



Australian Government

Rural Industries Research and
Development Corporation

Small Farms

Valued contributors to healthy rural communities





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Valued contributors to healthy rural communities

A report for the Rural Industries Research and Development Corporation

by Carole Hollier & Michael Reid

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Foreword

Australia's farming history has seen a shift from a countryside once scattered primarily with traditional family farms, to a diverse landscape where large farms operate next door to rural residential properties and small farms.

The objective of this study was to increase national understanding of the contribution that small farms make to rural communities.

The diverse nature of small farms can mean that they make a substantial contribution to rural communities and way of life in many parts of Australia. This study compiles available information on the value of small farms to rural communities. And, for the first time, it provides a broad picture of their overall worth – in social, economic and environmental terms. The main beneficiaries of this report include government organisations for policy and program development.

Key Findings

- The increasing number of small farms in some regional areas is changing the traditional demographic make-up of rural community, influencing community values and providing new opportunities for community growth.
- Social, economic and environmental measures that reveal the value of small lifestyle farms to healthy communities are complex, generally untested and often subjective in nature.
- Rural Australia is moving into a new era of greater population pressures, greater demand for land and rural residential housing and consequently may need to adjust ideas about the character of the Australian countryside.
- Landscape and land productivity is being impacted in response to new subdivisions and development.
- The tenure pattern of land is changing rapidly, production is diversifying, productivity is multiplying, land prices are increasing, and the landscapes supporting rural communities are changing dramatically.
- Changing patterns of settlement in rural Australia are having a profound impact on social structures that support rural communities.

This report provides insights into the value of this 'new and emerging sector'. It will be a useful basis for those contemplating investment or formulating policy and will help to inform research and development priorities into the future.

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Abbreviations

ABARE	Australian Bureau of Agricultural Resource Economics
ABS	Australian Bureau of Statistics
DHS	Department of Human Services
DPI	Department of Primary Industries
DSE	Department of Sustainability and Environment
DVC	Department of Victorian Communities
NLWRA	National Land and Water Resources Audit
USDA	United States Department of Agriculture

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Executive Summary

What this report is about

All farms have some impact on the environment and their local community. Current farm demographic trends suggest there is significant change in land ownership from traditional family owned farms to rural residential and hobby farms, resulting in a highly fragmented countryside and more small farms in amenable rural landscapes and near large urban centres. It is widely recognised that small farms can make a substantial contribution to rural communities in many parts of regional Australia. However, there is no consistent definition of a small farm in Australia. The term “small farm” tends to be used interchangeably with the terms like hobby, lifestyle or part-time farms and its use can generate both positive and negative reactions within the farming community. Characteristically, this group of land holders have chosen to live on rural properties primarily for lifestyle reasons, however farming is not their primary occupation or income source.

Although not dominant in production terms, small farms are numerically significant and are an integral part of the rural community. As a consequence to this demographic change, the characteristics of rural communities are becoming more heterogenous in nature. This report provides a broad descriptive overview of the various social, economic and environmental contributions that small farms can make to rural communities and regional landscapes and provides insights into the potential value of small farms and the importance of recognising the sector to enable appropriate policy and program development. It aims to stimulate discussion about the nature of the social, environmental and economic contributions that the sector may make to rural communities.

Who is the report targeted at?

This report provides insights into the value of small farms, a ‘new and emerging sector’. It will be a useful basis for those contemplating investment or formulating policy and will help to inform research and development priorities into the future.

Background

Research suggests that small farms with a lifestyle focus are an important segment of the rural population in Australia. Previous studies have highlighted the difference in their characteristics, values, attitudes and drivers of land-use compared to mainstream commercial farmers. A number of rural locations in Australia have experienced population growth and economic prosperity in response to changing community values and the lifestyle aspirations associated with small farm ownership. The complex mix of traditional agricultural production alongside small parcels of land appears to have strengthened communities at some locations. The contribution of small farms to rural communities ranges from more diversified local economies and improved services for all residents to greater opportunities for environmental conservation. At some locations the contribution of this group of landholders is closely aligned with those of a sustainable and resilient rural community.

Research objectives

The objectives of the research were to:

- increase understanding of the contribution of small farms to rural communities
- provide new knowledge to inform programs and policies of the role of small farms in building healthy rural communities.

Methods

The study has used a descriptive approach, relying on review of literature including emerging paradigms and observations of the small farm sector. It has been informed by the outputs of a State and National workshop exploring the value issues associated with small lifestyle farms (Hollier and Reid, 2007). Qualitative and quantitative research methods, including workshops with social researchers and extension providers, as well as narratives and surveys with small farmers, have informed the study.

Key Findings

The key findings from the study are that:

- There is considerable commentary on the value of small lifestyle farms to rural communities but there is little quantitative evidence to support these claims.
- The increasing number of small farms in some regional areas is changing the traditional demographic make-up of rural community, influencing community values and providing new opportunities for community growth.
- Social, economic and environmental measures that reveal the value of small lifestyle farms to healthy communities are complex, generally untested and often subjective in nature.
- Rural Australia is moving into a new era of greater population pressures, greater demand for land and rural residential housing and consequently may need to adjust ideas about the character of the Australian countryside.
- Landscape and land productivity is being impacted in response to new subdivisions and development, however it is not just sentimental and nostalgia which opposes new development and influences community values.
- The tenure pattern of land is changing rapidly, production is diversifying, productivity is multiplying, land prices are increasing, and the landscapes supporting rural communities are changing dramatically.
- Changing patterns of settlement in rural Australia are having a profound impact on social structures that support rural communities.

Implications

Small farm landholders are an increasingly significant component of rural populations around the fringes of major cities and locations with high amenity that match lifestyle aspirations. The characteristics associated with this group of landholders provides particular challenges for rural policy makers and programs that focus on building robust and resilient communities. Understanding their contribution to communities will be invariably linked to understanding their diversity, lifestyles, views and values compared to mainstream commercial farm operations. While this group of landholders may build community strength, they may also be potential allies or create potential conflicts as a new landholder mix adjoining mainstream commercial farmers. The sector may be viewed as a threat to sound natural resource management, biosecurity and animal welfare practices within the wider community.

The growing small farm sector provides a unique opportunity to tailor policies and programs that promote more resilient communities with increased social, economic and environmental outcomes. Recognition of the value of the small farm sector to communities and applying this understanding to community development and policies to capitalise on the future sustainability of regional communities is paramount. Australia-wide it is difficult to get estimates of the overall numbers of small landholders and their contribution to rural communities. This reflects the diversity of the sector, lack of clarity in defining the group and the metrics used to account for their contribution to rural communities. This requires further research and needs to be understood applied in policy development and community capacity building programs.

Recommendations

There is opportunity to develop a suite of appropriate measures to assess the contribution or value of small farms to rural communities. It is important that future research is predicated on the principles that much can be learned from listening to what communities have to say about themselves, and to begin to understand the inter-relationships associated with a multi-functional landscape, the people and the places they live.

To assess the contribution of the small farm sector to rural communities and effectively engage this group of landholders in community development, policy makers will need to develop an understanding of their current views, values and aspirations. This will allow the development of appropriate strategies that align with small farm interests and those of the wider community. The nature of the contribution of small farms to rural communities requires further investigation.

The challenge for all levels of government to address issues associated within contested rural landscapes in amenity and peri-urban areas will be to find ways to support communities seeking to reach their potential and deal with their issues without applying a single 'one size fits all' solution. Recognition of the small farm sector as valued contributors to rural communities will be fundamental for integrated approaches in partnership with communities.

1. Introduction

This study aims to improve knowledge of the value of the contribution that small farms make to rural communities.

Rural living has grown in popularity in recent years and at some locations have revitalised rural farming communities and country towns. The demand for rural living has resulted in a wave of migration to relatively attractive rural areas, close to major centres. Spatially, these peri-urban areas favoured by small lifestyle farms¹ can be described as transition zones characterised by heterogeneous land uses and mixed social groupings. Generally, small lifestyle 'farmers' favour regions of high aesthetic appeal, benign climate and are clustered in areas of environmental significance, sharing catchments with commercial properties.

There is increasing evidence of the Australian penchant for lifestyle farming on small acreage in these amenable landscapes, within close proximity to services and job opportunities (Houston 2003; Barr 2005; Holmes 2006; Hollier & Reid in press). The increasing number of people who purchase and develop small rural properties not only boosts the population of rural communities but adds diversity of people and land use creating more multi-functional landscapes.

All farms have some impact on the environment and the local community of which they are a part. The type of impact (positive or negative) and the intensity are likely to be different for different types of farms. Small lifestyle farmers, with their predominantly urban backgrounds are likely to have different values and aspirations compared to that of their traditional farming neighbours (Hollier et al. 2004). The change in rural living associated with more diverse social landscape brings risk of conflict between landholders with different values and expectations of country life. New industries and new landholders also bring a risk of inappropriate environmental, animal welfare and food safety management that could damage primary industries' reputations, increase biosecurity risk or erode the natural resource base.

It is widely recognised that small lifestyle farmers can make a substantial contribution to rural communities in many parts of regional Australia (Houston 2003; Alston 2004; Barr 2005). These contributions include regional economic development, cultural and social diversity that can energise and strengthen communities. Small lifestyle farm ownership also brings new knowledge and skills into rural communities, are part of Australia's food and fibre supply chain and may contribute to overall agricultural productivity, product integrity and market protection.

Demographic change, expansion of the peri-urban fringe and increasing demand for land with special scenic or location attributes appears to be inevitable. But the consequences of these changes remain unclear. It will require a rethink in local land planning, infrastructure support and community development strategies in some areas. In exploring small farms as contributors to healthy rural communities, it is important to consider 'value' in terms of economic, social and environmental contributions. However, there is abundant empirical data and commentary on farm sector demographic change in Australia highlighting the numerical importance of small farms yet a dearth of data about the contribution of small farms to rural communities. This study attempts to shed light on the value of small farms to rural communities and stimulate debate to inform government policy and programs.

