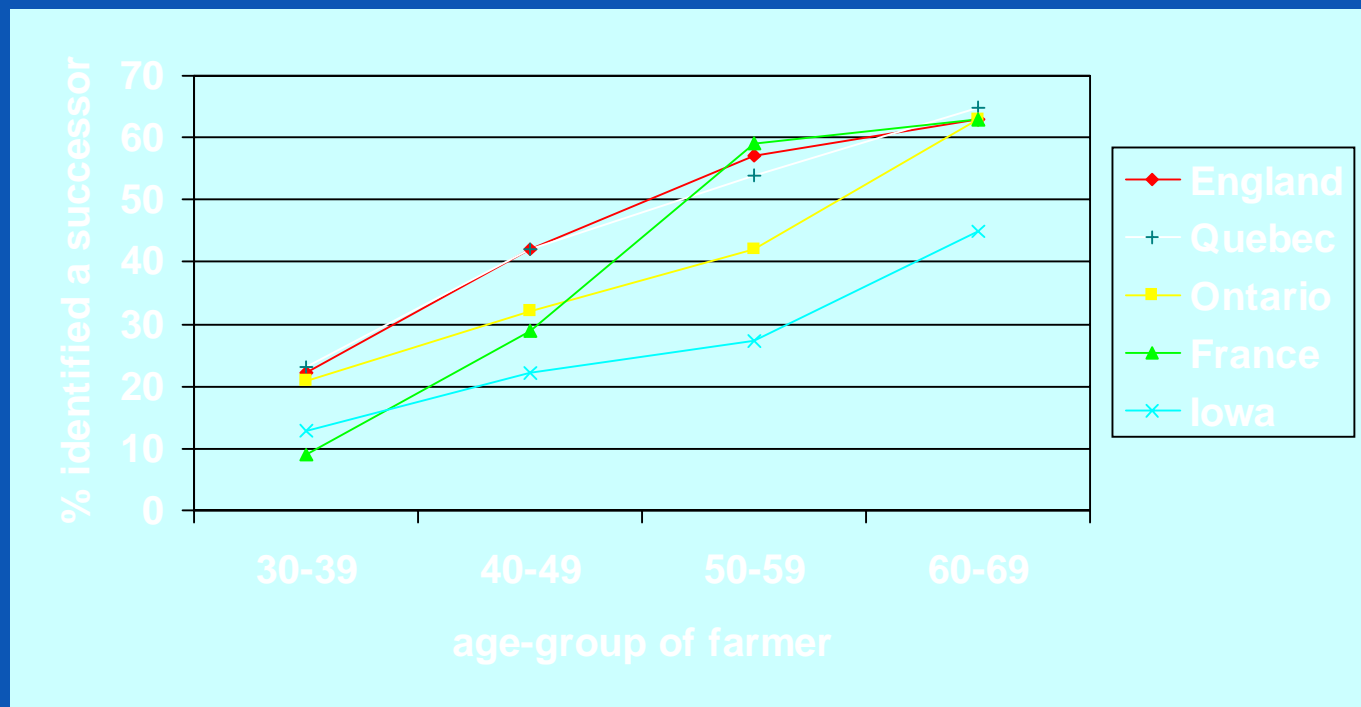
	France 1993	England 1997	Ontario 1997	Québec 1997	Iowa 2000
Never Retire	6.4	14.9	22.1	13.3	27.4
Will retire	64.7	38.0	33.8	37.2	35.0
Semi-retire	28.9	47.1	44.0	49.5	37.6



The identification of a successor



Proportion of farmers who have identified a successor by age group





The questionnaires in English and French

Decisions taken by:

	Yourself alone	Shared between yourself and your successor	Your successor alone
Plan day-to-day work	{.....}	{.....}	{.....}
Make annual crop/ stock plans	{.....}	{.....}	{.....}

	Vous seul(e)	la décision est prise en commun	Lui (elle) seul(e)
Plantification du travail quotidien	{.....}	{.....}	{.....}
L'établissement des prévisions	{.....}	{.....}	{.....}



