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Farm syndication has advantages

By G. Kennedy, Narrogin office

Sharing of single items of plant between farmers is common in Australian agriculture but it is quite rare for farmers to amalgamate their holdings and farm them as a single unit.

This article looks at the advantages of syndicate farming. It is based on a study of four whole farm syndicates in the Wimmera of Victoria.

Farming methods

The most obvious difference to be seen on a syndicated farm is the increase in the number of men per machine. This means that farmers can work shifts and machinery can be operated for much longer periods without the need to hire outside labour which is often difficult to get at peak periods.

The improved labour supply also enables several jobs to continue at the same time. At seeding time, machinery repairs and maintenance and sheep work can be carried out while cropping plant keeps working. At harvest, carting can be done while the harvester keeps working. Another advantage is that the time involved in machinery repairs and maintenance and setting up for various operations can be reduced because there are fewer items of plant involved.

The larger scale of operation of syndicates makes it economic to use the most modern type of equipment available. In the syndicates surveyed, bulk seed and super equipment had been introduced where the individual farms would have been too small to do this economically.

Stock work can be more efficient in syndicates. One man can check all of the sheep in not much more time than it would take an individual to check his own sheep. There is one shearing to prepare for instead of several, and there is no need to hire shed labour. The larger scale of syndicates allows wool and stock to be sold in larger lines.

Table 1. Replacement cost of cropping machinery for “typical” one man farm in the Wimmera and four syndicates

<table>
<thead>
<tr>
<th>Plant value per hectare of crop</th>
<th>Area of crop (ha)</th>
<th>Plant value</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Typical farm      ..........   200       49 000   230</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Syndicate A          ..........   1 130     106 700   94  
| Syndicate B          ..........   1 620     164 500   102 |
| Syndicate C          ..........   2 000     107 500   54  
| Syndicate D          ..........   1 050     129 300   115 |

* Syndicate C had taken on some extra land. They would probably need some extra machinery to handle it.

Table 2. Expansion achieved by syndicates

<table>
<thead>
<tr>
<th>Original size</th>
<th>Extra land</th>
</tr>
</thead>
<tbody>
<tr>
<td>Syndicate A</td>
<td>750 ha</td>
</tr>
<tr>
<td>Syndicate B</td>
<td>750 ha</td>
</tr>
<tr>
<td>Syndicate C</td>
<td>1 215 ha</td>
</tr>
<tr>
<td>Syndicate D</td>
<td>690 ha</td>
</tr>
</tbody>
</table>

Syndicates make many farm jobs such as fencing, drenching and building, easier and more pleasant because there can be several men on the job.

Economic effects

Machinery costs. Large plant is not much cheaper to operate than smaller units of plant. The main machinery savings in syndicates are derived from increasing the utilisation of plant. Single operators too can fully utilise plant, but to do this they have to hire labour and their costs would be higher by this amount.

Capital costs of machinery seem to be similar amongst syndicates irrespective of the syndicate size. These costs are about half of that needed on typical single operator units.

Table 1 compares the replacement cost of cropping machinery for the syndicates with a hypothetical one man farm typical of the Wimmera. If two such typical farms amalgamated and could do the job with one plant there would be a capital saving to each of $25 000. If the machines were depreciated over 10 years at 10 per cent this would save $3 750 annually.

Hay equipment, minor plant and tools were not included in Table 1 and these offer some extra savings.

Table 2 shows the expansion achieved when the study was made. This growth had been achieved in only two or three years. There is no proof that syndicates are able to expand more easily than single operator units, but the farmers in the syndicates believed that they would not have been able to expand on their own.

Possible reasons for syndicates being able to expand more easily are:

• The large size of the syndicated farm in relation to farms for sale makes financing easier.

• The lower costs of a syndicate may give it a competitive edge in bidding for available land.

Productivity

The four syndicates surveyed had been able to increase their cropping intensity, something they would have found difficult to do as individuals. Syndication had removed the constraints of machinery and/or labour from individual farms.

Expansion

Expansion was a major aim of the three syndicates studied, and since the study it has become policy for the fourth syndicate also to expand.

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Syndication can make life easier

- Existing labour may be enough to farm extra land.
- A syndicate can spare a man to be away from the main farm to work other land.
- The group may build confidence to expand.
- A syndicate may have less seasonal risk due to its spread of land.

In the long term the ability to expand may be the most important economic advantage of syndication.

Labour
Savings on hired labour were not widespread as most of the farmers in the survey did not hire labour. For those who did, syndication removed this expense.

