



Rural Economies
Centre of Excellence

Family Farm Economic Diversification: too hard and risky or an opportunity overlooked?

Dr Phillip Currey

Associate Professor Ben Lyons

Ms Fynn De Daunton

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1. Executive Summary

Diversification is practiced by Australian farmers as a means of building resilience to risks including variations in seasons, climate and markets. Mixed farming is frequently used as a form of agricultural diversification but more complex economic forms are being adopted by primary producers. Examples of economic farm diversification that are increasingly being adopted by farmers include agritourism, vertical integration and value-adding. Off-farm employment and investment income are other ways farmers build resilience to the risks inherent in agriculture.

This research focused on the economic forms of diversification of value-adding, vertical integration and agritourism. The purpose of this research was to learn from the lived experiences of farmers who had diversified. It interviewed owners of 21 diversified family farming enterprises and 18 observers of farm economic diversification. Observers were 'farmer-facing' professionals including agribusiness bankers, federal, state and local government department or agency employees and independent service providers. Participants were located across central, western and southern Queensland and northern New South Wales. Participants were interviewed using Teams or Zoom.

Feedback from participants confirmed that farm diversification is undertaken for a variety of reasons. These included building resilience to drought and market price variability, for financial benefit and to create employment opportunities for family members. Many farmer participants had more than one diversification and many referred to their diversifications contributing to the enjoyment of operating their family farm. Several even referred to the mental health benefits obtained from their diversifications including from learning that was stimulating, and the networks in which they participated.

Of course introducing economic diversification to traditional family farms is not without its challenges. Participants referred to the extra time and long hours required to start what was essentially a new business, whilst also running their farm enterprise. They also referred to the expensive and time-consuming 'learning-by-doing' nature of investing in economic

diversification initiatives, and this was one opportunity identified in this research where improvement can be made.

In addition to the benefits to individual farming enterprises, participants described benefits that flow into their local communities and economies. When a farming enterprise diversifies, its growth means people are employed. The skills required are often diverse and if they're not available locally then people are attracted to the region. Agritourism initiatives attract visitors who spend money in the regions. Communities benefit from the additional income and this in turn contributes to regional resilience.

Despite the benefits of farm economic diversification opportunities exist in the ways government supports farmers who seek to build resilience on their farms through economic diversification. Opportunities exist for all levels of government to more effectively include farm economic diversification in their communications, education and financial support for farmers. At present, it seems as though economic diversification has largely been overlooked by government as a mechanism for building resilience, despite the benefits it can provide to farmers and the economies and communities in which they operate. This is especially surprising given the government's \$5B Future Drought Fund announced in 2019 which is aimed at building resilience in farming enterprises.

Economic diversification could be promoted as another important method to be considered by farmers to build resilience to drought and other risks. Farmers, and their advisors, would benefit from education about the process of gathering and analysing data on which to base diversification decisions. This research recommends the establishment an organisation to be the coordinating entity for research and education, and to increase awareness of economic diversification and the business processes best suited to ensure success.

This research, the first of its type in Queensland, identifies a series of opportunities that, when adopted, will improve the efficiency with which farmers can consider, plan and introduce economic diversification into their farming enterprises.

2. Introduction

Diversification is a risk mitigation strategy. Farmers adopt risk management strategies because agriculture is inherently risky in the areas of production, marketing, financial, human capital and environmental (Adnan et al., 2020). Diversification reduces risk by adding new and additional income streams to a farming enterprise. Enterprises with diversified income streams may be less exposed to risks including climate and market variability as they don't have 'all their eggs in one basket'.

Farm diversification is currently practiced by many Australian family farmers in the form of mixed farming. A wheat sheep enterprise is an example of farm diversification whereas a wheat-only cropping enterprise is not. Economic diversification includes farmer strategies to generate additional sources of income from additional practices, many of which are not traditionally undertaken by farmers. These include farmers who have invested in establishing an on-farm agritourism activity or are doing the activities normally undertaken by other value chain actors such as transport, primary or secondary processing, the establishment of a nursery to propagate seedlings or by selling direct to consumers or downstream value chain actors and directly into export markets.

This paper focuses on farm economic diversification in which family farmers have diversified by value-adding, vertical integration and agritourism diversifications in central and southern Queensland and northern NSW. Table 1 has been created for this research to provide a clear definition of the various types of agricultural and economic diversification that may be undertaken by farmers.

This report is structured to provide a concise understanding of the principal findings followed by appendices that provide samples of input from participants. The appendices also provide summaries and commentary about the feedback.

3. Purpose

The purpose of this research was to establish a benchmark understanding of farm economic diversification business behaviours as practiced by family farming enterprises in Queensland and northern NSW. It achieved this by listening to and learning from the lived experiences of farming families who have diversified. Understanding the lived experiences of farming families who have diversified is important because their experiences reveal the opportunities and challenges that, when clearly understood and documented, can inform government and service providers about the business advice and support needs of farmers as they consider and integrate diversification decisions into their farming enterprises.

This report has been prepared as a means of providing feedback to participants including farmers and observers. It may also be useful to farmers considering diversification, and to service-providers who advise them. Subsequent reports will include recommendations for government policy and publication in academic journals.

Table 1: Types of Diversification

Type of Diversification	Examples	Comments	
Diversification	Mixed Farming	Wheat & sheep enterprises.	
	Additional animal species	The addition of goats to a traditional beef production enterprise.	Almost certainly the most frequently adopted methods. Generally require learning and adoption of new production methods only, if farmer retains a commodity-orientation.
	Additional plant species	The addition of grain legumes, cotton or other crops into traditional cereal grain farming enterprise.	
	Additional farms	Acquire or rent additional land to extend growing season or to reduce local climate variability risks.	
Agricultural	Change of land use to non-agricultural for all or part of the farm	Carbon farming. Coal seam gas wells. Wind farms. Solar electricity 'farms'.	
	Change of farming methods for all or part of the farm	Regenerative farming. Organic farming. 'Climate smart' and ag-tech technologies and practices. Free range. Grass-fed. Cell grazing. Exclusion fencing.	Increasingly being considered as market and community awareness about and concerns for environmental sustainability increases. Often done in conjunction with economic diversification.
Diversification	Value-adding, as defined by Department of Agriculture Fisheries and Forestry (1999)	Transforming raw products into highly processed or manufactured products.	Most of these require the learning and adoption of new skills not historically required for farming enterprises. Skills including technical areas of value-adding to ensure product consistency and safety, employee attraction, training, motivation and retention, marketing, market research and more complex business planning and management systems.
		Supplying new products or different varieties.	
Increasing utilisation of by-products.			
Introducing quality assurance standards.			
Changing presentation to meet market requirements.			
Providing expertise and/or services, including advice on product use and improved delivery and distribution.			
Partially enhancing the value of products traditionally exported in their raw form.			
Managing the use of natural resources more efficiently and sustainably in order to attract price premiums.			
Promotion and marketing activities to differentiate Australian products.	Provides the opportunity to create brands and products that can be secure positions of being 'price-makers', rather than the more traditional commodity 'price-taker'.		
Economic	Vertical integration (some overlap with value-adding)	Undertaking some or all of the activities normally done by upstream or downstream value chain actors such as establishing a nursery to produce seedlings, purchasing trucks for own transport, selling direct to consumers, food service or industrial users and other buyers to by-pass distributors and other 'middle men' and exporting.	
		Agritourism	Accommodation including camping, glamping, disused shearers quarters and other buildings. Farm visits. Cellar doors. On-farm restaurants. Farm shops. Pick-your-own. Trail riding (bikes, horses).
Economic	Cooperatives	Collaborating with other farmers to combine strengths, solve shared problems and increase power for purchasing and marketing.	Collaboration and planning skills required to ensure all participants benefit from their involvement as they undertake a range of diversifications.
	Contractor income	Use equipment owned by the farming enterprise to earn income by contracting to other farmers.	
	Rent income	Rent storage space in sheds or refrigerated rooms. Rent machinery.	
	Off farm employment income	Spouse or other family members work locally full or part time or as seasonal variations in farm income require.	
	Off farm investment income	Buy a unit at the coast. Invest in local business.	

4. Methodology

The research adopted a qualitative exploratory and descriptive methodology. This was appropriate as it was undertaken to capture insights into why, how and what farmers have experienced as they made and implemented decisions to diversify. Qualitative methods are considered to be superior to quantitative methods for this purpose.

Participants were purposefully selected on the basis of being within Central, Western and Southern Queensland and Northern NSW and having experience with diversification.

Two groups of participants were purposefully selected for this research, being:

- A total of 21 farming families who have adopted one or more diversifications. Table 2 provides a summary of the types of diversification and location of farmer participants. Participants interviewed included 16 females and 9 males, with several interviews involving more than one person. All farmer participants were owners, co-owners or children of family farming enterprises and had been involved in the diversification decisions.
- A total of 18 observers of farm diversification being farmer-facing individuals who provide advice to farmers making diversification decisions or have observed farmer diversifications first-hand. Participants interviewed included 8 females and 10 males. Table 3 provides details of the observers who participated.

The inclusion of these two groups of participants provided deep insights in decision-making, experiences and other aspects of diversification, and provided two data sets for the purpose of comparison and data triangulation.

Semi-structured interviews were conducted using video calls (Zoom or Teams) which were recorded. The discussions were led by a discussion guide so that they followed a similar format but participants were allowed to deviate from the guide to introduce ideas and discussion of interest to them and the research. Recordings were converted to transcripts electronically. Transcripts were then cleaned up to correct mistakes by listening to the recording whilst following on the transcript and manually making corrections as required. Transcripts were then re-read and themes of interest were identified. The research was completed within the requirements of the National Statement on Ethical Conduct in Human Research and approved by University of Southern Queensland Project ETH2023-0205.