¹ For this study small lifestyle farms are defined as rural allotments between 5 and 100 hectares with the majority of income generated from non-farm sources. Lifestyle is the primary reason for land occupancy.

2. Project objectives

The project has been informed by the considered advice from a range of people with a variety of perspectives regarding the contribution of small lifestyle farms to rural communities. Input has been sought from social researchers, local government and extension providers working in areas exhibiting a high percentage of small lifestyle properties.

3. Research approach

The research is based around the following questions:

- What is the value of small farms to rural communities?
- What role does the small farm sector play in building rural communities?
- What are the small farm characteristics that help support healthy rural communities?
- Which attributes are likely to be most informative and can be measured to assess small farm contribution to rural communities?

Methods

The research approach was to investigate the nature of the value of small lifestyle farms as contributors to rural communities was descriptive and based on literature review of existing research, the output of two workshops and community strength analysis in rural regions of Victoria. Qualitative data collection with small lifestyle farmers located in north east Victoria and spatial mapping of the sector based on government statistical databases has also informed the study.

As part of the qualitative research small lifestyle farmer narratives have assisted in building understanding of perceived value of the sector in local and regional rural communities. These stories provided conceptual linkage to economic, social and environmental ‘value’ judgments.

The study has drawn on a wide range of views. Key findings from a State and National workshop (see Chapter 5) offer insights about the value of small lifestyle farms in rural communities from the perspective of service providers (agency extension, private consultants and local government officers) and social researchers.

4. Background

In recent years a range of factors underlying changes in land use and occupancy have emerged resulting in competing demands for rural land. These include urban growth, demand for land as an amenity, commitment to maintaining biodiversity, perceived need to retain natural landscapes or ‘countryside’ and demand for lifestyle blocks. The blurring of land uses and occupations is one of the dominating characteristics of locations favoured by small lifestyle farms.

Changes in the composition of rural populations, in the structure of regional economies and social roles are key drivers of rural community development in Australia. Changes in farm sector demography that impact on rural communities are a result of a number of pressures. The impacts of technology, markets, lifestyle changes, change in community values and economic developments are only some of the emerging and established drivers of these changes. Small lifestyle farm occupancy zones (with a mix of production and consumption values) are widely distributed in accessible and attractive high rainfall rural locations with amenable features (Barr 2001).

Rural change has been described as a multi-functional transition, in which a mix of values has emerged, contesting agricultural production values, and leading to greater complexity and spatial heterogeneity in rural areas (Holmes 2006). Marsden (1999) has described the socio- demographic change as ‘creating new rural geographies of value’. The emergence of market-driven amenity values, diverse social landscapes opportunities and growing societal awareness of sustainability and preservation issues has propelled the transition (Barr 2005; Holmes 2006).

Australia’s agriculture sector has undergone considerable change over the last few decades. While continuing to grow in absolute terms, the size and importance of agriculture has declined relative to the rest of the economy (Productivity Commission 2005). Within the sector, there have been marked changes in the number and size of Australian farms. There has been a surge in popularity of small farm ownership where farming is a lifestyle rather than land management decisions being solely based on agricultural economic grounds (Hollier & Reid in press). These socio-economic issues faced by the agricultural sector are not unique to Australia. Decline in the number of large commercial farms is a global trend of developed countries and has influenced the demise of some rural communities in production-focused agricultural landscapes. However, rural population turn around is evident in some rural communities. Declining terms of trade, increasing average age of farmers, environmental degradation associated with agricultural practices, and a growing demand for small ‘hobby’ farms, are constantly stimulating population shifts and social change (Barr 2005). Some farm units that are not economically sustainable but are located in amenable landscapes² have been transformed into small farms as part of the new urban-to-rural migration wave. In some areas residential small farmers with urban values and an overall lifestyle focus are now the dominant landowner group.

4.1 What is a small farm?

Currently there is no clear definition of a small farm – small means different things to different people. In Australia, classifications can be based on minimum land size, farm income, or whether the landowner is registered as a primary producer. There is no typical small farm. Size criteria is linked to the ability to create viable household livelihoods, and this varies with the type of farming that is possible at any location, and the possibilities of combining farm with non-farm sources of income. A ‘viable’ small farm, for example, may be 20 hectares in parts of Victoria or 2000 hectares in parts of Western Australia.

Despite the change in land occupant characteristics, agricultural production in rural amenity and peri-urban areas favoured by small lifestyle farm remains important. Australia’s peri-urban areas still produce

² Amenity landscapes are generally defined in terms of landscape amenity, benign climate, water availability and accessibility to major urban centres. In these areas, demand for land competes with full-time agricultural business expansion.

between 20 and 25% of the value of Australia's agricultural output, but there has been a progressive shift away from the traditional production-based dominant land use associated with full time farming to a new multi-functional land use pattern (Barr 2005).

4.2 What are the characteristics of small farms?

In Australia, language to describe small rural landholders varies and includes labels such as hobby farmers, part-time farmers, absentee landholders, tree-changers and lifestylers to differentiate the sector from fully commercial agricultural operations. Socio-demographic trends suggest small farms are becoming increasingly synonymous with landowners that have a major occupation (and income) other than farming.

It is estimated in Australia that small farms occupy 23 million hectares and represent five per cent of total agricultural land (Nelson 2004). These small farms are often located in sensitive or conspicuous environments (Reid et al. 2003) in high rainfall, coastal and peri-urban areas. Farms with an estimated value of agricultural operation (EVAO) between \$5,000 and \$22,500 operate around 19 million hectares. While this area is larger than the total area occupied by the Australian wheat crop, it produces less than 2 per cent of the value of agricultural output, mostly in beef cattle (Nelson 2004). There are no government statistics counting small farms with an EVAO of less than \$5000 per annum. These are mostly rural residential holdings, but it is likely that their aggregate land holding is significant and located in highly sensitive environmental areas within peri-urban landscapes.

Whatever they are called (small farmers or hobby farmers) they have several characteristics other than size that commonly distinguish them from their larger counterparts. These characteristics include the:

- intensity of the human-nature relationship
- diversity of plant and animal life
- diversity of income sources on small farm relative to large farms (D'Souza & Ikerd 1996).

Generally small lifestyle farmers are:

- diverse in character
- display urban values and environmental orientation
- actively pursue lifestyle goals
- derive the majority of their income from off-farm activity.

Our research has shown that land management is flexible and often unconventional. Their views and values often differ from their larger farm counterparts. Some are specialised producers of high value products or niche agricultural producers with large turnover. Others have little interest in agriculture.

There appears to be a predominate role of intrinsic values in the entry decision of small farm ownership and rural community lifestyle. Middle-age group values are already dominant in population shifts due to the numerical strength of the 40-something age group (Salt 2004). Small property sales are buoyant. The positive rural image is projected and appeals to an urban market. Lifestyle towns and environs are prospering: Bowral, Macedon, Echuca, Adelaide Hills but not places in the dry, flat inland rural areas (Victoria's Wimmera, Western Australia's wheatbelt and South Australia's Peterborough areas).

4.3 Changing community perceptions of the small farm sector

Rural life was once lampooned for its monotony. The image of rural life and small-scale farming in provincial Australia has experienced a renaissance the last decade. Population growth associated with a wave of new buyers of agricultural land has been experienced around the fringes of urban districts and in the amenable and attractive parts of the rural landscape (Salt 2004; Barr 2005). Land that is close to urban centres, has good views, is close to water or has a benign climate attracts urban migrants (Barr 2004). Research in the United States has shown that landscape amenity was the best predictor of rural population change (McGranahan 1999). Rural lifestyle is now lauded, envied; *doing business with the locals, being part of a close knit community*. Country life is presented as desirable - fashionable- affable images of rural life are often marketed and promoted.

Traditional agribusiness companies now clamour for a slice of the small lifestyle farm pie (see Figure 1). The sector is viewed as a new market segment. Property marketers have introduced 'lifestyle' as a prominent advertising feature for small parcels of land and glorify its ability for a range of pursuits.



Figure 1. Persuasive advertising capturing the small lifestyle market (*Weekly Times* June 14 2006 p. 81).

4.4 Location, location, location

Of particular interest in unravelling the values of small lifestyle farms is an understanding of their spatial location within rural communities. Holmes (2006) describes two emerging directions (rural amenity occupancy and small farm occupancy) in the human use of rural space. These align to Barr's (2002) social landscape trajectories of small farm dominance in amenity landscapes. He details four 'social landscapes' based on quantitative data: production, rural amenity, rural transition and irrigation. Amenity regions have the greatest density of small farms, especially prime tourist destinations and country towns with amenity potential. Rural amenity occupancy trajectories where consumption values dominate include rural residential estates, prestige countryside living, hobby farming and alternative lifestyle (Holmes 2006). Real estate markets are driven by consumption rather than production values with farming often a relic or incidental activity tied up to current lifestyles.

The spatial location of small lifestyle farms in Australia is aligned to amenable regional areas within close proximity to towns and commuting distance to major employment centres. The location is often characterised by high turnovers of small properties. For example, in Victoria 76% of rural land sales in 2003 were properties less than 50 hectares with the most common land size sold being rural blocks of 2 to 20 hectares (Land Data 2004).

Barr (2002) suggests that the small farm landscape is more prevalent than generally recognised and that there is a clear relationship between distance from the populated coastal fringe and the economic size of farms. The smallest farms are in the coastal fringe and the great divide stretching from Brisbane south to Melbourne and along the Western Australian coast from Perth to Albany. Competition from other land uses, (such as amenity values) has historically reduced the capacity of farm businesses in these areas to increase productivity through expansion based on land purchase.

Rural landscape occupancy classifications that have particular relevance to the small lifestyle farm sector and its impact on rural communities have been previously described (Barr 2002; Holmes 2006). In his Australian-wide study, Barr (2002) notes that farm incomes are generally lower in amenity than in production-based landscapes, but farm family incomes are higher, tied to a higher component of off-farm income. Also the rate of decline in the number of farmers is lower than in the 'agricultural heartland'. Barr (2005) reports that social trends are influencing the evolution of rural Victoria creating a patchwork of social landscapes following divergent trajectories.