Finance
Under the legislation to assist cooperatives, one of the syndicates is a registered cooperative, and has had its loans guaranteed by the Victorian Treasury. This overcomes the problem of security required by private lenders. The other groups had been largely self financing.

Internally, syndicates can provide some members with a new source of credit. Farmers who do not contribute their full share of capital can be indebted to the syndicate and pay a commercial interest rate on the short-fall. This is only possible where some farmers are willing to contribute more than their basic share.

Spreading of risks
Most of the syndicate farmers anticipated that overall crop yields would vary less due to the spread of environments and a greater range of soil types. The risks of a complete loss due to fire, hail and rust have been reduced for the individual.

Sheep
The syndicates expected a price advantage from selling wool in bigger lines. Shed labour was no longer needed, and syndicates could use the best wool classer out of its members, removing this cost for some.

Specialisation
A syndicated farm can have a broader spread of talents. Some farmers are good with stock, some are mechanically gifted and others may be good with figures. This advantage is difficult to evaluate in money terms, but it should benefit syndicates financially.

Personal effects of working in a group

Independence
Loss of independence is the most commonly quoted objection to syndication. The suggestion that farmers won't syndicate for this reason implies that they value their independence above all. However, this study found that farmers did not resent their loss of independence in decision making. In fact, most considered it an advantage to have others to discuss decisions with and share the responsibility.

Some loss of independence was felt in the ability or inclination of syndicated farmers to attend to personal or household matters.
during the week. This was also felt as a loss by the wives. Against this disadvantage, syndication had given farmers independence from the farm. They were able to be away from the farm for extended periods, comfortable in the knowledge that their interests were being looked after.

**Working conditions**

Working conditions had improved due to the new larger plant being more comfortable than the old plant. Shorter shifts on the tractor had also improved working conditions and the company of other farmers had made many boring jobs more enjoyable. Syndication has allowed members to spend more time at jobs they are good at and enjoy. Farmers often have to attend to several jobs at once, particularly during cropping time. This pressure has been reduced by syndication. Although syndication reduces the ability to take time off during the week, weekend work has been reduced.

**Effects on the family**

Syndication has improved family security. In the event of sickness, injury or death of the farmer, the farm keeps running. During the week, the farmer has less time to attend to household jobs, he is away from home more, and the wife may be less informed about his activities. Against this, the increased freedom at weekends, and the increased ability to take holidays has been an advantage to the families.

**Satisfaction with syndication**

In syndicating, the farmers surveyed were expecting to achieve an improved life style as well as economic objectives. Most were satisfied that they had achieved both although the economic benefits were not as immediate as they might have expected.

**Conclusions**

Syndication of farms produces machinery economies by facilitating the full utilisation of plant without the need to hire labour. Compared with single operator farms, syndicates can operate with half the amount of capital invested in machinery. Syndicated farms may find it easier to expand because of their large combined size in relation to the size of farms for sale. Extra production can also result where capital and/or labour are limiting on single operator farms. This ability to expand, coupled with improved working conditions can increase the sense of achievement from farming.

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**Moore — a high yielding oat for the West Midlands and West Great Southern**

A new oat variety named Moore has recently been released to growers in western cereal areas. Bred and tested by the Department of Agriculture, Moore has outyielded all other oat varieties in areas west of Katanning to Eneabba with average annual rainfall of more than 450 mm.

In the West Midlands, yields are about 20 per cent more than West, the currently recommended variety, and up to 8 per cent more than West in the West Great Southern. Moore is a short season oat, slightly later maturing than West but about the same height. It stands and holds its grain well, and is resistant to rust which can be a problem in these areas.

Tests on grain quality have shown that Moore should be good for feed and milling. Grain quality is similar to West except grain is slightly lighter coloured and groat (hulled grain) percentage is slightly lower. Groat percentage is however higher than Avon and Ballidu, and grain generally compares well with the present standard of Western Australian oats.

The variety, originally tested as the crossbred 66Q01-8, was selected from crosses between Fulmark, Newton and Swan. It was named after the Moore River as all Western Australian bred oats are now named after rivers of the State. The variety was tested in over 80 trials throughout the State during the period 1972 to 77.

The Minister for Agriculture, Mr R. C. Old, when announcing the release of Moore, said that the variety confirmed the reputation of Western Australia for breeding high yielding, good quality oats, and Moore should make a real contribution to incomes of oat growers in the West Midlands and West Great Southern.