Table 2: Farm diversification participants

Diversification Description	Region
Vertically-integrated beef backgrounder, feedlotter and marketer	Western Downs and Longreach
Vertically-integrated paddock-to-plate lamb producer and carbon farming	Goondiwindi
Multi-generational organic production and agritourism	Southern Downs & Granite Belt
Growing and value-adding of horticultural commodities by retired couple	Somerset/Lockyer
Multi-generational vertically-integrated horticultural enterprise with 400 employees including non-agricultural diversification	Lockyer, Southern Downs & Granite Belt
Multi-generational family producing, packing and marketing vegetables	Scenic Rim & Granite Belt
Multi-generational vertically-integrated family farm producing retail products from horticultural production with additional income from beef cattle, external business and employment. And even a little agritourism in the form of bus tours to the farm	Goondiwindi
Live animals exported to Asia. And a farm stay. And some part-time teaching during periods of drought when farm income was very low. And even deer farming!	Maranoa
Agritourism start-up incorporating camping, cabins, vineyard and animals for meat, eggs and beef. Currently both working to provide funds for the venture	Southern Downs & Granite Belt
Vertically integrated animal enterprise with retail and wholesale distribution	Southern and Western Downs
Agritourism on-site camping, off-farm employment and farm machinery contracting to supplement cattle and horse income	Southern Downs & Granite Belt

Farm income is diversified with an off-farm but related product innovation that is sold to other farmers, organic certification and value-adding	Sunshine Coast and Granite Belt
Permaculture methods of production, vertical integration, value-adding, agritourism by 7 th generation farm family	Mid-North Coast NSW
Multi-species across four sites, mixed farming, income from contracting, agritourism, value-adding, vertical integration	Western Qld
Multi species animals, vertical integration, hay and seed production, off farm investments, off farm local business owner, consulting income	Western Qld
External income from consulting has funded diversification to build economic resilience by changing farming practices, building infrastructure, changing breeds and species to increase total sustainable farm income	Western Qld
Multi species diversification supplemented with off-farm income and a farmstay	New England NSW
Vertically integrated beef farming enterprise selling meat	Western Downs and Brisbane, Qld
Vertically integrated horticultural enterprise including growing in a range of locations, wholesaling and exporting	Southern Qld
Third generation family with mixed regenerative farming, off-farm employment, vertical integration/value-adding, farm camping and cabin accommodation	New England NSW
Mixed farming. multi species animals on multiple sites and vertically-integrated value adding	Western Qld

Table 3: Observer participants and locations

Role Description & knowledge	Region
DAF Qld team member involved with helping farmers to diversify in a variety of methods	Southern Qld
QRIDA team member; wide range of off and on farm diversifications including value-adding, paddock to plate, agritourism, new animal species such as goats	Broadly across Qld
Qld State Development team member with experience with farmers as they invest in carbon farming, multi-species animal developments, horticulture production and marketing and agritourism	South West Qld
DAF Qld team member involved with helping farmers to diversify in a variety of methods including agritourism, value-adding, selling direct to consumers and introducing new crops and animal species. External employment	Wide Bay Burnett
Regional Council manager of economic development observing changes to agriculture within the region	Wide Bay Burnett
University coordinator of agribusiness diversifications and collaborative networks	Northern NSW
Membership organisation team member experienced in mixed farming, agritourism, alignment with Olympic Games, renewable energy, mining, gas, carbon farming, reef credits, biodiversity markets	Across Qld
Regional Development Australia experience with agritourism	Northern NSW
Regional Council team member with experience with experience in value-adding, branding, agritourism, ag tech, vertical integration, mixed farming, renewable energy, carbon farming and off-farm investments	Western Qld
Regional Council team member with experience in value-adding, branding, agritourism, ag tech, vertical integration, mixed farming, renewable energy, carbon farming	Western Qld
DAF Qld team member involved with helping farmers to diversify in a variety of methods	Southern Qld
Economic and regional development consultant with experience in additional animal enterprises, agritourism, collaborative networks, vertical integration, ag tech, value-adding, native foods and mixed farming	South Western Qld
Agribusiness banker with experience with farmers who have diversified with mixed farming, external employment, vertical integration, exporting.	Southern Qld
Agribusiness banker with experience with farmers who have diversified with external employment, contract income, agritourism, additional animal species	North Qld
State government team member with diversification experience across value-adding, external income, additional species and crops, vertical integration, additional geographic farming location	Queensland
NRM organisation providing advice and support to farmers	New England, NSW
Organisation focused on regional economic development	New England, NSW

5. Benefits of diversification

The principal benefits of diversification for Australian farmers and regional economies identified by participants for this research include:

For the farming enterprises

- Multiple income streams build resilience to external threats by spreading risks. Specific risks and issues mentioned included drought, climate variability, bushfires, floods, market price variability, all the eggs in one basket, to ensure survival of the family farm which had become unviable even though it had supported families for many generations and because it had become apparent that the practices employed for the past 100 years were no longer sustainable. Participants generally wanted to 'future-proof' their farming enterprises through diversification.
- Economic benefits by seeking to become a price-maker instead of a price-taker to gain control over prices received, even out cash flow, increase cash flow, increase profitability and make use of product that did not meet supermarket specification.
- Increased employment opportunities for family members seeking to engage in diverse business roles.
- Business skill development opportunities for farming enterprise owners and team members.
- Security of employment for team members who can be employed on a permanent basis instead of seasonally, and stability of employees for the business.
- As diversified farming enterprises achieve scale, systems and team members are established for the smooth running of the enterprise providing greater opportunity for family members to work *on* their enterprises and enjoy lifestyles afforded them by the enterprise.
- Farming families that undertake diversifications appreciate the challenge and find their success and the sense of control over their farm enterprise destiny to be very rewarding.
- The networks associated with most diversification strategies contribute to improved mental health outcomes for farming family members.
- Agritourism and the sale of value-added products direct to consumers provide an opportunity for city people to see food production first-hand and witness the pride taken by farmers as they care for their animals and land. This is very satisfying for farming families.

For the regional economies and communities in which they operate

- As diversified farming enterprises employ people, the regional communities and economies in which they live and work are strengthened. People are attracted to regional communities to fill a diversity of skilled and unskilled employment positions. Their children go to local schools and join local sporting and other clubs and groups. Families buy their groceries and other needs within the local community. The circular economy is strengthened.
- As regional communities are strengthened by diversified farming initiatives, social benefits including to mental health are achieved.

- Agritourism in particular attracts people into regional locations. They provide opportunities to extend visitor stays in regional communities. Visitors spend money, have fun and return home to tell their friends!
- Diversified farming enterprises give back to their communities by supporting local volunteering groups and charities.

The loss of population as a result of large properties converting from grazing to carbon farming and the negative economic and social impact this had on regional communities in western Queensland has been well documented. The reverse has to be true. By creating a diversity of employment through farm economic diversification, family farming enterprises contribute to the social and economic wellbeing and resilience of the communities in which they operate. As many of those farmers have adopted regenerative practices, they also contribute to environmental benefits. So, it's a triple bottom line win for all. And yet, it is unrecorded, unreported and largely overlooked.

6. Opportunities for increasing successful farm economic diversification

Despite the successes reported by participants in this research, a number of opportunities exist to improve the efficiency and effectiveness with which farming families plan and implement their diversifications. These included:

- Family farming enterprises in the study tended to learn by trial and error as they made significant strategic diversification decisions. Rarely was systematic research undertaken to identify all the possible alternative diversification methods, product markets, segments of consumers, commercial customers or distribution channels (value chains) as part of a holistic and systematic approach to identifying and prioritising the relative attractiveness of alternatives prior to implementation. It's as though farming families simply are not aware that it is possible and beneficial to investigate, collect data, analyse it and use the evidence gained to inform rational decision-making and to prioritise the relative attractiveness of alternatives. This can be done before a major investment is made, and should become part of the organisational culture so that changes in opportunities and threats are identified early and continually. At present it seems emotional decisions are driving diversification supported by discussions with family members, friends and other farmers who have undertaken similar diversifications. Some lose years if not decades and many thousands, even hundreds of thousands, of dollars trialling different business models, products, markets, marketing methods or distribution channels before they get it right. Even then they may be overlooking opportunities for further business process refinement.

The opportunity here is to provide whatever support is required to build capacity within family farm enterprises wishing to diversify with the skills and tools to enable them to undertake the type of research and planning that will reduce the time and cost required to learn, set their strategic direction, achieve and control success. Farming families would benefit by having access to appropriate training material, market intelligence, coaching and support that can be used by farmers wishing to pursue economic diversification to develop their business skills particularly in the areas of market research, planning and control. Over time, industry-wide culture (the way we do things in this industry) will change and evidence-based decision-making may become the norm, but until that happens, more assistance is appropriate.

- Many farming families were frustrated by government as they planned and implemented their diversifications. Examples of frustrations included:
 - Whilst some local councils were recognized for being supportive of farm diversifications, excessive times required and seemingly over-the-top council planning requirements even for simple on-site camping agritourism initiatives were a frustration. According to several participants councils in NSW have recently made it simpler for farmers to establish small-scale agritourism initiatives, while in Qld it can take several years and much frustration.
 - Uncoordinated support from state government. Participants referred to having to deal with multiple agencies but none knew the requirements of others. Departments referred to included Agriculture and Fisheries, Employment, Small Business and Training, State Development and Infrastructure, Trade and Investment Queensland and, of course, local government.
 - QRIDA was acknowledged as a very helpful organisational unit. However, several participants noted that as soon as a diversification activity becomes successful, QRIDA funding may not longer be available, even for drought funding on properties requiring assistance.

The opportunity here is for a whole-of-government coordinated approach to farm economic diversification. Specifically:

- Bridge the gap that appears to exist between DAF, which apparently has a focus of working within the farm, and State Development which apparently works outside the farm gate. Farmers that diversify are running farming enterprises and increasingly also investigating and working with domestic and international customers and value chain actors and when they need advice and support, they need it from people who can understand and span the whole business of a diversified farming enterprise.
 - Review and simplify local government planning requirements for small-scale investments in diversification to make them more fit-for-purpose.
 - Consider establishing and supporting a regionally-based team of specialist economic diversification advisors who can be a single point of contact for farmers wishing to consider diversification, even if all they do is facilitate the participation of relevant department team members as required.
- Farming families interviewed in this research were very good at involving family members in decision-making. However, most did not seek advice from specialist business advisors. They did discuss their plans and monitor financial results with their accountants, bank managers and solicitors as specific needs arose. However, opportunities for important skills to be developed by farming families as they diversify may be being missed by not having access to timely and relevant agribusiness advice and diversification research and information. Specific skills mentioned in the interviews included marketing, market research and business planning.

The opportunity here is for an organisation such as Rural Economies Centre of Excellence (RECoE) to establish an online portal which provides information, case studies and other resources to help farming families as they consider, plan and implement their diversifications. RECoE could also provide training and support to farmers and their advisors in the business and marketing disciplines.

- There appears to be no measurement of the impact of the benefits of farm economic diversification to the regional communities in which they operate. Without qualifying and quantifying the benefits that flow to rural and regional communities, farmers seeking to diversify their farming enterprises are likely to continue to be under-supported by government.

The opportunity here is to design and implement methods for assessing the impact of farm diversification on the economic, social and environmental wellbeing of regional communities so that appropriate levels and types of government support can be justified and provided.