4.5 Amenity landscapes

Broadly, amenity farming landscapes can be described as areas where small lifestyle land occupancy and the real estate market are driven by amenity values rather than agricultural production values. Land is fragmented spatially into a wide range of uses and lot sizes. This rural landscape is characterised by smallholdings, older farm populations (self-funded retirees) and little farm aggregation (Barr 2005). Typically amenity landscape is within commuting distance of major centres, making farming no longer viable as a sole enterprise and resulting in land values higher than agriculture can pay. The predominant industry is beef production, but this landscape is creating opportunities for niche products for local markets and for strategies for achieving biodiversity conservation in conjunction with productive land-use (Hollier et al. 2004).

Population shifts and community profiles are dynamic. For example, over 4000 properties (over two hectares) in Victoria change ownership each year amounting to 15 new landowners each working day (Colman et al. 2002). The growth of small farm ownership is largely confined to amenable landscapes with infrastructure support and employment opportunities. Barr (2005) has highlighted population growth in amenity rural areas and relatively stagnant growth in agricultural production focused rural landscapes.

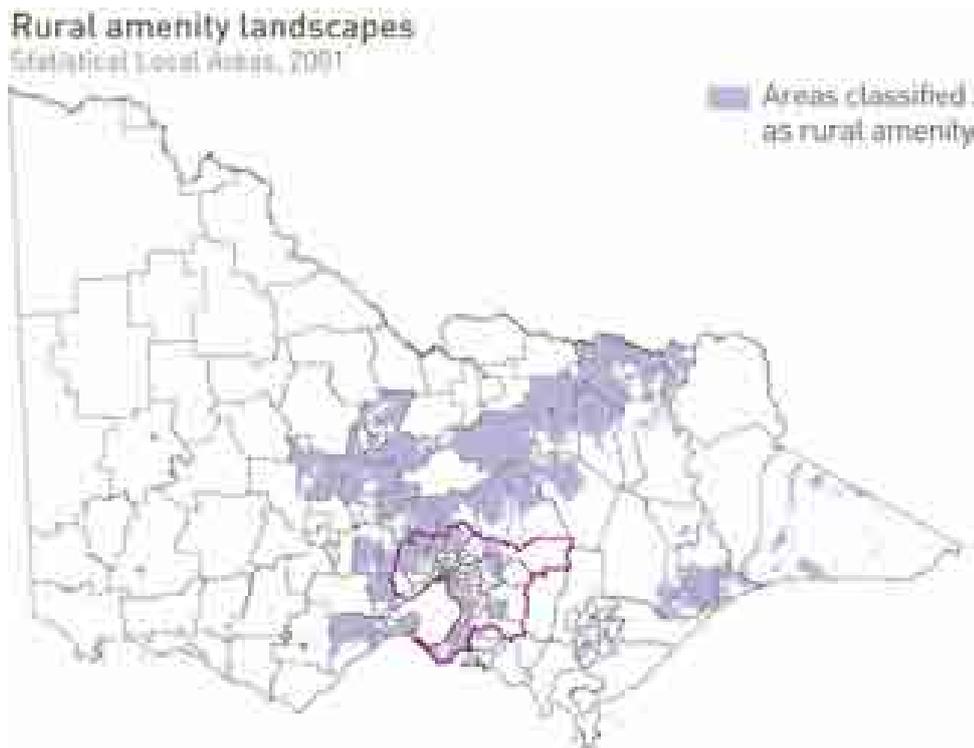


Figure 2. Rural amenity landscape in Victoria (Source: Barr, 2005).

4.6 Peri-urban landscapes

There is no universally accepted definition of peri-urban landscapes as a distinct form of urban settlement (Bekessy et al. in press).

In contrast, the peri-urban landscape often favoured by small lifestyle property owners is conventionally seen as the area adjoining large metropolitan areas. ‘Peri-urban’ literally means the area around an urban settlement – a small country town, a regional centre or major city. Land use is the most visible evidence of peri-urban areas with its changing mix of rural and urban elements. It is distinctive in its diversity, having a mix of land uses and residents. It is rural in appearance but many residents will have jobs in the nearby urban area to which they commute. Generally, peri-urban development in Australia is generated to primarily serve urban purposes, not to meet the needs of traditional commercial agriculture.

The most obvious example of this is the proliferation of residences on allotments that either do not support agriculture, or are related to what are variously termed rural residential, rural living, hobby farm or sub-commercial farming enterprises (Barr 2003). Much of the development in peri-urban areas is new; even many of the rural land uses are new, as new residents transform traditional agricultural landscapes for horse paddocks, vineyards, cut flowers, riding schools, craft enterprises and exotic grazing animals (Hollier et al. 2005). Small lifestyle farms may link to traditional farming endeavours or merely utilise the rural setting to add value to business concepts (for example bed and breakfast accommodation, health retreats or restaurants).

Land values in some rural landscapes make all but the most capital-intensive agriculture a poor business investment. Intensive agriculture occupies a relatively small area, but makes an important economic contribution that is not fully counted by current statistical collections (Houston 2003). The peri-urban areas are where the greatest intensification of agriculture occurred over the past 15 years (National Land and Water Resources Audit 2001).

In his investigation into micro-dynamics of change in Australian agriculture Barr (2004) notes that it is in these landscapes the ‘right to farm’ debate is most intense and where concern about declining populations is replaced by concern over the loss of ‘prime agricultural land’.

Houston (2004) defines the peri-urban areas on the basis of population density, employment in non-agricultural industries and population mobility. On the basis of this calculation, Victoria’s peri-urban region accounts for around one quarter of the State’s land area but half of the agricultural production value (DVC 2005). Past settlement patterns have provided space for peri-urban development. For example, the settlement pattern of Victoria has created a large area of potential peri-urban development ringed by the regional centres of Geelong, Ballarat, Bendigo, Wodonga and Latrobe (DVC 2005).



Figure 3. The peri-urban regions of Victoria (Source: Houston, 2004).

5. Findings

5.1 Contributions of small farms to healthy communities

The value of small lifestyle farms as contributors to healthy rural communities is subjective. Values may be abstract ideas held by people or groups of people about what is desirable, proper, good or bad (Giddens 2001). In its simplest form values define our ‘beliefs about what is important’, and ‘beliefs about how things should be’. Values assign preferences to a variety of outcomes; they enable us to articulate which are most important to us. Although it is generally accepted that values are broad constructs that underlie or guide attitudes, there is little research on how connections are associated with small lifestyle farms and rural communities. Socio-economic status, education, age, gender and other social variables inform an individual’s values and operate within a dynamic, complex human system.

Measuring the value of the contribution of small farms to healthy rural communities is complex. Department of Victorian Communities (2005) report that strong communities arise from the interplay of four features namely the;

- Economic/natural/human/social capital assets a community is endowed with
- Knowledge within the community that allows for the sustainable use of assets
- Ability to collectively organise to work through issues, determine priorities and make the best use of resources
- Local institutions that provide governance structures through which collective action can be organised.

5.2 Measuring community wellbeing

A community can be thought of as a group of people living together in sympathetic association, usually in a town or urban setting. ‘Community’ is not a given, and is not a homogenous social entity. It is full of different social groups who have different status and power, wants and needs. However, just about any interest group or collection of individual people is referred to as a ‘community’. People identify themselves as belonging to ‘a community of interest’, some shared enthusiasm or connection – a shared identity, similar character and agreement. ‘Health’ typically refers to soundness (of body), general condition and well-being. Healthy communities can be viewed as a metaphor for community well being. Indicators may include diversity of population demographics, economic development, infrastructure, use of public facilities, government services, and employment.

Communities have certain internal social, economic and political dynamics (Furze et al. 1996). They reflect, and are influenced by, broader social, economic and political factors. Communities represent an important intersection of an individual’s ‘lived experience’ with a range of local and broader processes and are an important vehicle for integrated development programs.

It is important to understand that successful communities such as towns and farming districts share a set of characteristics and ongoing sense of purpose, a dynamic. Successful communities have a *raison d’etre*, an everyday rhythm derived from a mixture of activities, service and infrastructure features (Montgomery 2005). Some elements are predominantly economic in character (such as shops and services), specifically public (such as a recreation centre), institutional or self-organised such as interest groups. For others a sense of community may be derived from participation in activities locally, a sense of satisfaction and ‘feelings of ownership’. Community wellbeing, whilst difficult to measure due to its fluid and unpredictable nature, provides a suite of indicators that maybe useful to describe attributes and make value judgements. Such measurement

5.3 Community strengthening

There has been a resurgence of interest in the nature and significance of ‘community’ in public policy deliberations. Community strength is becoming increasingly important for improvement and development of new approaches to promote stronger communities (DVC 2005). The Department of Victorian Communities (2004) defines strong communities as those endowed with social, economic and environmental assets and organisational structures that work towards their sustainable use and equitable distribution. Community strength is the result of combined efforts of governments, business and the community and is underpinned by both connections at the local level and collaboration between institutions for the local level (DVC 2005). Community members who are engaged, participate, feel capable of working through problems and are supported by strong networks (Lin 2001; Gilchrist 2004; DVC 2004) build strong communities.

Measures of the strength of a community include the extent to which individuals have and benefit from close ties with family and friends, and involvement in the broader community and with social groups (DVC 2005). Further indicators of community strength include the degree to which individuals participate in community groups, feel valued, have trust in people and social institutions, and are tolerant of diversity. These indicators can provide an information source for community strengthening (such as community building, community infrastructure and neighbourhood renewal).

5.4 Workshop findings

Two workshops were conducted to better frame and inform the study. A summary of the key findings is presented below. These elements provide the basis for further investigations and are reported in the following section discussing the value of small farms.