Activity/ Decision	England 1990	England 1997	France 1993	Ontario 1997	Quebec 1997	Iowa 2000
Decides when to pay bills	1	1	1	1	1	1
Identify sources and negotiate loans and finance	2	2	3	2	2	3
Negotiate sales of crops/stock	3	3	2	3	3	2
Decide when to sell crops/stock	4	4	4	4	5	7=
Decide and plan capital projects	5	5	7	5	8	4
Negotiate purchase of machines and equipment	6	8	9	6	9	5
Decide long-term balance and type of enterprises	7	6	6	7	10	7=
Make annual crop/stock plans	8	7	5	8	4	10
Plan day-to-day work	9	9	8	12	11	11
Decide timing of operations/activities	10	10	12	9	7	12
Decide method/way jobs are done	11	12	10	13	13	13
Decide type and makes of equipment	12	11	11	10	12	9
Decide type and level of feed/sprays/fertilisers/ Drugs used.	13	13	13	11	6	6

Responsibility
Scores
(rank order)



Responsibility levels for successors aged 25-29 years*

Activity	England (n=52)	Ontario (n=15)	Quebec (n=35)	France (n=59)
Decides when to pays bills	0.20	0.50	0.42	0.64
Identify sales of crops/stock	0.41	0.67	0.68	0.82
Negotiate sales of crops/stocks	0.43	0.62	0.69	0.78
Decide when to sell crops/stock	0.51	0.71	0.77	0.84
Decide and plan capital projects	0.64	0.75	0.91	0.90
Negotiate purchase of machines/equipment	0.55	0.56	0.91	0.86
Decide long-term balance and type of enterprises	0.45	0.31	0.96	0.82
Make annual crop/stock plans	0.64	0.73	0.80	0.88
Plan day to day work	0.61	0.88	0.92	0.80
Decide timing of operations/activities	0.65	0.64	0.85	0.82
Decide work method/way jobs are done	0.62	0.64	0.91	0.83
Decide type and make of machines and equipment	0.70	0.81	0.94	0.88
Decide type and level of feed/sprays/fertilisers/drugs used	0.66	0.67	0.74	0.81

(*proportion with at least equal shares in the activity/decision)



Patterns of farming succession in England, Ontario, Quebec and Iowa

Running a separate business unit?

No

Yes

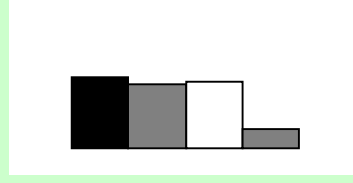
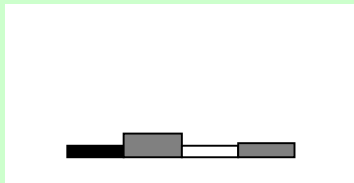
Responsibility for "home farm" decisions

Little

Much

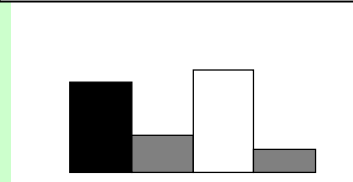
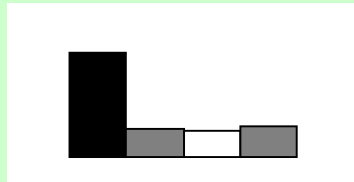
Partnership