7. Prior research

The literature on farm diversification is somewhat confusing because of the variety of terms that are used to describe various methods for diversification. Examples include agricultural diversification, economic diversification, farm diversification, climate-smart agriculture, non-agricultural diversification, passive diversification, pluriactivity and value-adding. Table 1 has been prepared as a step towards providing a more holistic description of the range of activities that may be considered as diversification.

The recent Australian literature specifically on family farm economic diversification appears to be limited to a handful studies, including:

- Ten case studies conducted by Black et al. (2002) of diversified farming enterprises in Western Australia, Tasmania, South Australia, Victoria and New South Wales.
- Semi-structured interviews of 25 farming families in north-eastern Victoria to understand the *drivers, decision making processes, motivation, information needs and common traits* of farming families that have diversified by (Medhurst & Segrave, 2007).
- A qualitative case study method to understand the non-profit drivers of decisions about diversification by 15 farmers in the Northern Midlands of Tasmania by Mooney et al. (2010).
- A exploratory qualitative study of 23 olive growers in Western Australia to define the factors that operators consider when deciding whether or not to diversify their farms by Northcote and Alonso (2011).

No studies of Queensland diversified farming families were identified. This research was justified because:

- a) Economic diversification is a risk management strategy undertaken by farmers seeking to build stability and resilience to all threats including climate variability in their farming enterprises. The Australian Government allocated \$5 billion in 2019 for the Future Drought Fund to provide support to the agricultural industry as it decides how to design and implement strategies to build resilience to climate variability. It appears economic diversification has largely been overlooked in the application of those funds.
- b) Studies of diversified farming families have been undertaken in Western Australia, Victoria, Southern NSW and Tasmania but to date, none have focused on Queensland and northern NSW farming enterprises.

8. Limitations

The methodology employed for this research was qualitative and participants were purposefully selected from the desired geographic region and with the appropriate knowledge and experiences to be able to contribute meaningfully. This methodology was appropriate for the objective of this study which was to learn from the lived experiences of farmers who have diversified. The measures of comparing the findings of this research with previous studies and the use of two groups of participants (farmers and observers) provides an assurance of reliability and validity. However, a limitation of qualitative research is that the findings cannot be statistically generalised to the wider population because the participants are not selected randomly and the 'sample' is too small (Yin, 2014). Despite this limitation, Yin (2014) explains that qualitative data provides an opportunity to understand concepts and principles. This research provides insights into the ways farmers undertaking farm economic diversification research, plan and implement their diversifications and can therefore be used to develop interventions to contribute to the adoption of more effective methods in the future.

The results of this research can confidently be used to learn from the lived experiences of the farmers interviewed. The insights provided are relevant to other farmers considering diversification as a strategy. This research can be used to guide future qualitative, quantitative and mixed methods studies to expand on the issues identified in this study, and to quantify the benefits of farm diversification to regional communities and economies.

9. References

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Appendix I Why diversify

Farmer participants were asked to explain the reasons why they diversified and Observer participants were asked about the reasons for diversification that they had observed. The reasons for diversifying were similar to those that have been reported in other Australian studies including Medhurst and Segrave (2007) which identified *creating opportunity for family involvement (children, siblings and partners), lifestyle choices and spreading financial risk* as reasons for diversification. However, often the reasons, as explained by participants, were intertwined and not easily separable into distinct economic, family or risk mitigation reasons.

Reasons for economic diversification fell into the following categories:

- Risk mitigation. Specific risks mentioned included drought, climate variability, market price variability, all the eggs in one basket, to ensure survival of the family farm which had become unviable even though it had supported families for many generations, because it had become apparent that the practices employed for the past 100 years were no longer sustainable.
- Economic benefits by seeking to become a price-maker instead of a price-taker to gain control over prices received, even out cash flow, increase cash flow, increase profitability and make use of product that did not meet supermarket specification.
- Create employment for family members including children and spouses.
- To increase the fun of farming including after 'retirement'.
- Sense of obligation to the animals that were being raised.

Participants in this Queensland study emphasised the role of drought and climate variability and the need to diversify as part of building resilience to all threats including drought and the cyclical nature of agricultural income. That diversification is seen by participants as forward planning to build resilience is something that should be of particular interest to the Federal Government and the deployment of its Future Drought Funding.

We probably diversified from traditional farming many years ago in that we went into feed lotting as a drought strategy

Farmer 012

what we're seeing with the climate change calamity, I guess you could call it or challenge is, basically we see more and more extremes. I mean, I've had with this large apple orchard I've had in stone fruit, I mean, I've lost all my apricot, for example, two years running with late hailstorms, or frost took the flowers off at the wrong time. And so those kinds of things are just happening more and more often. And if you've got, again, if you've got eggs in one basket, you're susceptible to those kinds of increased challenges, you know, it's far better to have a bunch of things because you don't lose everything in one hit when the hailstorm comes through

Farmer 027

we are keen to just ensure that, you know, if there's drought, we still have the possibility to make an income if you know, we're not able to support cattle at

the time, which is why we've done a few other things. And then just also tap into kind of trends in the market, certainly around the agri tourism

Farmer 024

we wanted to sort of future proof ourselves and our children so that we had plenty of things that it didn't matter whether we were in torrential rain and floods or whether we were going through drought or yeah, stock prices dropped or something like that, we could, you could just spread the risk a little bit

in the last five years, it's just been bushfires, drought floods, back to drought. Yeah, I mean, so many. And I think that has been a big influence, knowing that, okay, if we have a failed summer crop, we can still generate enough income, or not yet enough income to basically service mortgage and I guess, well, that's probably the other biggest thing is servicing and mortgages.

what we've found is that we've cut out the middleman and we are now actually making some pretty good profits. That's it's, I suppose, yeah, it's all about yes to having your fingers in pies

Farmer 039

the biggest comment to us is just looking at what other monetary streams can they bring in, you know, they're trying to find everything they can possibly because they know another drought is going to come.

Observer 003

diversification is a strategy for drought management. And I've got evidence to show that. And if we're having more and more droughts, the more diverse you are, the better chance you have of surviving something like that

Observer 011

If it's drought, you know, people look at different ways to do things. That crisis could be a financial crisis as well. Could be that that's, you know, from a succession planning, somebody is out of the business who was integral to the running of the business. So yeah, crisis certainly becomes one of those triggers.

Observer 015

Economic reasons contributed significantly to justify economic diversification decisions. This was similar to all previous Australian studies. Some participants reflected that they wanted to secure control over their business' destiny, something that most types of businesses take for granted but farmers do not have as they traditionally lose control of their product at the farm gate.

we carry a lot of debt. And, you know, our property is quite small so we had to make every hectare count; we had to make the most money we possibly could from our little farm. And yeah, the diversification enterprise is the best way that we can do that.

Farmer 013

It was a pure and simple business decision. We had to stop thinking like, in some ways, we had to stop thinking like a farmer. And we had to think like a business person and how could we gain control of the price that we got for our product. But also, how could we do that in a way that was still fall into a category or a position where the consumer was still able to afford to buy it

Farmer 023

there's no way to control your price you had just your destiny was in someone else's hands and you just were purely a price taker, it didn't matter how good your cattle were or how good everything was, if the market was saturated that week, he got paid less. So it was purely trying to control or try to get more control of the market. You know, sort of control your own destiny in the fact that you need to be able to get some more of the of that margin as you get further down the chain. So was the whole idea and to get rid of the peaks and troughs in pricing and just yeah, value.

Farmer 035

it comes down to wanting to be on farm and derive the majority of their income from the farm.

Observer 004

it's about returns, you know, frustration with paying someone else for that service that they can take on

Observer 020

Participants also indicated that total farm income had become insufficient to meet the needs of family members so sought ways to utilise unproductive land, create additional income from more sustainable practices and undertake some of the activities normally undertaken by other value chain actors to increase profitability:

If you don't, you get left behind. You need to diversify. You cannot just stay on the one path you need to broaden your horizons. And if you don't, you'll get left behind and not good for your business. And not good for your name, your business, your brand name.

Yeah, we've got the next generation, there's five children coming through, if you're thinking of family, so two of those finished high school last year, and they're on the farm.

Farmer 018

there's no way that we can live on an income from our farming as farming in terms of cattle production. Our property is no longer deemed viable as far as the size of it goes. The farm has been in the family, my husband's family since the late 1800s. And it's always supported the people that lived on it, although, you know, there are ups and downs with droughts and things like that.

Farmer 025

In the mid 80s. We woke up one day and said, you know, what we've been doing and how this country's been utilised for 100 plus years just can't keep going on, you know, it's just unsustainable.

Farmer 032

maximize the resources that we had on our land already, and to sort of within following a perceived need that we thought that would help us obviously generate another income stream. Because when you're when you rely on

sheep and wool, you don't get many pay days. And so we needed just generally just to keep things ticking over

we had the asset of a second home, and it was either, you know, the best way to look after your asset is to care for it and manage it yourself. And so we, we saw it as something that we could turn into a valuable asset for our farm

Farmer 034

Other reasons for diversifying included ensuring the family could continue to farm, creating employment for future generations, and simply because diversification made the farming enterprise more interesting for the owners and family members who otherwise might not wish to return to the farm. One participant referred to the sense of moral obligation for their animals and another to the fact that she was a daughter of a farming family and stood to inherit less land than her brothers, so was 'driven' to succeed.

we may might use some of those funds (from a non-farming diversification) to buy land for our farms. But the farming business can't really afford to buy land. But the non-farming business can afford to buy land, because in our hearts, we're humble farmers, you know, and that's what we really like to do. But then again, there's capital growth in land, where there's not necessarily any capital growth in the non-farming enterprise, and it depreciates it doesn't appreciate. So we figure what, what makes us happy to get out of bed every morning to go to work to keep our you know, lives fulfilled and, and the wealth we build for our family, how we build it for our family, because of course, the wealth is divided very quickly, because the family grows very quickly.

Farmer 017

from an animal welfare perspective, we want to benefit for the animals that we produced, and we want them to be able to, you know, have a stress free life, and really, to be able to look after them right to the point where, you know, we're able to have control of that process of slaughtering, and then butchery and then right through that consumer and do them justice

Farmer 023

I'm a daughter of agriculture. Who had a brother. So most of so my family did quite well, my maiden family. But it wasn't big enough for two people to get it. And so one of the key factors was that mum and dad did not have a lot of off farm investment. And so it was very, very hard to split that asset. And I did not want that to happen to my kids. I wanted to be able to take a retirement package, I guess, that did not involve the farm. Or, if we were to have one child come home, and not the other that that, you know, we had some other assets to start peeling off to somebody else, or to pay them out or a cash business or something like that. So that was one part of the decision making. The other part was, I guess. So I didn't inherit anything like my brother did.