At a national workshop *Rural Landscape Change: emerging challenges for extension*, convened in July 2005 at Rutherglen in north-east Victoria, perceptions and experiences regarding ‘What value does the small lifestyle farm sector bring to rural communities?’ were explored. This workshop was designed to build on findings from a previous workshop held in Bendigo, Victoria in 2004 as part of this study. This workshop investigated issues in measuring the value of small farms. Three key stakeholders emerged as the most important – State and local Government, and industry. Alignment of stakeholders was viewed as a major challenge.

The key findings from both workshops are summarised below:

- **Small lifestyle farmers can stimulate new cultural and economic opportunities**
Increased heterogeneity in rural community membership was considered to be a positive value of the sector. Diverse non-farming backgrounds coupled with economic and structural diversity means that small lifestyle farmers can stimulate new cultural and economic opportunities.
- **There is increasing demand for land with special scenic or location attributes.**
This has led to increasing rural subdivision, changing traditional land uses and transformed countryside into upmarket rural/residential landscapes. The impact on rural communities can be both positive and negative.
- **The extent of the small farm sector is not fully understood**
Small lifestyle farmers have a significant impact on the social, economic and environmental dimensions of rural communities, although to what extent is not fully understood.

There are a number of approaches that could be taken to improve small farm contributions to rural communities:

- **Federal, State and Local governments need to better recognise the multiple benefits the small farm sector may provide to regional areas.**

Currently, due to size, business structure and lack of profile it may be difficult for small farmers to gain representation on industry boards and committees. As a consequence the needs of the sector may be overlooked. In some cases, there appears to be a view that working with small farmers is of secondary importance and not mainstream. Publicity and education would seem important to gain profile and recognition for small farmers as well as changing the current perceptions associated with small farms.

- **Developing appropriate community support is essential.**

Community-based organisations offer innovative ways to partner with small farmers to help connect farming families with appropriate land management, technical and organisation information. Connection may offer synergistic benefits for both the farming and the non-farming members of rural and regional communities. Farming family support networks, monitoring programs, and service organisations are important mechanisms for the exchange of information, skills and experiences with one another, the wider community (including non-farmers who want to know more about farming), customers and consumers.

- **Business development focused on diversification is a key to community contribution.**

Diversification can increase viability and sustainability, reduce the frequency of single-industry towns and minimise the risk of rural decline. New and value added products can access a greater share of the consumer dollar and can offer innovative approaches to address environmental degradation. In some instances, value adding may simply involve product relabelling to reflect a region or method of production. Value added processing and marketing can take many different forms; some offer great benefit to small farms while others restrict the development of local competitive markets. New business structures such as cooperatives offer a mechanism to bring together skills, capital, resources and networks to enable diversification and value adding opportunities. Mechanisms that can be used to promote local and regional produce include farmers markets, Internet and home delivery services.

- **Small farms offer leadership and development opportunities.**

New small farms in a region have the potential to bring skills as well as capital and can often be valuable sources of leadership and innovation to rural communities. Entrepreneurial development, change management and leadership training are mechanisms that can be integrated to provide the skills, confidence and motivation to encourage change.

- **Marketing mechanisms can work for small farms.**

‘Smallness’ can be an attribute. Direct marketing encourages contact with the consumer, decentralises structures and farmers remain in control of their product. Community markets can provide consumers assurances that their purchase is returning value to the farmer, the environment and their community. Small farms, when combined to form alliances, networks or more formal cooperatives for marketing, can benefit from greater economies of scale.

- **New small farmers are desirable.**

The future of small farms and rural communities depends on attracting new farmers. Entry into land ownership requires capital and well-developed support networks. Strategies that could be used to increase the rate of small farm entry could include: (i) linking retiring farmers with beginning farmers, (ii) investigating new transitional and tenure models, (iii) facilitating network and developing information especially for beginning farmers, and (iv) working with local government in relation to land subdivision to encourage the small lifestyle sector.

- **Environmental management opportunities.**

Small farms offer sound mechanisms for natural resource protection. This is due to the technology needed and applied by the small farmer being based on management, skills and ingenuity and not on increased inputs of capital and other resources. Such farming systems depend on land stewardship. In some cases land stewardship may offer a mechanism to brand product resulting in rewards in the market place. Small farms, especially lifestyle farms often have new skills and capital to devote to environmental protection. Diversification when matched to land capability can provide farmers a means to develop efficient, biological based systems

- **Connecting urban communities to agriculture:** With less than 3% of Australia’s entire economic activity being devoted to agriculture, most consumers have little or no ‘connection’ to agriculture or food production. As a consequence urban communities have limited appreciation or understanding of farming issues. A lack of ‘connection’ of the majority of Australians to agriculture is a significant threat. Small farm marketing strategies can encourage direct relationship between consumers and producers and a connection with food as a product of clean and green agriculture. Small farms allow more people to be associated with the land and exposed to agricultural issues.

The research team categorised the findings under the following headings to assist in understanding the benefits/advantages of the small lifestyle farm sector.

Social

- New skill sets and fresh ideas
- Access to knowledge and infrastructure
- New ideas – source of innovation, prepared to experiment
- Different values, can broaden community awareness of various issues
- Members of voluntary/community organisations – sporting club membership, schools, fire brigade, and support local government infrastructure (numbers justify schools and hospitals)
- Political awareness
- Diversity in views and values and demographics (eg. Age groups – young children, middle age and/or retiree’s)

Economic

- New business, new enterprise
- Increase infrastructure (eg. More children – more schools)
- Increase rate revenue
- Demand for alternative products/service in retail
- Spend in local community – farmer contracting
- Stimulate economic activity

Environmental

- New values of biodiversity
- Redefinition of productivity and legitimate farming practices
- Different environmental values
- Enthusiasm for environmental values
- Sense of conversation

Possibly the most significant impact of small lifestyle farm growth in amenity and peri-urban areas is the impact of new entrants with urban values on farming and land management. The number of farmers who remain and earn a primary based income from their properties is significantly reduced and replaced by sub-commercial small lifestyle ‘hobby’ farmers.

The workshop highlighted that State governments need to be aware of small lifestyle farms for the purpose of planning; especially as small properties are concentrated in strategic locations such as water catchments and peri-urban environments. It was acknowledged that small farms provide an ‘authorising

environment' for farming and provide extra values (landscape, amenity) that support tourism. It concluded that the phenomenon of small farms is an incremental process and there is a need to monitor change over time so land use patterns and social issues and attitudes can be evaluated.

Issues in measuring the value of small farms include:

- Description and definitions of the sector
- Difficulty in linking data
- Characteristics of small farms
- Measuring economic issues
- Ability to withstand adversity (such as drought or fire)
- Robustness (market forces)
- Diversity of agricultural enterprise
- Attraction of new capital

Measuring social outcomes is complex. Human capital contributions also present measurement challenges. Assessment of the contribution of small farmers needs to extend beyond the farming community and health; education and other services need to be consulted. Measuring values in the environment attributed to a particular sector of farming also pose challenges.

6. The contribution of small lifestyle farms

Population trends highlight urban-to-rural migration growth regions in amenable lifestyle areas (Salt 2004, Barr 2005) however there is little empirical data on the value of this migration to rural communities. Density and clustering of small lifestyle farms at the broad scale has been previously mapped (Barr 2004; Hollier & Reid 2006). Anecdotal evidence suggests a large range of positive 'spin-offs' from the current surge in small lifestyle farm popularity. On the flip side a range of concerns has been expressed predominantly focused on 'right to farm' issues or lack of farm expansion opportunities in response to high land prices reflecting urban property markets.

There is little doubt that farm families play a key role in rural communities. However the sustainability of farm based communities is increasingly under the spotlight, as community concern grows about potential loss of agricultural land as a result of small lifestyle farm developments in some rural areas. This transformation of traditional farming areas is often a cause of disquiet in rural communities reliant on agriculture (Barr 2004). Particular issues of concern about rural landscape change can be grouped and include:

- Decline of population on traditional commercial farms and in rural small towns in some regions.
- Land planning in rural growth areas.
- Loss of young people from farming and rural areas (and the associated increasing average age of the farm community).
- Incremental infringement upon a perceived 'right to farm' in agricultural production dominated communities undergoing change.
- Change in community values and expectations about farming practices.
- Amenity premium on land values precluding farm restructuring by amalgamation.

The patterns of farm occupancy entries and exits are not consistent across rural Australia. Generally, the rates of entry and exit in the cropping zones are low in contrast to high entry and exit levels in the rangelands and amenity regions where there is an abundance of small lifestyle farm establishments (Barr 2002). The high rates of entry to farming in amenity regions are consistent with the findings of researchers in North America and Europe.

Migration movements affect different age groups to a greater or lesser degree. Young adults are more likely to move location than any other age group (DVC 2004). In many regional areas, there is a net loss of young people (moving away for education and employment) and a net gain of older people (retirees moving in or the existing population ageing in place). In recent decades, the net loss of young people from regional areas has increased (DVC 2005). While this may suggest that more young people are leaving regional areas, it is important to remember that net migration is the difference between in- and out-movement. By looking at population flows in each direction, it can be seen that fewer people moving into regional areas had a greater impact on migration loss in recent years than did the numbers moving to Melbourne. This change in migration patterns is likely to be due to a combination of later family formation and professional career opportunities in Melbourne (DVC 2005).