Partnership plus Separate Enterprise

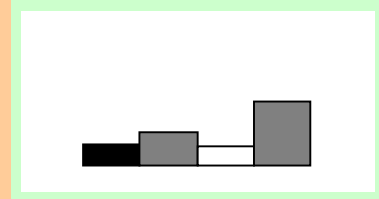


Farmer's Boy

Separate Enterprise

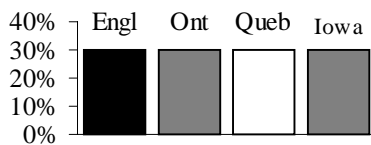


Stand-by farm

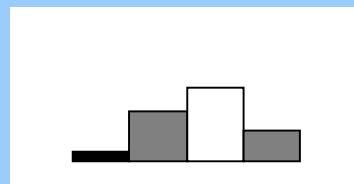


Not yet farming

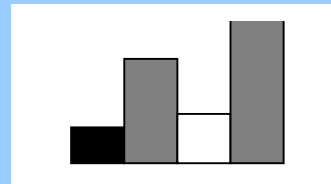
KEY



Full-time Education

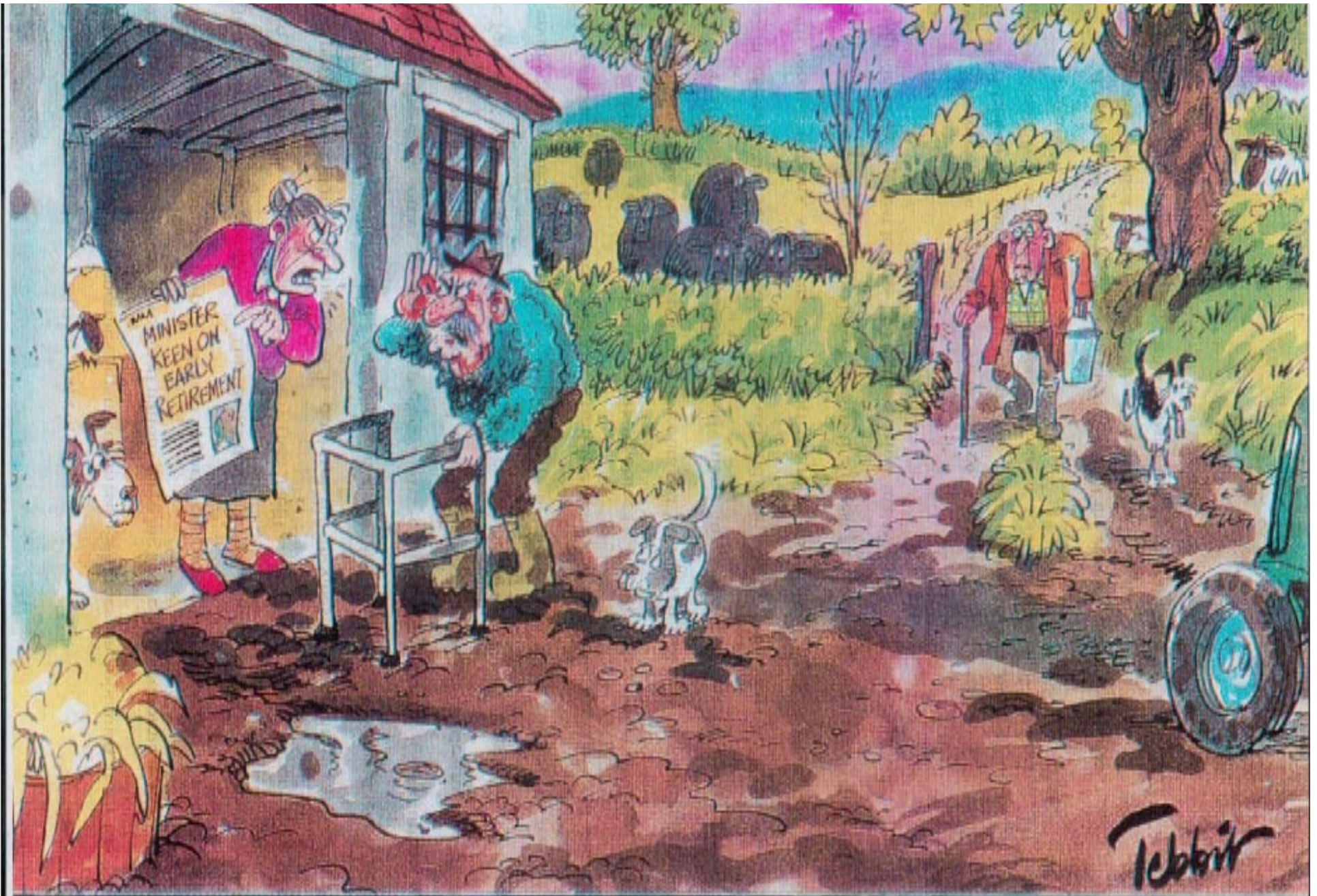


Professional Detour



So What?





"I said: When are you going to give the young lad his head?"

Questions and comments
please.....

Professor Andrew Errington



% respondents aged 50-59 talking about retirement to....

	France 1993	England 1997	Ontario 1997	Québec 1997	Iowa 2000
Family	55.1	27.8	63.0	63.3	54.5
Solicitor/lawyer		14.3	6.5	9.6	10.6
Banker	9.1	6.8	9.8	7.2	13.6
Accountant	28.4 ²	39.1	38.0	33.1	18.2
Farm management adviser/consultant	20.6 ³		5.4	11.4	4.6
Other agricultural adviser	8.2	3.8	6.5	6.0	3.1
Other	5.8	6.8	9.8	6.0	1.5
No-one	28.0	44.4	28.3	27.7	32.3

Totals sum to more than 100% because some farmers indicated more than one category.

²An MSA adviser ³Comptable/conseiller de gestion