Farmer 031

Appendix II Benefits and challenges of diversification to the farming enterprise

The benefits of diversification were identified by Medhurst and Segrave (2007) as the development of new skills by family farm members (both a benefit and a requirement for success) and the spreading of risk. The disadvantages reported in the same study were the significant increase in time required to manage both the farm and the diversified enterprise and the lack of knowledge about marketing.

The principal benefits and challenges of farm diversification described by participants in this study were similar to those that have been reported previously, and included:

Benefits

- Spreads risk
- Income and cash flow
- Networks that were developed because of the diversification
- Success allows staff to be employed and that allows time to be freed up for family members
- Success attracts people who want to work in an innovative agribusiness
- Increased knowledge
- Resilience
- Sharing the passion of farming with city people is very rewarding
- Have been forced to develop new and better business administration skills
- Employment opportunities for family members in areas of interest to them; succession
- Increase value of the farming enterprise

Challenges

- Time requirements
- Attracting the right staff
- Initial financial outlay, and securing finance, management of working capital
- Distraction to the 'main business' of the farm
- New skillsets required
- Uncertainty
- Inventory management

Feedback from participants when asked to discuss the benefits and challenges of various aspects of their diversification included:

The diversification has massively built skills in things that we never planned on doing and actually understanding the full supply chain.

to build a brand to stay, the world of social media is very time consuming. And a bit like anything, you've also got to make sure it's there to keep that contact with consumers. So time takes a lot of time.

Farmer 012

with any new project, if you're going to do it properly there's always an outlay of capital at the beginning. And you always got a target on how that's gonna come back in but I think, yeah, the challenge there is, things don't always run as planned. Which then comes you know, comes out as an ongoing expense for a number of years. So definitely, that puts financial pressure on the whole business. One project then adds to the whole business, financial pressure. So you definitely have to be prepared and have the energy to get through that first five year period and really make it a success.

we've seen in the past where existing crops start to probably get a little bit neglected, because there's so much attention on something new. So it's really trying to plan out, plan out your works and trying to meet all the obligations and not try and change too much within that sort of five year period. So you really need time for a project to settle before you can start to diversify again.

Farmer 014

the obvious benefit is you've got income from different streams. So if one isn't performing as well, in a certain time, the other ones are kind of holding them up. Or if one is going really well, they can help grow the other businesses where they are other sections that wouldn't be growing at that time.

Farmer 019

the farm stay certainly created financial benefits. Were probably a bit lucky in that it was about at the time when the local gas fields were opening up.

So that was a very good income stream. It wasn't always that simple because these guys used to leave very early although they didn't want a cooked breakfast before they went. But sometimes they wouldn't get home till 10 o'clock at night. And they did need a sort of a proper dinner at that time a night but nevertheless, it was really good money coming in on a very regular basis. So yeah, that was certainly useful.

The other diversification on the other hand because of the risks that we didn't plan for probably hadn't really done a proper budget the cost of transport increased. Whether we were ahead or behind on that would be a bit hard to say but certainly you wouldn't really call it hugely successful.

Farmer 022

that's one big issue that farmers are going to be facing as they if they do want to diversify and grow and invest, is trying to communicate with big banks, about their business. And those big banks having the confidence to be able to back you in your decisions. That's a massive issue that that we're facing at the moment. But we're lucky, we've got a great bank manager, and we're going to do as much growing as we can when we've got him.

Farmer 023

Cash flow is everything. So instead of selling, you know, 100 head and getting a big lump sum and then not getting anything. So that's been a massive benefit the cash flow, but it's also absolutely working capital and having enough space there to not cause you sleepless nights. So our business has gone from having, you know, maybe \$10,000 a week of expenses to having last week was \$75,000, you know, the week before that was \$40,000

Farmer 023

the benefits is cashflow. Financially, the challenges that it creates is that one that I was thinking before, where it's not yet deemed in the eyes of government as a legitimate agricultural business. So it means you're outside of a lot of areas of support.

Farmer 025

We've done a lot of self development and growth. We've done a lot of our own research on different things. So I think general knowledge on Yeah, we've been, we've pushed ourselves out of our comfort zone. Quite a bit. We've developed a lot of resilience.

we've really attracted the people that want to know, and, and have loved seeing the actual farmers turn up with the meat in the dirty cars. And, you know, like, it's authentic, and I think people have really, really enjoyed that. And that makes them feel good. They're supporting that real farmer. They're supporting a real family. And so that's been good.

Farmer 039

I just couldn't put invoices and receipts in a shoebox and send it to the accountant. So, you know, we really had to invest in accounting software. And then it got busier and we needed, we employed a full time office manager as well. So and now we're automating our whole processes. So you know, we've gone from just selling our weaners weaner cattle and you know, just sort of taking on a traditional farming approach to now we're like a fully fledged business

Farmer 040

a lot of these farms where I've seen that they have this good flow on investment, they have built up wealth, and they've got it in Family Trust, I think it gives them more leverage to bring in succession planning into their business, where their children, they can they like, the children can see I can actually make a living out of this.

Observer 001

farmers are traditionally custodians of the land, because, and they wouldn't be there if they weren't. They really do look after their land and their livestock so that it agritourism would help in that education piece.

Observer 002

you've got more workers coming into the region, you've got, you know, a lot of other industries that will back all that up, fencing, shearers, you name it, you

know, mustering, you know, more musterers. So it just brings a bigger economy to the whole region, and it just builds the value of the properties as well.

Observer 003

benefits come down to risk management for me, it enables you to spread your risk across a number of different things.

nine times out of 10 those who just keep doing what they're doing, make it, or come out of it much poorer for the situation but the ones that do it well, and do diversification, well, they spread their risk they spread across multiple areas. If you've got multiple things multiple fingers in multiple pies, the risk of it all collapsing is very low. The risk of one pie collapsing is high and the risk of all of it failing is fairly low. So I think that that's probably the key.

Observer 004

If farmers make an informed, correct decision for their business and their personal circumstances, there's lots of benefits. So diversification of income streams, you know, the whole concept of not putting your eggs in one basket so that when there's a downturn in one, one aspect, you know, hopefully the other aspect might be keeping you going. So I guess all the economic rationalist type benefits of diversification, increasing your skills, I think in enterprise, broadening your knowledge base, your skills, confidence, improving your ability to be agile, to respond.

diversification can also help sometimes in succession planning, in attracting you know, the next generation back to a business that might have been, you know, boring wool grower's business where you get paid once a year. And that's a shit show to, you know, that that being your core business, but then you might be doing some a great project in carbon farming, or you might be hosting a wind farm, which you're really enjoying, you know, so attractive succession planning piece, I think, potentially could be a benefit.

Observer 007

It makes them think about their first business differently, I think, so that they look at their production business in a different light than then perhaps they would have been prior to making that diversification move. And they're probably they probably become a little bit more or better managers, let's say, of that production business. So focusing more on what actually matters, and probably measuring, you know, what matters, rather than just following the same cycle pretty much every year. So that's one of the key benefits, I think. Also better understanding what you know, what they're producing, where that goes, you know, what the consumer value is in that or the or the, the downstream user values in what they're producing. So I think again, that makes them better. Farmers are having that understanding.

Observer 028

Some farming families have realised the importance of employing team members to free up the time of the owners so they can work 'on' their businesses more than 'in' their businesses whilst others were simply too busy to be able to focus on new employees.

it's definitely changed my role, and even my husband's role as farmers. You know, we all like, we're both probably not in the paddock as much as we used to be. But we now have a workman too, which is great. I do a lot of this sitting at my computer, which is, you know, interesting. It's a learning curve and public relations, which is definitely a steep learning curve

Farmer 023

If we did put on staff we could probably yield a greater productivity from our orchard. But at this stage with that would come you know wages, superannuation and all the issues dealing with staff and we're just flat out at the moment

Farmer 016

we sort of feel like in the growth phase of our business. It's a it's a short term sacrifice for a long term gain. So we're trying to set up our business so that we've got succession and management already in mind, so that we can be working on our business more than in it

Farmer 023

you've got to be able to measure your actuals every quarter or whatever, to see. Well, I, you know, and the camping is really hard. Like, we were over a series of long weekends. Recently, up until probably two months ago, we were fully booked to capacity, earning something like, I don't know, \$1,000 a week. Last month, and going forward now to Christmas, we've got pretty much nothing. So very hard to budget on that

Farmer 025

it's allowed us from a staffing perspective to keep on because you've got so many diverse enterprises, you've got something happening all season so you don't have to have the big rush of trying to get people for thinning or pruning or picking because you can keep a good staff on permanently, because we've got a variety of things happening

Farmer 027

one thing that my wife has said, over the last 12 months is something's gotta give, we can't keep doing everything. And it's just a matter of managing what our priorities are and putting things at the top and, and probably delegating some of the some of the responsibilities. I guess the challenge is, is finding, finding staff to help us, qualified staff and capable staff, to help us transition into the into what we're doing

Farmer 030

initially, it was really hard, obviously, because you had no capital, you had no cash so everyone's gonna do more hours, like a, you know, we've got you got to do it yourself, as any small business does, like you've got to work, you know, like, every job is yours. And it's very hard to let go and, like, delegate, because especially if the first person doesn't hit it, you're losing money every week. So every week, like, you know, you never turned a profit. So it was like, Well, I don't want to give this job to somebody else. Because I've got to pay that person to do that job. And it's more money losing but it's a mindset, you got to change that you got to look, you got to work on it, not in it sort of thing.

Farmer 035

Others struggled to juggle multiple diversifications (which left the authors wondering if they'd bitten off too much):

I think diversification is something that does not give you time off. Because let's say we're farming. So we do winter crops, we do summer crops. So all of them going to need harvest and planting. And then we're doing hay, because you got to get on cattle. And on top of that we did the value-added crop so you got four or five crops, and you always go you harvest or you plant and spraying.

Farmer 019

from my perspective, like, for my work we work for with early stage startup, so we have to be a jack of all trades. So we've kind of just been building ourselves a whole bunch of skills to run, manage set up these businesses. I think, from more of an observation perspective, I think one of the challenges around agri tourism direct to consumer products and value adding for a lot of producers is, you know, you need to build yourself a website, you need to have an online shop, potentially, you need to be running social media and branding and everything like that, which is a whole different skill set and set of infrastructure that's required. Obviously, you can capture more margins. But yeah, it's a very different skill set to being able to, you know, manage cattle.