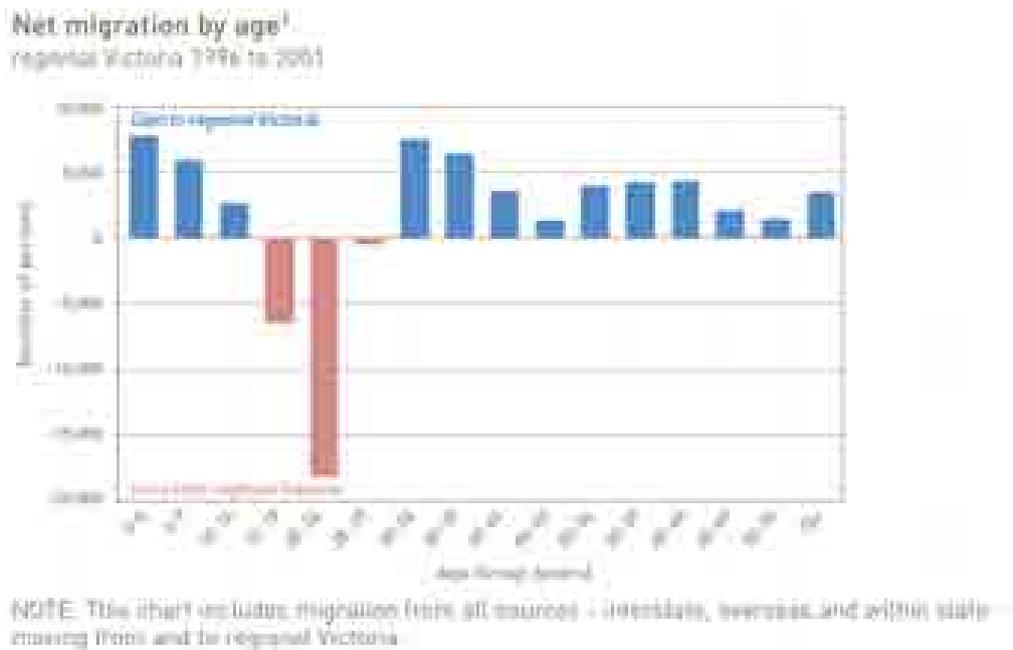


Figure 4. Net migration of regional Victoria by age between 1996-2001 (Source: DSE 2006).

6.1 Multi-functional virtues

Small lifestyle farms are multi functional, contributing to agricultural productivity and to a community’s overall economic and social development. Rosset (1999) described the dis-economy of scale and other benefits of small farm agriculture, which is being more productive, more efficient and contributed more to economic development than large farms. Rosset (1999) argues that the benefits of small farms extend beyond the economic sphere. Small farmers may also be better stewards of natural resources, conserving biodiversity and safeguarding the future sustainability of agricultural production. Small lifestyle farmer narratives analysed as part of this study have enabled a grouping of perceived benefits or values to community. The groups are summarised below.

Perceived contribution to community

- Contribution to local economies (purchase of goods and services)
- Membership of community groups and sporting associations
- Preservation of the environment and improvement of natural assets (specifically tree planting as part of Landcare activities)
- Leadership in community groups (official positions)
- Employment opportunities for others (such as contract land management services, tourism ventures)
- Business opportunities for others (such as marketing niche products)
- Business ownership in towns and associated flow on benefits
- Contribution to agricultural food supply
- Wide range of services to community due to employment (teachers, nurses, shop owners)

The public value of small farms has been assessed in the United States (USDA 1998). There are some findings from the United States work that are consistent with the findings from this project, namely;

- **Diversity:** Small farms embody a diversity of ownership, of cropping systems, of landscapes, of biological organisations, culture and traditions. A varied farm structure contributes to biodiversity, a diverse and aesthetically pleasing rural landscape, and open space.

- **Environmental benefits:** Responsible management of natural resources produces significant environmental benefits for society.
- **Empowerment and community responsibility:** Decentralised land ownership produces more equitable economic opportunity for people in rural areas, as well as greater social capital. Landowners who rely on local business and services for their needs are more likely to have a stake in the well being of the community and the wellbeing of its citizens. In turn, local landowners are more likely to be held accountable for any negative actions that harm the community.
- **Places for families:** Family farms can be nurturing places for children to grow up and acquire values. The skills of farming are passed from one generation to another under family ownership structures.
- **Personal connection to food:** Most consumers have little connection to agriculture and food production. As a consequence, they have little connection with nature, and lack an appreciation for farming as cultivation of the earth for the production of food that sustains us. Through farmers' markets, community supported agriculture, and the direct marketing strategies of small farmers, consumers are beginning to connect with the people growing their food, and with food itself as a product of a farmer's cooperation with nature.
- **Economic foundations:** Small farms contribute to the economy.

It is often difficult to delineate the farm business direction and the lifestyle goals of a family farming enterprise. As stated by Shadbolt & Rawlings (2000), the family farm business, "mixes emotions and sentimentality with objectivity and rational calculation." In terms of non-financial drivers relating to emotion and sentimentality, Gasson's (1973) study of the goals and values of farmers help to illuminate why farmers farm, and assists in predicting why farmers engage in farm diversification – which is a hallmark of small property owners. The study found that small farmers place a high value on intrinsic aspects of farming, particularly that of independence, but also found that they express an enjoyment of the work, and a preference for a healthy outdoor farming life. This is supported by research into the drivers of land-use change associated with the small lifestyle farm sector (Crosthwaite et al. 2004).

6.2 Social

In 2004, the Department for Victorian Communities (DVC) conducted a survey to find out the characteristics Victorians thought were important in communities. The results of the survey indicated three broad areas of importance:

- Government working with communities to enhance safety and security
- Local services and facilities; pleasant local people and environments
- Opportunities to participate

These aspirations appear to be similar for all communities in Victoria, regardless of their socio-economic status.

The key finding from DVC's research is that community strength has a different character in the different Local Government Areas across Victoria. The difference between rural and metropolitan character are striking. Rural shires generally scored higher than the metropolitan councils on all community strength indicators. These indicators include community attitudes, participation in various organisations and the ability to get help when needed through social networks (refer DVC 2005 for further detail). Our research showed that:

- Local government areas with a high proportion of small farms generally scored higher across the indicators of community strength than the state average.
- Higher reported levels of community cohesion in regional Victoria compared to urban Victoria. The higher proportion of adults within regional communities reported that they found it easier to obtain help from family, friends and neighbours.
- Perceived higher safety levels within their regional communities. People living in regional Victoria reported a higher level of feeling safe when walking in local areas compared to metropolitan areas.

These results give a clear signal of the value that small farms have in contributing to healthy communities.

Research into the patterns of health, wellbeing and community strength across five rural and three metropolitan departmental regions (DHS 2003) indicated a higher community strength index in regions with a high density of small farms when compared to regions of a lower density of small farms across Victoria. The proportion of male and females in the Hume region (which has the greatest concentration of small farms in Victoria) who could obtain help from their family, friends and neighbours was significantly greater than the State average including areas with low density small farm occupancy.

The perception of a cohesive rural community and safe or 'wholesome communities' is associated with new small lifestyle farmland ownership in regional Victoria and can drive land-use change (Hollier & Reid in press). Positive benefits that influence the strength of a community have been linked to participation and the associated building of networks (DVC 2005). There is evidence to suggest that the simplest forms of participation, such as attending events and helping neighbours, are the precursors of strong networks in local areas (Perkins, Brown & Taylor 1996; Foley 1999). Participating within social networks may be problematic for some new entrants to regional communities (Hollier & Reid in press).

Participation helps build networks. An association between participation and health and wellbeing has also been clearly demonstrated (Young & Glasgow 1998; Berkman & Glass 2000). Social networks have been found to be associated with better physical and mental health, higher educational achievements, better employment outcomes, lower crime rates, decreases in maltreatment of children and an increased capacity for a community to respond to threats and interventions (Coleman 1988; Tomison 1996, Vinson, Baldry & Hargreaves 1996; Porter 1998, Berkman & Glass 2000; Lin 2001; Szreter & Woolcock 2004).

Increased population diversity associated with small farm occupancy brings social value to rural communities – diverse views and values, life experiences and skills. Core attributes of community value include diverse economic opportunities with choice strongly influenced by personal attributes, including household composition, skills, qualifications, motivations and stage of life, as well as farm resources and accessibility. The nature of the new small lifestyle farm population offers a range of opportunities to enhance community assets such as service and infrastructure development.

The high turnover of small rural holdings is particularly important in accessing the social value of small lifestyle farms to rural communities. Bringing new people (including children) and skills into the communities builds critical mass for services and infrastructure support but their 'churn' effect is unclear. Research into growing social capital of rural communities and the task of capacity building highlights the rural Australian will continue to live and work in a complex and dynamic operating environment where the one of the few certainties is constant change (Macadam et al. 2003).

This social diversity can improve the strength and vitality of the community but it can also lead to conflict. Conflict can occur when:

- Newcomers have different values and expectations to the existing population (for example, people on lifestyle blocks may be less tolerant to the smells and sounds associated with agricultural practices).
- Social disparities are increased (for example, the disparities in income and lifestyle between seasonal workers and the growers who employ them).

Land use change associated with the small lifestyle farm sector can lead to greater employment opportunities and increased demand for seasonal labour (for example the horticulture and viticulture operations) providing social and economic value to communities. The provision of rural services may also be affected (for example, rural service towns in areas that have attracted small lifestyle farmers for tourism or hospitality ventures, both of which have relatively high labour inputs).

The social culture that small lifestyle farms bring to rural communities is potentially critical to the survival of towns. In the past, the loss of farm populations has had a profound impact on the fabric of

rural life, as school populations decline, services close, businesses close, property prices decrease and further declines occur as others leave (Collits 2000; Cant 1986). Mayerfeld (2004) reports that ‘everyone who has done careful research on farm size, residency of agricultural landowners and social conditions in the rural community finds the same relationship: as farm size and absentee ownership increase, social conditions in the local community deteriorate’. Anecdotal evidence in Australia suggests as small farmers move into regional areas, services, employment opportunities and cultural opportunities increase, in turn leading to further resettlement within the community. Growth within amenity landscapes is likely to increase as technological change, infrastructure and cultural opportunities support the desire for rural living (Burnley & Murphy 2004).

6.2.1 Vulnerability and resilience

Structural adjustment requires flexibility and resilience among agricultural communities. Such resilience can depend upon factors such as education and income opportunities as much as on environmental factors. The diversity of the small farm sector provides opportunities for enhanced community resilience.