Farmer 024

Some farming families find employing staff difficult whilst others don't seem to have the same issues. Perhaps it's a function of location.

a lot of our staff here my parents have employed. So they, it could be that generation, they stay until they retire. So we have more staff now, than we've probably ever had.

Farmer 017

the challenges of staff is managing the human side of them. So their moms, their dads, they get sick, they have kids, they have dogs, who gets sick, they have lots of things. So managing the human aspect of the staff and all of the things that you need to be trying to support while keeping your business running is challenging.

The benefits is when you do have bloody fantastic staff, which we do is as we're growing, they're growing with us. And that was probably a mentality that we instilled from day one is to say to them, you know, our business is growing, and we want to take you with us. And there'll be other avenues for you in our company.

Farmer 023

since we've got this diversification, and we've got this paddock to plate business, and then we do all this regenerative work on the soils and the on the farm and we do all the other things, which is what the story at the front end is about, because we're doing what's really cool cutting edge stuff out there. People now want to be a part of what we do. And so people are contacting us going hey, can we come and do a couple of weeks experience can we come and be a part we this you know this? It's not a factory farm as such, like it's you know, it's a unique, diverse business so people that have, you know, who are more environmentally inclined or want to do better for the environment or

whatever can come and do what we do and understand the structure and system. And then, you know, if they leave and go somewhere else, great, that's awesome, because we've trained them, we've taught them into, you know, what our thought process or we've changed them from being what they were to something better and stronger. So is it is now we're at the tipping point where it's actually working in our favour, where it for us, it was against us.

Farmer 035

Supermarkets changing specifications at short notice was a challenge

The challenges are, I guess, the way that retailers want to control it for me, because I guess that's my focus is compliance. So trying to make sure that we continue to meet the ever reaching requirements that actually impact on the bottom line. So you might have a really efficient packing process. And suddenly they'll change what you're allowed to use to wrap it in. They talk about sustainability until it's not them. So they might say, okay, you've got to get rid of all of that film, right? Because we want to change the branding. And we're going on how is that sustainable because now, we've got to throw out what we've ordered, and all of that's gone into landfill, which we've paid for. And now we've bought a second lot, which we've also paid for. So that's doubled the cost of packaging for maybe six months, because of that, and but then also, you've got to reduce plastic use, and you sit there going, well, we just threw out those because you said we had to we had to buy another lots of it two times the cost, all that's gone into landfill, how could that be sustainable? But they don't, they're not listening.

Farmer 018

The role of marketing was referred to as a challenge (but of course, the problem as stated in the following quote may not be as simple as “finding someone who can sell”).

I've been surprised that I can't sell it easy. And it's probably because I'm a bad salesman. And seriously, I need someone that knows how to sell.

Farmer 019

(regarding marketing) we are not doing well at the moment. And we really excited about doing better in that area. So at the moment, I'm just doing what I do. I'm putting my feelers out to the people who I know, in our network, there's one lady in particular, I'm turning to at the moment, I'm going to sit down and do some training with her. And we got to really probably do a plan and a system around what is it that we really want to achieve? What's the message, who's out who's your target audience, just really drill down on all those sorts of things, she did an online course, I'm probably going to do the same online course. And then once I get my head around it, and we get our head around it, we may look at employing someone on a casual or permanent basis to cover that aspect

Farmer 023

Networks and the benefits of networking on knowledge, mental health and business were mentioned by many participants.

it's given us a huge amount of knowledge I never had.

Farmer 035

The right networks can be a massive benefit. Finding the right network for your business can be a huge benefit and investing your time in that network is bloody important. I think from a business perspective, but also from a, you know, a customer and growth perspective, those networks are vital.

Farmer 023

We get to meet so many people of so many different walks of life, that have so much knowledge on different topics. So whether that's people who come here to do things, or there's always a workshop, there's always some training, there's always something happening, that we can go to that that something of interest us. And that really opens our network networking up

Farmer 029

we've become richer in our networking as a result of our diversification. It helps us educationally it gives us ideas for even more diversification.

And that's not something that you would have actually sought in the first instance, it's not something that you and that's not the reason why you diversify. But it's a great benefit here.

I think my husband really benefits from that. Even though he says he doesn't like it. I know he does, because he gets to talk to other like minded men. So that's another network. Yeah. And it's those things that make you feel stronger inside.

Farmer 034

Farmers were also asked how they measured the success of their diversification. From the responses, it was clear that farmers were seeking:

- Work-life balance
- Financial benefits
- Return on investment of their own time input

Responses to this discussion topic may provide some insights into what's really important to them:

Success for us is everyone happy doing what they're doing

Farmer 012

Work life balance, probably. Yeah. And it's, it's, it's a really hard one. But yeah, I feel like, that's the whole reason we're, while we're doing what we do, is to have that freedom to become a freedom farmer, I suppose. So we can do what we want. And it sounds cliché, what we want when we want. But, yeah, it's tricky, because you know, you create these things, but then these businesses end up controlling you and I don't, I don't want that. But that's definitely the aim.

Farmer 013

we call our investment on what we do is return on energy. So how much energy are we spending doing over here making nothing? Is it gonna pay off? Is it gonna take off? Is it gonna? And we've got, we can spend our energy less energy to make more money here. So should we should do more of this and less on this?

So? Yeah, so that's where the diversification, we think about how much time and effort is it taking us to do this

Farmer 017

It's financial. It's financial every day.

Farmer 017

we have an accountability group. And so we have to do benchmarking, we have to do quarterly planning, half yearly planning, annual planning, 10 yearly planning. And then we basically supply all of that to our business coach. So it's a process that we have to go through. As far as but the other the other important aspect of it is we have to do a budget. So that is the hard part because no one wants to do it.

Farmer 025

as long as we see that we're still tracking financially and I guess emotionally, then we're, then we're good. There's less of that stress and worry. Then we see that as a success.

Farmer 029

profit and loss statements. monthly profit and loss statements. is probably our guiding factor was weekly reports and weekly sales. And then our quarterly reviews, I guess, with the accountant. We sort of wing it a bit too.

Farmer 040

Appendix III Decision making and planning

Participants were asked to share their experiences of decision-making including who was involved. Responses were similar to those reported by Mooney et al. (2010) based on a study of Tasmanian farmers who had diversified, with one significant difference. The significant difference was that farmers in the Queensland study appeared to be much less likely to seek advice from external advisors. The Tasmanian study reported:

All farmers interviewed said they had used some type of external advisors, consultants, advisory boards, informal peer groups or 'experts' (e.g. agriculture, business, environmental) to assist them with their decision making. Some now used advisors less as they had already made their major decisions about diversification and had less need for specialist input; others who were planning on further expansion were continuing to use a range of advisors and viewed them as critical to making successful choices about diversification.

Paying for external expert advice was seen as a major change in how farmers made decisions in the region over the past ten years. Purchasing knowledge, advice and skills was seen by many as part of a professionalisation of farming process and also the result of a new generation of farmers with tertiary training who were information and advisory seekers, rather than relying primarily on their own knowledge or their family's experience on the farm.

Some farmers spent considerable funds on advisors in order to assist them to diversify. One farmer said his family farm spent '\$50 - \$55,000 per year' on advisors/consultants. He said he was not tertiary trained and so simply bought in the expertise to assist him to make a decision

Mooney et al. (2010, p. 48).

Reporting after investigating ten farming enterprises that had diversified, Black et al. (2002, p. viii) concluded that:

Successful farm diversification requires thorough planning and a realistic assessment of personal objectives, skills, resources and market prospects.

Choosing the most suitable form of diversification is a critical decision and is influenced by many factors. Thorough investigation of diversification options helps to reduce risk.

Decision-making by farming families in this study was characterised by:

- Incomplete evidence on which to base strategic decisions which meant that learning was by trial and error which required many years of learning and cost many thousands of dollars from poor decisions which could have been avoided with better processes for market research and business planning.
- Very effective family communication to share ideas.
- Over-reliance on existing networks of accountants, solicitors and bankers for business advice and an apparent reluctance to use specialist business advisors although several participants had joined groups and farm advisory service providers.

- A sense that market research and planning effectiveness were being hampered by farmers not knowing what they don't know whilst believing their current approaches are appropriate and a lack of their advisory networks providing advice to them to build capacity in these areas.

Participants in the Queensland study relied on their own family members for decision-making, although accountants, bank managers and solicitors were also frequently mentioned and used to provide specialist advice or as 'sounding boards'.

we do very much operate under, under the Family umbrella here. So there's lots of discussions, mostly informal, I'd say a lot of you know, a lot of our businesses is discussion. We then run numbers within ourselves. And obviously, we try and get an outcome of where we expect to be in five years. And then it goes into discussions with our bank managers and, and things like that. So very much ideas are born here. Today, we haven't done any third party analysis on the tourism, but we've we're trying to build reasonably slow and get a bit of a feel for it ourselves.

Farmer 014

zero external advisors. I think it's just general entrepreneurial. You know, general entrepreneurialism, or whatever you say, I don't know what that word is. Entrepreneurial skill, determination, resilience, and grit. Really, that's, and it had to make dollars and cents. And sometimes it didn't make dollars and cents. But giving up is mostly in the family, not an option.

Farmer 017

It was mainly just myself and my wife that made the decisions and did a bit of research. And yeah, we thought they were good ideas at the time, we sort of didn't really get any external consultants to help us out. Everything that we do, we pretty much to ourselves.

Farmer 030

Family farms were very good at involving all family members in decision-making, but perhaps not so good at modelling the use of specialist external business advisors.

every single meal in our house was a board meeting. And we talked about work. And we were very open, there wasn't a lot hidden. Some families, they won't talk about money or dollars and cents, but our family, that's what we talked about. And that's what we did. It gave us the experience when we were so young to be able to move into the business and to understand so much about just real life. You know, like, so and that comes back to a part of if you bring in your family on a journey, or you can't help but be immersed in it really, you either like it or you hate it.

Farmer 017

the four of us Mum, Dad, my brother and I, we were pretty lucky in the fact that we've been having family meetings and discussing our business finances since I was say, eight, I guess, and being, you know, understanding the business financially understanding the business, you know, the goals of long term, you know, dreams and aspirations. And we're a part of that from a very young age. So which, again, is a very unique thing for like, the mom and dad to do. We're all involved in every decision all the way along.