The Australian Bureau of Agriculture and Resource Economics vulnerability index aims to measure the strength of communities to structural adjustment in agriculture. The index is of interest in that it covers a range of social, economic and environmental factors, suggesting policies that aim to support and encourage sustainable farming enterprises need to consider more than simply economic factors. Specifically, the vulnerability index is based on social factors (education levels; number of partners in business; Internet use; Landcare membership), environmental factors (land degradation; pasture growth index), and economic factors (income sources; area operated; average income; income risk; off-farm income) (Nelson et al. 2005).

Groups vulnerable to social isolation included people new to an area. This may have implications for new entrants to small farming if community engagement strategies and networks fail to be attractive. The level of community vulnerability in the face of structural adjustment in agricultural regions in Victoria suggests the most vulnerable communities are those situated in production focused rural landscapes under transition.

Generally across Australia amenity landscapes, characterised by a larger proportion of small lifestyle farmers, are less vulnerable. Mapping the vulnerability index highlights regions of Australia where broad acre farm households are likely to be most vulnerable to external influences such as structural adjustment (Nelson et al. 2005) (see Figure 4). Many of the communities in eastern Australia with a vulnerability index in the highest 10% occur in a band between the western margin of cropping areas in the wheat-sheep zone and the more extensive grazing areas to the west. In South Australia, New South Wales and southern Queensland, these farm households operate smaller than average properties relative to the rest of the pastoral zone and are mostly dependent on sheep, with some opportunistic cropping along the eastern edge of the region. Factors contributing to the vulnerability of these broad acre regions include operator education, spouse education, partnerships, Internet use, Landcare membership and degradation (Nelson et al. 2005). Another band of communities with vulnerability index in the highest 10% stretches along eastern New South Wales and into south east Queensland. Farm households in these regions are typically earning lower than average on-farm incomes and are facing continuing pressure from rising land values caused by urban encroachment. Factors contributing to the vulnerability of these regions include a lack of diverse sources of farm income. Nelson et al. (2005) indicated that many Australian farm households dependent on broad acre agriculture lack elements of the human, social, natural, physical and financial capital necessary to readily adapt to structural adjustment pressures.

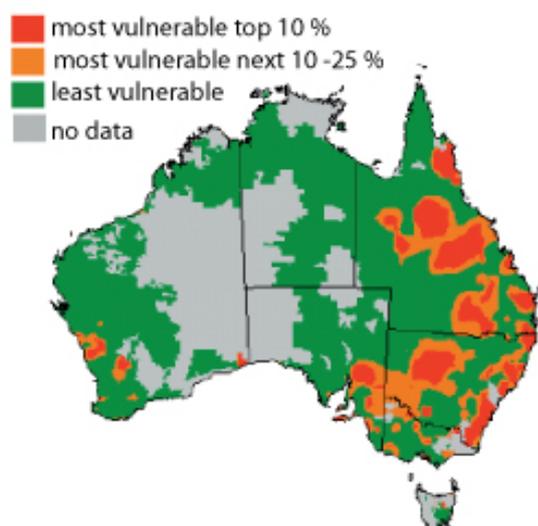


Figure 5. Vulnerability across Australian agricultural regions (Nelson et al. 2005).

6.3 Economic

The number of small farms in a community is directly proportional to the economic vitality of that community (Thompson 1986). This is attributed to the fact that small farms, particularly in urban locations, do not depend substantially on the income from farming, and therefore do not face the same economic pressure to sell land for development as their larger counterparts. Where urban pressures are greatest small farmers own a relatively high proportion of farmland. Small farms may provide the opportunity for new capital to be invested in agriculture, along with investment in new and emerging industries. This capital may not be available otherwise. Langworthy and Hackett (2000) have reported that the development of a wide range of agricultural enterprises on small farms in the Mornington Peninsula region of Victoria was driven by off-farm financial resources, and the region has benefited greatly as a result.

Previous research (Ellis 2000) indicates household income is the most important determinant of well being. However (Barr 2003) suggests there is only a weak link between household income and size of farms in Australia.

Small farms are significant players in the economy of many developed countries and still dominate the agricultural sector in much of the developing world. What is it that makes small farms important in the community development debate?

In undeveloped countries, the attraction lies in their economic efficiency relative to larger farms, creation of large amounts of productive employment, reduced rural poverty and food insecurity, support of a more vibrant rural non farm economy (including rural towns) and help to contain rural-urban migration (Hazell 2003). An impressive body of empirical studies showing an inverse relationship between farm size and land productivity demonstrates the efficiency of small farms (Heltberg 1998; Rosset 1999). Rosset (1999) argues 'small is bountiful' and small farm agriculture provides productive, efficient and ecological vision for the future. Small lifestyle farms have multiple functions which benefit both society and the biosphere, and go far beyond the production of a particular commodity. In Australia, the potential efficiency gains of small lifestyle farms are much less important, and may not even exist, except for some speciality and labour intensive products like horticulture or value added agricultural endeavours.

The economic value of small farms to rural communities is considerable (see Figure 6). Current research suggests that 20% of the value of agricultural commodities produced in Australia comes from amenity

regions with a high proportion of small farms and 36% of all farm establishments are located in amenity regions.

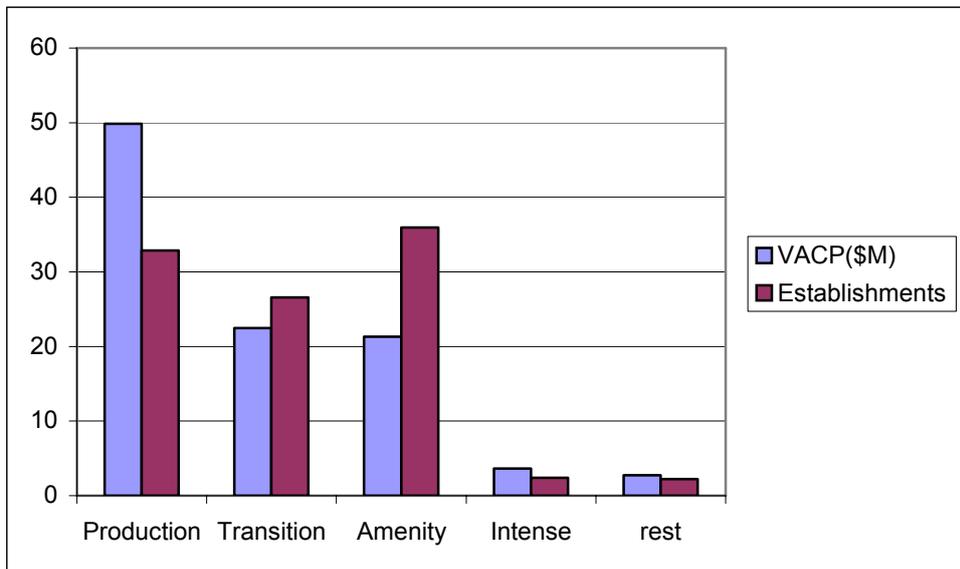


Figure 6. The Value of Agricultural Commodities Produced (VACP) and number of establishments across Australia based on social landscapes (Source: ABS 2001).

Barr (2005) suggests the production landscape is where agricultural productivity is one of the major forces shaping the social structure of the community. In comparison, amenity rural landscapes are landscapes with benign climate, water availability and accessibility to major urban centres. In these areas, demand for land competes with full-time agricultural business expansion.

Rapid improvements in transportation and the urbanisation of Victoria’s population have increased the demand for rural land for amenity rather than production purposes. Amenity purchases can include statement housing sites, hobby farms, rural residential properties, weekenders or bush retreats. Competition for farm land from amenity purchasers raises its price, in some areas higher than can be afforded by farm businesses. Farm businesses unable to compete in the local land market face a future of increasing economic marginalisation unless they can find a path to increased productivity that does not require increasing the size of the farm through land purchase (Barr 2005).

Nationally about 7% of the agricultural workforce reside in amenity landscapes, compared to 50% in production and transitional agricultural landscapes. Amenity regions cover 7% of agricultural land and are responsible for 20% of agricultural commodities produced in Australia.

In comparison production landscapes that span 60% of the agricultural land are responsible for 50% of agricultural commodities produced. The use of amenity land is much more efficient in terms of agricultural output compared to production zones. This suggests smaller farm units can be more efficient than larger operations. However, this may be strongly influenced by the system of agricultural production with amenity regions generally producing higher valued produce (ABS 2001).

The de-coupling of the farm sector from small town economies can influence community sustainability. Barr (2004) points out that a counterpoint to productivity and innovation in the Western Australia wheatbelt is the continuing trend of depopulation and decline of small to middle sized country towns in the cropping area. In the past these small town communities provided the social networks and business infrastructure for the rural communities. The relentless search for productivity on cropping farms fuels the decline of small towns (Barr 2004). Before the surge in small lifestyle farm ownership in amenity rural

communities, most rural economies were heavily dependent on agriculture. Business reflected the services required by the farm sector. In some areas, where agriculture is still a main stay of rural towns, communities are becoming increasingly vulnerable in response to population decline. In contrast, the popularity of small lifestyle farm popularity in amenity rural areas and towns is contributing to community economic maintenance and growth.

Local and regional economic development benefits from a small lifestyle farm economy, as do the life and prosperity of rural towns. What does the farm demographic change mean for rural towns and communities? Walter Goldschmidt's classic 1940's study of California's San Joaquin Valley compared areas dominated by large corporate farms with those still characterised by smaller family farms (Goldschmidt 1978). The research painted a picture of a community nearly defunct. He found that in farming communities dominated by larger corporate farms, nearby towns died off. Mechanisation meant that fewer local people were employed, and absentee ownership meant that farm families themselves were no longer to be found. Income earned in agriculture was drained off into larger cities to support distant enterprises, while in towns surrounded by family farms, the income circulated among local business establishments, generating job and community prosperity. Where smaller, family farms predominated, there were more local businesses, paved streets and sidewalks, schools, parks, churches, clubs and newspapers, better services, higher employment and more civic participation.