Not all participants in this study disregarded the use of advisors.

business coach was vital to us in the early stages of our business, because her vision actually was bigger than ours to begin with. And it really uplevelled us into a different mindset that we hadn't been in before. So that, that coaching with the right person was vital, and it cost us a lot of money to do it. And, but it was it was vital in really making a good start to the business

Farmer 023

Often accountants, bank managers and solicitors were engaged to provide assistance, but typically not to the extent of being a holistic business management coach or advisor.

not specifically for business planning. We've used advisors or consultants to help us with costings, and doing the development applications and different things but not the business planning.

we seem to drive our accountant insane. What have we got here, what have we got now. So she sets up different entities and different things for us. And she has been really good. We've, we've used quite a number of years now. So she's set up a separate entity for (one diversified business unit) just for security, in case something goes wrong, so it doesn't impact on the farms or anything else that we do. So she has been really good at in terms of financial assistance and advising

Farmer 030

we've kind of run some of those ideas through our accountant. And she's been able to also say, oh, yeah, that seems like a good idea. Yeah, I've got a client that also does that. And that's, that's pretty well been it.

Farmer 039

has been our accountant for 10 or 12 years so and she's more of a good business adviser than accountant. I guess for us like she sits at the board table and tells us what we're doing wrong and what we're doing right and you know, holds us accountable for day to day management of finances

Farmer 035

our main one is my accountant, our accountant. She's sort of just a become after 20 years a friend and it's just a phone call and she picks up a phone straightaway. Our advisors really are our accountant and our bank. So close relationship with both of those. They've been our key to, to our business team so far

Farmer 012

There was even one instance where an accountant advised against business planning!

I started a business plan did the skeleton of it and when we were with the accountants last year, we agreed to have a business plan developed by the accountant. And then when we went to meet with the senior accountant, he said, Look, you don't really need it yet. Just hold off. You need it more if you're going for a grant and you're constantly looking for grants

Farmer 016

Others did not have confidence in their current advisors, or believed they had not engaged with them sufficiently.

If we had had a great accountant, we probably would have, but we, we don't, we don't, but those are definitely on our priority list this year is to engage a really great accountant.

Farmer 013

probably didn't ask him enough questions. He yeah didn't give a lot of information I would think at this stage that was probably a relationship that we should have developed a lot more but we did

Farmer 022

We had just lawyers and accountants, I guess, told us that it was stupid to do it. Which I get, I think everyone's risk averse, I get that, you know, and don't get me wrong, we, you know, lost and burned a lot of money to get where we are.

Farmer 035

The above quote was an example where good advice would have been to undertake effective market research and planning to minimize the risk of losing time and cash, instead of the years of learning by trial and error that this farming enterprise did experience. Non-farming business enterprises have used, and business schools have taught, the principles of how to undertake market research and use it to prioritise markets and opportunities as the basis of evidence-based decision-making for many years, but these methods do not appear to have been used by any of the participants of this study. Participants frequently referred to the 'learning-by-doing nature of farm diversification and rarely referred to undertaking rigorous research on which to base strategic decisions.

Farmers primarily obtained information from other farmers, friends, family members and their accountant and solicitor:

information was really obtained through industry through other growers. So there was always telephones. So a lot of time was spent talking to other growers, other people in the industry, networking like that. And then also visiting other farms. So on holidays, we would drive to Atherton, we would drive to North Queensland and see every farmer that dad knew along the way it could be pineapple farmers could be macadamia farmers could be could be anything

Farmer 017

Younger generation participants were more likely to look for information outside of friends and other farmers

my parents did not get to spend much time or they didn't do much with industry bodies. So any government state or federal industry bodies, I didn't really have much to do with them. And as I joined the business 20 years ago, and I felt that I needed to learn more, and I would get involved with industry, industry bodies, and things like that, like Hort Innovation, like AusVeg. And then I did Nuffield Scholarship, which then I did a lot of travel overseas to study our industry. So I've always made it my business to know what's going on to know who's who in the zoo. Because obviously, that generations change as well. So and then I can always could always fall back on that information from my parents and ask them what has gone on here or what's going on there. Or what was the history with this? Yeah, and they can tell me so that's I guess how it's changed. I think

you know, the internet is great. You can find people you can find out what you need to find out but you're not going to find out sensitive information or critical or you know, private information from certain people, but you will, you know, if you make networks and you talk to people then um It's a pretty small industry

Farmer 017

Farmers indicated that marketing and market research were areas that were learned on the go and in many instances, still may not have been managed effectively by them. Marketing was mostly described as being outward facing communications (primarily social media but also personal selling) but it was also recognised that ensuring the promised experience was delivered was important component of marketing an agritourism service.

the marketing company actually does a bit for us. And but yeah, that's something that like, is really truly over my head. But yeah, she has a lot of figures. And actually, like even a, even a commerce platform, Shopify can give you some basic analytics and Facebook, Facebook and social media pages, but I probably don't go into it enough.

Farmer 013

one thing that I learned probably from our first agritourism initiative which should translate directly to our next is the importance of having good media at the start. We got some really good photos, and then just to get it out there in initial instance, and I think that's important to market it from the start as a finished product

it's trying to get everything in place and, and market your venue as a place that people want to enjoy. And then when they actually get there, making sure they enjoy it. So that consumer or that customer sort of care around them having that image of what they wanted. And then receiving that is really important. So the agritourism initiative has been fun because we try to create an ethos there that, you know, you come out here and you can just spend time here you can take your dogs for a walk. So it's this whole image of what you're going to receive when you get there. And that's what people are finding when they get there. So it's backing up, one making things look good. But then the other side is making the customer feel good there.

Farmer 014

There was a lot of discussion about marketing, that that was something we didn't have skills in. I suppose being teachers we weren't used to selling ourselves.

There were city people interested in the farm experience. But I can't remember actually ever doing much research.

Farmer 022

that'd certainly be online, digital. So social media, updating website. Trying to create that brand recognition, and the confidence from, from people, I guess, in our products. So even when you go the market, still marketing, that's why you're there, you can be selling your product, but you have to sell yourself and your own story.

Farmer 029

We are so bad at marketing. We are on social media. And we have had photographers out we have had social media managers, we've done it ourselves. It's a really tough one. Because if you get somebody else to do it, that's not from the industry, it doesn't quite click. But we're all we're time poor. And it's one of those things that you go, Oh, it doesn't really matter. So we have a marketing strategy and a social media plan. But we're yet to execute it very well.

Farmer 031

I've been mainly doing marketing, through website, I loath paying for advertising. It's one of those things, you know, when you're a farmer, you can't justify all that money on things.

I haven't embraced Facebook or social media as much as what I should. I know that that's probably an inadequacy that I have. But that's mainly because I don't you know, I'm of a generation where I'm a bit, I don't like talking about myself on Facebook, and promoting, how good are we? I can't do that, you know, it's and I know, I've just been poor been brought up to not to accept I just don't do that. I just find it really hard.

Farmer 034

market research, checking out checking out the opposition in the area. I've done that. Probably, you know, just the only market research we probably do is just checking websites that what other people are doing like minded people that like ourselves

Farmer 034

Whilst many participants acknowledged that opportunities existed for the effectiveness of their marketing and market research to be improved, many more were confident in their capacity to plan and manage their business planning, even though many were really referring to operational planning such as what crops to grow:

business planning was something we can do, and we're good at, and strategy and things that we've done for a long time over generations. So that's, yeah, that's, that's something that we probably okay. Yeah. And then that we feel confident

Farmer 017

(business planning) That's a huge thing. We are forever planning. We're now planning. We're planning now, for what we grow. In our winter season. We're planning now for what we're going to plant for the Easter period. We're planning now, like we planned for Christmas, six months ago. So we're forever. We're forever adjusting numbers, working out varieties, working out locations, making sure we have enough water at that location to grow those products. So yes, there's continual planning all the time, all the time.

Farmer 018

certainly not enough. Not enough emphasis on business planning really. And I think that is an area where the government could have provided much more help. Uh, you know, they were coming around saying, you should diversify, you should diversify. But they didn't never come back and say, Well, you know, what are you thinking about doing? How do you need? What do you need? What

knowledge do you need to set this business up? So that yeah, they fell down towards the end of the process?

Farmer 022

not our best, best skill, but it's sort of also everything just become organic, this has worked, how about we do this. And they were seeing, we get examples of others that are doing different things. And you know, that might work at our grounds. In terms of a formal written business plan is probably only half done.

Farmer 030

couple of weeks time we're doing our strategic plan operational plan for the year, it's a fairly structured document, then there's just a five year I guess, project type, just in an Excel spreadsheet with the projects on and then they just keep getting shifted forward or getting taken off as and as they get completed, they get crossed off. And then that planning goes with the budget and the cash flow, to see whether we can do it or not. And then we re-budget, and re-forecast probably every 90 to 180 days. The off-farm diversification is much less sophisticated, because it's always been a cash business, we've never really been pushing it. So it probably doesn't have as good an operational plan and strategy that that will come with income and time. That will be how we'll do that as well. But at the moment, it's really just on the fly

Farmer 031

I taught commerce, and I know how important it is to plan. We do it, don't always stick to it. We have the vagaries of climate and weather and lack of rain, gee, that throws your plan out, throw, it just guts as you like, we've been gutted. I look out the window, we've got green grass, but we've got no water in the creek, we've got no water in the dams. It's really challenging at the moment.

Farmer 034

We attempted we have lots of things written on bits of paper that float around the house. Yeah, we both actually did our cert 4 in business management long time ago to help us be able to write business plans and those sorts of things. Look, we're not really fabulous at it, I guess. I guess this is the thing about having these multiple enterprises within farming business is that as long as the farming business is doing okay. There's no real stress. We've probably should have business plans for every little enterprise that we do have. It's all pretty casual. Yeah. kind of verbal, verbally, we're great.

Farmer 039

probably a small percentage that do some good business planning, and, and some forecasting and their own research

Observer 002

part of that the business case, so we've basically been writing them for them

Observer 003

(regarding the marketing component of business planning) Invariably, it's considered poorly. Because most people aren't used to doing any of it. So they, yeah, they think it's easy . So you know, I can remember having these

conversations telling people that production's easy, but it's the market and that's the hard bit. So yeah, invariably, there's not enough consideration given to it. There's no, there's insufficient structure around how that's going to be done.