The local economic impacts associated with a generalised shift away from traditional large scale farm operations towards less intensive forms of small lifestyle farms, part-time farming, and rural residential and recreational development in Australia are still unclear. Anecdotal evidence suggests small lifestyle farms support local community business. However, empirical literature on the micro-relationships between farm scale and locality of purchasing behaviour is relatively thin. It would be expected that the proportion of small farm spending done locally would also vary across location.

It is certainly possible that a less intensive agricultural system in urban areas (or rural non-farm housing) could generate more stable economic activity through non-farm purchases of consumer goods and services. Goldschmidt (1978) suggests moderate scale farms had higher levels of socioeconomic equality and participation in community life. Other studies support the notion that there is a strong link between farm structure and community well being (Labao and Schulman 1991; Barnes and Blevins 1992). Marousek (1979) in a study of the economic importance of different sized farms concluded that small farms represent a relatively small market for local business, but spent a larger share of their production expense in the community. In contrast Korsching (1985) reported no strong relationship between farm size and spending habits among his sample of Midwestern (U.S.) farms. Foltz (2002) suggest scale does not influence farm spending patterns using a theoretical model of farm costs functions with transaction costs varying between local and distant input sources.

Land-use change in rural communities associated with small lifestyle farms has accelerated the economic value of farmland in specific regions (see Figure 7). The economic value of land in regional landscapes can be reflected in its productive value for agriculture (Agriculture Production Value). However, land-use change in regional areas associated with the small lifestyle farm sector has created a demand for land for other values (Rural Land Value). This creates uncertainty for agricultural industries to expand.

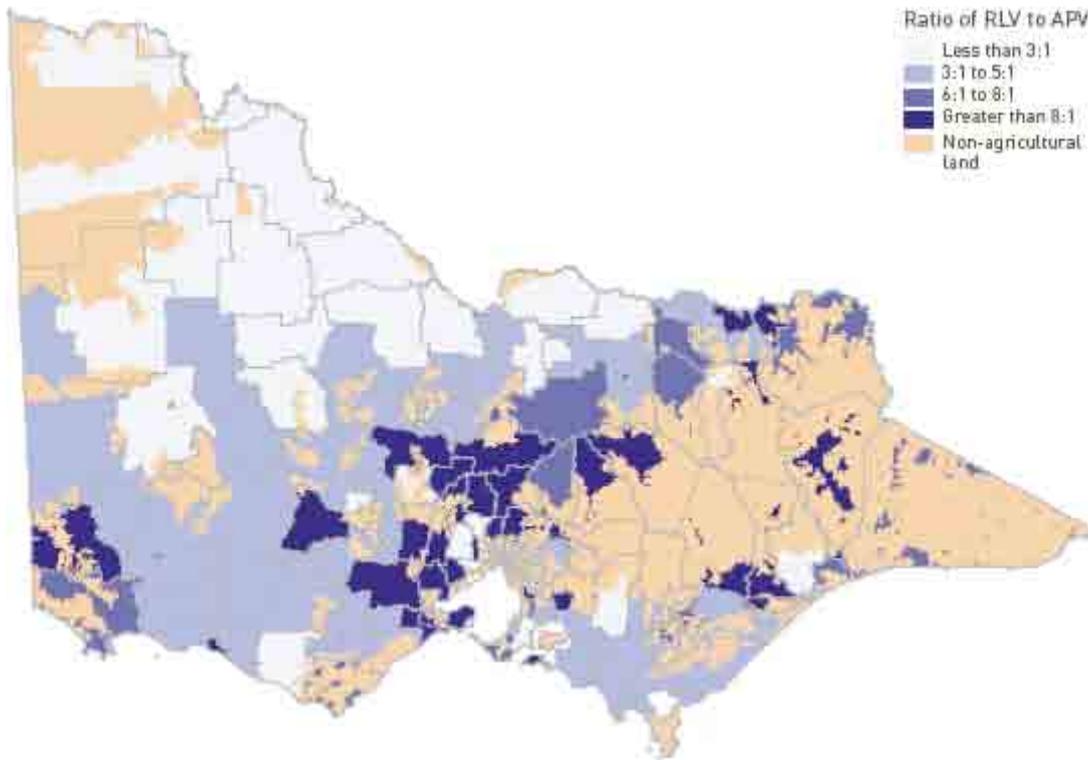


Figure 7. Ratio of Rural Land Value (RLV) to Agriculture Production Value (APV) per hectare (Source: DSE 2005).

It is important to note that land value may be described in economic, spiritual, environmental, cultural or aesthetic expressions. Land may have value to those owning or managing it, but it may also have value to the community at large. Differing values may create tension in the local community about how land should be managed.

6.3.1 Opportunities for market development

Novel ways of marketing rural products can influence the value of small lifestyle farms to rural communities, attracting tourism and cash flow. Direct marketing efforts within the sector have increased significantly in recent years, most notably in the form of farmers markets. The approach provides greater opportunity for small lifestyle farms to earn a share of the consumer food dollar. It is characterised by high value, specialty food products, direct contact between the producer and consumer and small-scale production systems. The increasing number of direct markets in rural communities assists in maintaining a diverse farming structure. Small lifestyle farmers can also benefit from greater economies of scale and market influence by joining with other small farmers to form cooperatives for marketing and adding value to raw commodities (Coster 2005).

Marketing strategies that promote the smallness of farms as an attribute and/or region are emerging in Australia within amenity landscapes with high tourism levels. An increasing number of small farm products, particularly specialised foods, are marketed within the local regional community. In the United States, this is taken one step further with labels identifying the farm family, farm location and the stewardship efforts taken to grow or raise the product.

The value-adding or niche marketing of small farm industries has led to a diversity of industries within a community, which can be utilised by the communities for other economic opportunities, such as tourism and marketing for the town. Small farm local marketing of produce can lead to many flow-on benefits to local communities. Circulation of income around local business enterprises, employment, prosperity, increased infrastructure and services, and more civic participation can result from produce being sold locally (Rosset 1999). This is evident in Australia, with Adams (2003) reporting that farmers markets can revitalise town and public space, link rural and urban communities, benefit health and regenerate the community spirit of the host region. The benefits of farmers markets to small farmers are numerous, allowing fresh produce to be sold locally, developing markets and supply-chains, increasing business knowledge, creating networks with local farmers, businesses and community members and increased opportunities to identify demand of value-added and niche products (Coster 2005). The 'face to face' interaction is considered an integral part for developing a sense of community.

Small farms can have a variety of effects on local farmers and communities. In some regions the diversity of the local population enhanced the strength and vitality of the community. Greater employment opportunities, increases in the provision of rural services such as schools have benefited from the influx of people associated with changes in land use. However, negative impacts have also been identified:

- reduced custom of local stores as better road conditions allow residents to do their business (such as shopping, banking etc.) in nearby larger towns
- increased conflicts over 'right to farm' issues and an increasing sense of isolation
- perceived loss of quality of life from those farmers that haven't changed their land use practices.

6.4 Environmental

Small farms play an important role in sustainable land management. Research suggests that responsible small farmland management of natural resources and wildlife produces significant environmental benefits for society (USDA 1998; Thompson 1986; D'Souza & Ikerd 1996). Small lifestyle farmers can be thought of as contributing to environmental sustainability because they embody a diversity of ownership, agricultural systems, landscapes, networks and different views and values (Hollier & Reid in press). Small farms have been recognised as being more in tune with the peculiarities of the landscape of which they are a part (Thompson 1986).

Within a sustainability context the societal benefits of small farms include:

- acting as buffers against urban encroachment
- providing scenic attributes
- lowering the intensity of land use

The consequence of more and more farmers concentrating their production towards overseas markets has seen a loss in agricultural biodiversity. International markets require standardised, uniformed products with a guaranteed continuity of supply. In order to meet these demands, producers are required to move to much larger monocultural scales of production to meet these demands. This has resulted in the loss of agricultural diversity as diverse farming production systems are increasingly amalgamated in order to align to the demands of international markets. The prediction is that the terms of trade pressures will ensure the number of farms will continue to decline, and fewer farms will produce more and more of the agricultural production of the country (Barr 2003).

Pretty (1995) goes so far as to conclude that small farmers offer a biological diversity in a landscape that, if left to international markets, could quickly become an *industrialised monoscape*. There is a propensity for these smaller allotments to be involved in a niche industry. This economic diversity is underpinned by biological diversity offered by the different varieties of plant and animal species involved in small scale operations. The growth of the small lifestyle farm sector may offer a partial reversal of the current trajectory of land-use towards larger monocultures.

Because small lifestyle farmers derive most, if not all, of their income from off-farm work, they are less reliant on the land for production, which opens opportunities for environmental and biodiversity gains through conservation activities. Small farms can be effective stewards of natural resources and have a vested interest in sustainability. Small farmers operate diverse farming systems, incorporating and preserving significant functional biodiversity within the farm (Rosset 1999). By preserving biodiversity, open space and trees, and by reducing land degradation, small landholders provide valuable ecosystem services to the wider community.

The values small lifestyle farmers hold are diverse and will influence their land management practice as well as their individual contribution to the communities in which they live. Land management practice decisions such as weed control, plant and animal management or enterprise mix will be influenced by personal and community values. Exploration of the sector has revealed a variety of non-traditional land-use drivers (Hollier et al. 2004). For example, many of their interviewees subscribed to low or no synthetic input into their production systems – with the sector valuing ‘home grown’ foods as being healthier and ‘factory’ or modern modes of food production being associated with an inherent badness. The sector practiced a variety of non-traditional methods for weed control. Because of the smaller block size, it was feasible for participants to hand pull weeds rather than using chemical control methods. However, it should also be recognised that these are local level examples, and situations may vary across context.

Rural subdivision may have a range of environmental effects that may be positive or negative on the perceived value of small lifestyle farms to communities. Due to the diversity of environmental settings and patterns of subdivision for small lifestyle farms, there are no generic lists of environmental effects for rural subdivision or characteristic patterns of severity of impacts. Often rural subdivision results in an environmental impact scenario that is more akin to the existing rural land use than it is to urban development. A key implication of this is that adverse environmental effects arising from rural subdivision are generally low in accordance with local government regulations.

Qualitative data analysis of semi-structured interviews with small lifestyle farmers (Hollier & Reid forthcoming) indicate medium to high participation levels of the sector in volunteer work in a variety of tasks relating to environmental management. Small lifestyle farmers reported to be actively involved with groups such as Landcare to address problems such as land degradation, water quality, salinity and impacts of pest plants. A strong land stewardship ethic and connection to nature was highlighted.

The environment also provides benefits, which are less tangible to assess the value of small farms to communities: landscape beauty, cultural and spiritual meaning and a sense of place.

7. Discussion and conclusions

Whilst ‘community’ is a sociological concept, rural districts and small lifestyle farm clusters that influence rural communities is a spatial one, concerned with physical dimensions and local area. Current research into the small farm sector has focused on socio-demographic change in rural landscapes and provided characteristics of the sector that may influence understanding of their contribution to rural communities. Quantitative research investigating the value of small farms to rural communities is currently undeveloped.

Complex social, environmental and economic factors influence value judgements of the small farm sector to rural communities, as does personal drivers and emotions. Sense of place may be a powerful ally and contributor to improved understanding of the value of small farms in rural communities. People form strong attachments to the places where they live and attach importance to places such as towns and rural landscapes, as well as particular features within them. Rural landscape features also play an important role in both shaping and sustaining cultural values within societies.

The economic, social and environmental aspects of a rural community share a complex inter-dependent relationship. The large number of small lifestyle farms in rural communities, supporting and increasing the community population, can contribute to higher levels of health care, council and other public services. The injection of skills can aid membership and longer-term security of community service groups and institutions such as Landcare, service clubs or local sporting clubs. Small farms can contribute to the ability of rural communities to be able to manage and deal with change into the future (social capability) thus ensuring their survival (DVC 2005). Small farms also support local economies and can offer new markets and opportunities for the local economy largely in response to tourism (Coster 2005).

What different community sectors bring to community value is a controversial field for several reasons:

- The locus of debate about shared values. There is more scope for unresolved dispute about values than in any other sphere of human activity.
- Everyone is a member of a community, and hence an expert in some degree.
- The knowledge base for those working with and assessing community is highly specialised and requires depth of experience.
- Community membership is in constant change and is difficult to monitor.
- Voluntary activities are a mix of community sectors.
- Healthy communities are an important value held by society.
- Ensuring vibrant communities make good business sense from an economic perspective (provides a better source of skilled labour, innovation and future leadership, as well as consumers).
- Culture and recreation are identified as keys to rural community success. For example, some rural communities measure the health of a community by the membership of the local football club. In contrast, public art is re-emerging as a method that has the potential to build community health and revitalise community values.

Small lifestyle farms have a range of impacts on rural and regional communities. Value judgements, collated as part of the study, illustrate the subjective nature of assigning attributes to the social, economic and environmental aspects of community.

7.1 What do small lifestyle farms contribute?

The potential benefits of small farms to rural communities appear to outweigh the potential costs when viewed as resilient communities. Further, the nature and characteristics of small farms although not dominate in production terms, are numerically significant and an integral part of the rural landscape. Small lifestyle farms provide diversity of land ownership, landscapes and agricultural production systems; delivering important cultural, aesthetic and environmental values. Small lifestyle farms contribute to economies by generating wealth, providing employment and creating tourism opportunities. Small lifestyle farmers can play a significant role in helping rural communities retain business and services thus helping to maintain a more viable population. Diverse larger populations also help sustain community groups and develop new interest groups, which provide social capital. For these reasons it is important to consider small lifestyle farms in program and policy development.

Small lifestyle farmers are important consumers of the services, infrastructure and products of rural towns. They help to maintain critical levels of rural population density needed to sustain key rural services and institutions, and they also have an important electoral voice. Small lifestyle farms are perceived as an attractive, wholesome and stable way of life.

Table 1. The social, economic and environmental value of small lifestyle farms.

Indicator	Positive impact	Negative impact
Social	<ul style="list-style-type: none"> • Breakdown in divide between urban and country dwellers • More people in some rural areas maintaining communities • Greater cultural diversity • New people, new skills, ideas and financial capital • Improved lifestyle for individuals within the community (in response to diversity, new business ventures) • Improved infrastructure to cater for population increase • Provide scenic attributes 	<ul style="list-style-type: none"> • Loss of cultural heritage associated with traditional farming and farm life • Diminished cultural integrity (continuation of local culture and traditions) • Conflicts between values, attitudes, aspirations and practices of small and large farmers • Rapid turnover of properties eroding social capital in rural communities • Increased social tension • Increased pressure on services
Economic	<ul style="list-style-type: none"> • More diversified and resilient rural economies • Increased land values in certain areas • Flow-on wealth to landowners, real estate 	<ul style="list-style-type: none"> • Fewer farmers leading to loss of agricultural production and agricultural income. • Rising land value of agricultural land limiting expansion of fully commercial enterprises • Inefficiency (It is generally recognised that economies of size accrue in farming)
Environment	<ul style="list-style-type: none"> • More people to undertake conservation work • Land planning • Attraction to nature and land stewardship ethic • Increased biodiversity due to more diverse land management practices • Act as buffers against urban encroachment • Lower intensity of land use • Greater reliance on conservation practices 	<ul style="list-style-type: none"> • Smaller property sizes and higher population densities leading to increased environmental impacts (eg. Farm dams). • Difficulties in coordination of land management activities • Loss of amenity, urban sprawl • Lack of experience, knowledge, interest leading to poor land management of weeds, less awareness of pest and disease risk, less work on environmental problems like soil health

7.2 Paths to progress

Socio-demographic change in rural communities provides opportunities and challenges. The transformation in the way agricultural production takes place and in the people who occupy farmland provides new challenges. Understanding the value of small farms as contributors to healthy rural communities is important for social, environmental and economic policy makers, community development strategists and agribusiness. It impacts on the ability of communities to shape their future and embrace diversity and gain lasting economic, social and environmental benefits.

Place-based approaches for community strengthening will be important to unravel the value of small farms in specific rural communities. Within communities there are different social groups that all have different status, power, influence, wants and needs. Place-based approaches provide a platform for local involvement and inclusive participation within community strengthening programs. As well as community indicators, a set of place indicators may allow others to judge the 'health' of local places and communities. The concept of community strengthening needs to be extended to include local economies as a source not only of wealth creation, but also local networks and local identity.

Whilst currently an undeveloped research area, network analysis of the small farm sector may hold clues to the value of small farms to rural communities. Small farm alternative land management views, values and interaction with their large commercial farm neighbours may stimulate positive network alliances. Where social contexts are conducive, networking between larger farmers and new farm entrants provide invaluable sources of knowledge and develop social capital of a community.

The study suggests potential methods that may advance future research in qualifying the value of small farm sector to healthy communities include:

- Comparison of an area with a high percentage of small farms with a low proportion of small farms.
- Development of a consistent definition.
- Description (socio-demographic, socio-economic) of the diversity of rural communities in response to change in the number of small farms.
- Economic qualitative analysis of target areas in local government areas.
- Social research on the debt/equity measures, population, network membership.
- Environment assessment of the amenity value of the small farm landscape using parameters such as native vegetation cover, land use, water quality.

7.3 Key findings

The key findings from the study are:

- There is considerable commentary on the value of small lifestyle farms to rural communities but little quantitative evidence.
- The increasing number of small farms in some regional areas is changing the traditional demographic make-up of rural community, influencing community values and providing new opportunities for community growth.
- Social, economic and environmental measures that reveal the value of small lifestyle farms to healthy communities are complex, generally untested and often subjective in nature.
- Rural Australia is moving into a new era of greater population pressures, greater demand for land and rural residential housing and consequently may need to adjust ideas about the character of the Australian countryside.
- Landscape and land productivity is being impacted in response to new subdivisions and development, however it is not just sentimental and nostalgia which opposes new development and influences community values.
- The tenure pattern of land is changing rapidly, production is diversifying, productivity is multiplying, land prices are increasing, and the landscapes supporting rural communities are changing dramatically.
- Changing patterns of settlement in rural Australia are having a profound impact on social structures that support rural communities.

7.4 Recommendations

The four recommendations of the report are:

- Appropriate measures to assess the value of small lifestyle farms to rural communities need to be developed and tested. It will be important that future research is predicated on the principle that much can be learned from simply listening to what communities have to say about themselves; and to understand the inter-relationships between people and the places they live.
- Further research is needed to understand how value systems relate to current demands and trends associated with socio-demographic change and the influx of small lifestyle farms in rural communities.
- All levels of government need to be recognise the small farm sector as valued contributors to regional communities and landscapes. A single 'one size fits all approach' will but unsuccessful. Rather it will require understanding of the sector and the potential impacts that may influence community development programs and sustainable land use.
- Policy makers need to develop an understanding of the diversity of the sector including views, values and aspirations to identify appropriate approaches and tailor policy.

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Small Farms

Valued contributions to healthy rural communities

by Carole Hollier & Michael Reid.
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Australia's farming history has seen a shift from a countryside once scattered primarily with traditional family farms, to a diverse landscape where large farms operate next door to rural residential properties and small farms. This project aims to increase national understanding of the contribution that small farms make to rural communities. The diverse nature of small farms can mean that they make a substantial contribution to rural communities and way of life in many parts of Australia.

This study compiles available information on the value of small farms to rural communities. And, for the first time, it provides a broad picture of their overall worth in social, economic and environmental terms. Government organisations will benefit from these findings as input for policy and program development.

RIRDC's Rural People and Learning Systems Program aims to improve productivity, environmental sustainability, and wellbeing in rural and regional Australia through R&D that contributes to building stronger and innovative institutions, communities, group activities and personal capacities. The people, or human capital, engaged in rural industries drive innovation and change leading to improved productivity and sustainability.

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