Observer 028

in my experience, not many people write business plans in, you know, rural, remote communities, like, just across the board is my observation that's like, Do you have a business plan? No, is generally the answer. You know, but I'm sure some of them probably have something like that.

there is a need for people to be supported to actually look at business planning and make sure that they have everything they need to be successful. But unless they do a course, and they're willing to do a course like that, I would say the baseline would be not really, no

Observer 036

The apparent lack of contemporary process in the areas of market and business research to gather evidence then the capacity to use that evidence to inform medium-long-term business strategy and shorter term objectives and tactics is an area of significant concern to the authors of this report. Black et al. (2002) highlighted the importance of investing in time to consider the best form of diversification from a range of alternatives and employing specialist advisors to assist with the collection of information and analysis to inform decisions is essential. One example cited required a two year period for the research, analysis and planning process.

A comprehensive approach to conducting an industry analysis was published by Porter (1980). It is still widely used (Dobbs, 2014) and can be considered the 'gold standard' against which the effectiveness of organisations prepare for and undertake the continual process of gathering intelligence about the market, competitors and customers. This is the type of research and planning that's missing in all the enterprises included in this study.

Investing time to thoroughly research and analyse alternatives to enable evidence based strategic decisions to be made has got to be better than the experience described by one participant, even though they believed it to be an essential part of the learning process required to diversify successfully...

the first six or eight years we were burning cash no-one wanted to be a part of it

Farmer 035

Appendix IV Role of government

Participants were asked to talk about their experiences with government at any and all levels. The main themes to come from this area of discussion were:

- Acknowledgement that some local councils support diversification, particularly agritourism.

- Frustration at the time and energy required for simple planning approvals to be made by local government and even to obtain information about the process.
- Frustrations at the lack of fit—for-purpose planning regime for simple farm-based accommodation approvals. Even the establishment of an application of a few tents (camping) on a farm was treated the same as a caravan park in town!
- Frustration that state government departments seemingly do not communicate or coordinate their responses and provision of advice and support to farmers seeking to diversify.
- Acknowledgement of QRIDA as an excellent source of assistance but frustration that as soon as a farming family earns a little income from a diversification, they lose access to drought financial assistance. This is particularly frustrating when commodity prices are low or during or after a drought when the diversification is paying some bills but the traditional farming enterprise is performing poorly financially, and funding is most required. Farmers felt they were being disadvantaged because they had been innovative and taken steps to build resilience in their farming enterprises!
- Observers of diversification believed government has a role to better promote diversification as a strategy and to ensure farmers have access to support and advice to build capacity to ensure appropriate business decisions are made.
- Observers also believed government had a role to play in promoting agritourism and the benefits of diversification on regional communities.

Examples of comments offered by participants when asked to speak about their experience with government include:

no matter what, you know, what you were trying to do in that way, diversification, it's the biggest challenge is finding the smart people with the knowledge who are prepared to pick up their phone, who then are prepared to actually take 10 minutes to speak to you and take you seriously, because when you start anything new, it's like oh, yeah, here's another one. Here's another one. Here's another one. And I'm sure that's in every area of diversification.

Farmer 012

Our local government is supportive of all we do. They're proud of our business and you know, they fly their flag whenever they can.

Farmer 012

the local council is very, very supportive of what we do. They're very encouraging for anything innovative and they would love for us to go into some kind of tourism aspect. I'm not sure about that just yet.

Farmer 013

I've been probably quite disappointed with how our council deals with agri tourism. I'm very much seen as a developer trying to do these things rather than a farmer that's trying to boost our economy and our local area.

I wouldn't say we've had any overwhelming support on diversification. It's always been something that's had to really be driven in from within the business

Farmer 014

I guess I have always been critical of the state government, and I suppose in particular, the DPI, who were giving probably pretty good advice about diversification and how it could benefit. But if they had have thought the whole process through a bit better, they would have understood that there would be ongoing problems for farmers, particularly in terms of legal aspects. And probably also insurance and things like that risk, certainly risk management. And that was certainly never offered. And probably, even though I might not have asked for it, but I might have let people know that I was struggling with some of these issues. They're the extension officers and people like that never ever said, or, you know, we can put you in touch with somebody, or we've got people in the department who can help you with that. So I think that year, certainly from the state government point of view, should have been a lot more ongoing support. We were just sort of hung out to dry a bit.

Farmer 022

we wanted to expand our business on farm into an agritourism. Sort of a growth step where we wanted to be able to have people come to the farm and see the cattle and taste the product in an on farm cafe. We also would have liked probably set up a slaughter facility on farm to reduce the stress that our animals went through. And we had meetings with council about that. But they just made it so hard. They wanted us to pay for turning lanes off the highway for opening a road that's, you know, almost three kilometres off the highway, parking spaces for customers and all that sort of thing, it was just the investment on top of having to build the complex was beyond what we were able to be ready for at that stage. So the red tape around that was, yeah, it just made that that gross step on farming possible.

Farmer 023

I have called them and like, also emailed them on a few things. And generally, they'll just send like a fact sheet, which then directs you to like, probably a bunch of broken links, and, and that kind of thing. So for that, one, I think we're considering more looking at engaging a planning firm potentially.

Farmer 024

we had to get advice from council about how we would change well, I guess how we would meet their criteria from that land use perspective. So we went through a process of getting approval to operate, which means changing the material use of the property. That was not a fun experience, we are now going a step further because we want to have some we want to do some infrastructure development on the property. So this time around, we've engaged external consultants who are experts in town planning, and we're working with them to identify what's possible, and how best to approach council about getting the approval to further develop the case.

Farmer 025

I guess the biggest problem that we have, and if I could change anything at all, it would be on this subject, it would be that local council was forced to take account and, and government in general state government in general, take account of the fact that most small business most family operated farms no longer are self sustainable, they must diversify. And agritourism is the fastest growing industry for that to happen to make it sustainable for those people to

stay in the area. And going further than that, as my one my husband's most passionate, passionate subjects is little towns all over Queensland, all over Australia. If you don't support the farmers to be allowed to stay on their land, then they're not going to remain viable. However, the planning schemes at the moment, do not haven't kept up with the different types. And they're not flexible enough for different types of tourism operations. So the only the only approval to operate we could get is to become a caravan park in our local town planning, and that has been the biggest issue, because in initially, they tried to, you know that they did a good job trying to bend the rules, and are for us to operate as a basically a self contained, people have to be self contained, and they're in the bush, and there's only a small number of sites so it's nothing like a caravan park. So they have tried to put this square peg in a round hole and tried to help us do that. But it's still really difficult to continually comply with conditions because it's not who we are. And it's not how we operate. And we cannot physically operate like a caravan park. But there's no other choice at the moment.

Farmer 025

Massive challenge. Huge challenge. I think there's not as much support for alternative agriculture and diversifying as we'd like to see.

Farmer 029

Instead of asking observers about experience with government we asked them to comment on what they believed was the role that government should take to facilitate successful diversification, if they should. Introducing the research by Black et al. (2002), the Managing Director of Rural Industries Research and Development Corporation said:

Across Australia farm diversification has been promoted by industry and government as a fundamental way to encourage growth and build resilience into agriculture. Diversification has been adopted widely by farmers as a strategy to not only achieve economic stability but also as a way to ensure the social and environmental sustainability of family farm businesses.

Clearly, at the time this was written, diversification was seen as a priority for government and seemingly an activity that was being considered widely by farmers. Some of the feedback we received from observers in Queensland and northern NSW included:

I'm always, always a proponent of less government involvement rather than more. However, I think the most important thing is to provide access to information or facilitate access to information. And again, I, you know, this is not directly related in some ways, in some ways it is, you know, if you look at the US and the amount of information that's publicly available in the US about agricultural production, business, generally, statistics, you know, it's all freely available. Come to Australia, the information is there, but it's not freely available. And it's not. If it is available, it's usually not in a particularly user friendly format.

Observer 028

can universities assist in our in some of their business management. I mean, somehow we got to convince these producers that it's a good thing to become better skilled at. And maybe it's a facilitation or a funding of, of a university program here, maybe the government funds it for you guys to be able to

administer it. So I think it's education as well as, you know, as well as potential business investment capital

Observer 020

from the promotion and marketing perspective. So how do we get behind and promote this as part of a broader tourism strategy or economic development strategy, and the case studies in the stories and the getting out and advocating on behalf of so certainly, that sort of local levels, state and federal, you know, both in terms in terms of some of the funding perspectives

Observer 015

local government really doesn't have a role other than not putting too much red tape in the way. State government, I think, I think state government probably has a significant role in terms of what we've discussed the State Department of Agriculture, running workshops, and helping farmers sort of understand the land landscape of diversifying their business, federal government, more so in funding available and helping farmers tap into export markets and finding venture capital.

Observer 008

I think the Department tourism, innovation sport do a lot towards promoting the tourism side of things. And from my experience, I know the local councils, they are extremely on board with agri tourism. Really, they get on board with that a lot more than they would with other diversification streams

Observer 002

Appendix V Benefit to regional communities and economies

The relationship between farm economic diversification and the strength of the rural and regional communities in which they operate was discussed with all participants. Overall, it is concluded that farm diversification contributes to regional economies and community wellbeing and therefore to regional resilience. However, this is not measured by any level of government so may be largely being overlooked as an important driver of regional development.

The contribution that diversified farming enterprises make to their regional economies and communities reported by participants included:

- Local employment for a diversity of skilled labour which retains local and attracts new people to fill those positions which increases the regional GDP and children to the schools.
- Attraction of visitors who spend money locally contributing to a 'circular economy'.
- Provide financial and other support to local community organisations, fundraising and charity events.
- Many diversified farming enterprises incorporate sustainable/regenerative practices into their farming and this contributes to a healthier environment.
- Activities supported by diversified farming enterprises contribute to social benefits within the community.
- Success contributed to others setting up tourism enterprises which had a snowball effect.
- Integrating refugee and other disadvantaged community members into regional communities.

Samples of the comments provided by participants included:

we see, you know, the new agribusiness development being a different scale of money coming into the area, you start getting 100/150 people staying for a weekend, that's going to have an economic boost to the local region

Farmer 014

it did bring quite a few people into the area, I suppose. And we sort of suggested good things for them to do during the daytime, go to Carnarvon Gorge and this sort of thing. So they would have spent a bit of money around the district, they would have got to know quite a bit of the Roma district. So they might have come back again at another time. It did lead to other people setting up farmstays.

Farmer 022

we get people who actually drive to Warwick or Killarney to purchase our products. And then they want to come and have a look at the shop, and they want to see us and introduce themselves and have a chat, because we sort of develop a relationship with them online. And they're only an hour and a half away. So they come over the hill, or drop in and say hi. And while they're here they also say well, what else can we do in Warwick? Or what else can we see in Killarney and we say Oh, go out to Glengallan Homestead or Queen Mary

Falls or so you introduce them to a few other things and they you know, they stop and have a feed somewhere

then you know, even down to you know, like we're sponsoring the, the local radio, sponsoring community events, donating product, all those sorts of things that we do

Farmer 023

keeping young people in the community 100%. You know, you've got to have diversity of jobs, and employment opportunities. The biggest problem, I guess, is that is growing those businesses enough for them to be full time employment. So, to me, that's the biggest, and keeping them alive.

Farmer 025

number one, it's, it's far healthier land. Like really, we've noticed massive change in environment, the number of wildlife and the diversity of wildlife coming in. So it's creating naturally a healthier environment

Farmer 029

we've got a local, we started a free a free swap once a month in our local community when we moved here, so excess produce, we would trade and then that evolved into a local farmers market, which is once a week. And so that's changed, that people can buy chemical free, local, fresh produce, like people are picking it the day of the market. So the community is getting the benefit of more nutrient dense, healthy food. They're benefiting from getting to actually see and know the grower. Yeah, definitely a tighter knit community. I think people are starting to recognize each other and who they are. And the support from farmers to farmers. So in what we've experienced, especially seeing younger farmers new to farming coming in, and they're actually getting connected with other farmers in the area for support and help and advice and mentorship. And so that's really, you can see a shift in better mental health.

Farmer 029

employment, local employment and local bringing new a new industry to the region

Farmer 030

keeping the youth in the region, but the industry that follows the amount of people the amount of economic benefits for the regions

Observer 003

they also run a food festival, one weekend, every year. And that, actually, they bring the community groups from the region to have stalls to sell items, food, whatever. But that brings income directly into that small community as well. The small communities only got a couple of 100 people who live there. So the traction that they're now getting from their festival, has now enabled a number of investments into the local P&C. The town now has a pub, a restaurant and a cafe, which as you drive through town is always packed for a little tiny town of a couple of 100 people, that just the putting it on the map is now a really important thing.

Observer 004

partnered farmers who had unused land with refugees who were farmers who knew how to grow food regeneratively, and they would actually mentor each other. So I guess the farmer was diversifying his knowledge, experience skills and land use. And they were growing food for the community, which was sold to the community. So that's probably a little bit of a different concept. But in that respect, there was huge social and community benefit from that kind of partnership, in the ways in which the farmers also spoke about that they were learning new farming techniques from the refugees, that that were helping them do things differently on the farm

Observer 006

the flow on effect to regional communities can also be a benefit. Because if your farming enterprise is more viable, then that obviously has a direct impact on the viability of the community in which you operate.

the other big is around the diversity of jobs because you know, regions want jobs, but actually economic development shows if you've got a diversity of jobs, that builds a more resilient community. So it's not just you know, if you've got all low paid jobs, that has a whole range of flow on effects to the community that may not be good

So I think diversification can really provide an opportunity for diversification of jobs, which I think is a really important economic development outcome, and community outcome

Observer 007

they're employing a few extra staff. They're all renting houses in the local town. They will spend most of it at the IGA so it is it is promoting that circular economy in those towns. So yeah, probably employment first and foremost. I guess there's more kids in the schools, you know, that it is it is really putting back in the community

Observer 020

I've seen a lot of, you know, collaboration and partnerships happen. So, you know, the, you know, a beautiful wedding venue, you know, they might partner with a local beautician and get them in or they might, you know, get food from the local cafe or, you know, things like that, and they'll pull together a package for a bespoke experience utilizing local businesses

there's a lot of value add going back into the local community, when the businesses are sort of a bit more visionary and able to provide an experience that's worth paying for

Observer 036

None of the observer participants were aware of any attempt by government or other organisations to measure even just the economic benefit of farm economic diversification to a region, let alone the total benefit of the economic, social and environmental benefits. Several were frustrated about this omission:

To be honest, it's so ad hoc. It's terrible. I don't think it's I don't think there is a way it's reported. Honestly, there's census data with people going up and down and industry and changes in region but I don't think it's adequately reported. I

can honestly say I don't think DAF do it. We don't report on that side of things because we look at outside the farm gate, even though I work so much behind the farm gate as well.

Observer 003

Badly. I am constantly pushing a barrow on the flow on effects to community. I think some of that is being captured, but not effectively. By any means there's no one department that actually looks after those sorts of cross-agency opportunities, I guess. So, at the moment, I'm trying to introduce a collaborative approach to how we deal with primary producers in my region, where we have multiple agencies sitting around the table that enables the information to go through to not only Department of Agriculture, but it also flows through to the Dept of Small Business and Training, State Development, Trade. So we've got a more holistic messaging going up, basically, to the powers that be on what's going on in the region.

Observer 004

Appendix VI What's required for success?

It's not possible to interview farmers who have diversified without wondering what motivates them to continue, especially when it is apparent that there are, at first glance, almost as many challenges as there are benefits. Responses to what factors contribute to successful diversification included:

- Resilience
- Contemporary approaches to business and marketing management; research and planning; clear vision
- Passion
- Capacity to manage internal conflict
- Employing the right skills when needed
- Believing in 'build it and they will come' instead of identifying market opportunities and aligning all aspects of the business to capture them
- Not making decisions to diversify when everything else has failed; in desperation
- Discipline
- Build a team

Responses to this discussion included:

there's a lot of probably soft skill, personal factors that come into, into it. A lot of the diversification comes at a need rather than the want. And at that, when they're at the need stage, they've run out of energy. They've, you know, their heart's not 100% in it.

that's the last stage before they go broke, they're already stressed enough where I'm taking on or stepping out into an industry, which I may have very little experience in. And the energy and enthusiasm just simply dwindles quite quickly

the ones that fail are the ones that don't devote enough time into knowing the industry that they're stepping into knowing where their gross margins are

Observer 002

it's working out their technologies, but knowing the market knowing who, who the customer is, I think, is one of the major ones. You know, there's no use breeding this these shitty types of livestock, if you haven't got a market for it, and going into or producing or, you know, horticultural goods or whatever it is you're doing, if you don't know what your market is that you're chasing

Observer 003

There's one farm who the diversification actually got bigger and bigger and bigger to the point where it actually overtook the farming operation. And it killed them. Absolutely broke them. Because they were working 24/7 on their diversification on their cafe, business, farm based business, all of that side of thing. And it removed them from what they actually were in it to do in the first place, which was to share, their love their farm and to share their little pocket.

Now, as a result, they've now pulled right back from the diversification, they only open that for, I think it's four months of the year, they operate the on farm Cafe, and that side of the business that enables them to spend the rest of the year actually doing what they love doing on their farm.

Observer 004

not actually being aware of what the business requirements are for their diversification. So whether that be trying to do things on the cheap, and doing things on the side, because it's and then that just comes down to an ignorance or a lack of knowledge about what they're getting into.

And then council comes in and shuts them down. Because they haven't got any approvals in place, or whatever. So going into it with your eyes wide open is one of the biggest things that I tell people. Before you even look at going into this, make sure you understand fully what your requirements are so that you go into it with full knowledge about what you're getting into. And that's probably the biggest risk factor for people going into any form of diversification is not having a full understanding of both sides of the enterprise.

Definitely an ability to and willingness to actually reach out and ask the questions before going down that track is really important

Observer 004

it comes down to their passion, whatever they're doing has to be tied to their passion in some way. That same farm also has an Airbnb on their property. And if you talk to that farmer, she invented the idea of the Airbnb because she was missing, missing that she's an extrovert well and truly 100% and missing that brain space to be talking to different people. So she created that on the farm, she created this niche, highly luxurious farm stay option on her farm, and she said, now I get to talk to people all the time, different people every week.

Observer 004

I think part of the challenge was not taking the time at the beginning to understand all the different viewpoints. And maybe this is where you say, like some people overlook certain options. You know, that's the time I think, to get as many minds in the room as you can to get as many people in the room as you can to nut out ideas to understand people's positions and interests, to actually come up with a way forward that meets all those needs. Because if you don't really understand a problem from multiple perspectives from the start, you're quite often going to overlook something, I think, so that taking the time upfront, I think was probably pretty important, as well like not rushing into it

Observer 006

(failed because) ill informed decisions. So uninformed, ill informed lack of lack of independent information has been a key factor. So you know, again, those people back then eight years ago, got their information off the broker, like, you know, it's really not arm's length at all, was it like, so I think, an absence of independent information.

Observer 007

I think managing your mental capacity and your overall well being as important person in your business. A lot of farmers neglect this bit terribly.

Observer 007

there's been challenges when they just haven't done the work. They haven't put in the they haven't spent the money that they need to get it to a level to warrant what they're wanting to be able to get out of it and things like that, or they haven't put the money into the, you know, the concept of build it and they will come. They've built it, but they've not valued the marketing component. So, you know, it's, it's the same as starting a new business. And that's sometimes not that energy and effort that's been put on.

the other factor where it hasn't worked is it's a skill set that is really removed from what it is that they do. And so the family conversations, if it's a family farming entity, the conversations around what do we enjoy? What do we want? What does success look like? Those sorts of strategic questions around? Why would we do this have not been really discussed, they just see that every second person's putting in glamping tents, and so they're doing the same thing

Observer 015

Persistence, obviously, is, is just fundamental, because it's never easy. And it's certainly never as easy as you think it is going to be. So being persistent.

being disciplined about so to me, that means having a plan. Not sticking to that plan, but following it, changing it as you need to getting out outside advice. When you need to. Accepting that you don't have to do everything yourself, and you can't do everything yourself.

Observer 028

Diversification was not necessarily something that every, or perhaps even most, farmers should undertake. The reasons for this observation included that diversification presented a distraction to the 'main game' of farming, or a diversification had been selected that really did not suit the farming family members

people sometimes need to stick to their knitting, do what you're good at. Yeah. And only make a change. If it's, you know, you've done a, an analysis of it and looked into it properly

Observer 033

their main issue is they want to diversify their income on farm, but they don't necessarily have the skills or the background to provide, like a good experience. It can be, you know, a bit of a leap for them to get from, from going from, you know, farming cows and sheep to providing a, an experience, that is that that's valued. And that is, you know, to the standard that people would be accustomed to, I guess. And, you know, I'm thinking of one in particular, where it, you know, the, the guest, that stayed there was kind of set, it was, it was a bit awkward, you know, because they were in their home, and, like the husband didn't. So there's a bit of a story, but the husband wasn't that friendly, you know, they were supposed to have all these experiences available to them, but they didn't really get to do those experiences, I think one was riding a horse, you know, they did a campfire type thing, but it was all a bit awkward and weird.

