Discussion Paper

The Financial Security of Farm Businesswomen in Australia

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CONTENTS

EXECUTIVE SUMMARY

The financial insecurity of farm businesswomen is a complex and multifaceted issue. This discussion paper was developed on behalf of the Queensland Farmers' Federation (QFF) to investigate the nature of the problem, with the aim of providing recommendations and identifying pragmatic steps for government, industry bodies, researchers, and farmers themselves to progress change. After analysing statistical data and calling upon stakeholder input from QFF's Queensland Farm Businesswomen Roundtable, four key problems have been identified.

The first is the prevalence of unpaid work in the industry. At least one third of all female farmers and farm managers are unpaid contributing family members. This is clearly a significant structural issue for the industry as a whole, yet it is difficult to make progress on the issue while farmers rely on this labour to maintain the viability of their farms. Moreover, farm businesswomen face further challenges in generating off-farm income due to factors such as isolation and domestic work, and this income is nevertheless often exhausted by farm and household expenses, meaning that women often fail to retain any funds for themselves.

The limited opportunity for women in financial decision-making is another key problem that must be addressed. Often in family businesses a mistrust of daughters-in-law due to the way that divorce can damage farm businesses, as well as a misunderstanding of the value of their contributions, means that financial decisions made about issues such as superannuation and business transition often leave women in vulnerable situations. Education for farmers of the benefits of incorporating women's voices in financial decision making is essential for combating the issue of financial insecurity as a whole.

The third point discussed is the way that government and other institutions continue to misunderstand women's roles in farming. For example, income protection and other insurance providers fail to understand how vital women's work is to the industry, as well as its nature, often requiring farmers to work a certain number of hours each week or be the primary owners of a business to qualify for cover. Similarly, certain government policies fail to support farm businesswomen. For example, women's off-farm enterprises can be excluded from small-business grants as they do not operate on commercial land, or because the family farm possesses high-value non-liquid assets. Similarly, by requiring transfer duty to be paid when farms are passed on through trust or company structures, government can disincentivise farmers from making responsible financial choices which can place the long term financial security of women involved in the business at risk.

Finally, the way that women's financial issues are related to the broader financial issues of the agriculture industry is analysed. Often, services such as financial planning and family counselling are unobtainable simply due to high prices, yet the benefits of these services would reach across the entire industry, for women and men alike. Similarly, enabling women to take advantage of off-farm income streams would benefit the financial resilience of the entire industry, as well as making women themselves more financially secure.

Ultimately, significant work still needs to be done in gathering accurate and extensive information and data; providing mentoring, financial advice, and counselling; and educating government, institutions, and farmers themselves of the challenges faced by farm businesswomen.

At least one third of all female farmers and farm managers are unpaid contributing family members.

INTRODUCTION

Women's labour is an indispensable part of Australian agriculture today. Research has found that when considering on- and off-farm work, domestic duties, and volunteering, the work of women in agriculture is valued at $23.6 billion, equalling 49.2% of the total output of the industry (Sheridan & McKenzie, 2009, p. 6). Nevertheless, much of women's work goes unrecognised, and quite often, unpaid. Indeed, while family farming remains the dominant mode of work in agriculture, the practice can expose women to a lack of financial security due to the self-employment model that relies on the unpaid contributions of family members.

Financial security refers to one's ability to preserve their standard of living and wealth by making independent financial decisions without stress or anxiety.

For farm businesswomen, factors such as a lack of inclusion in decision-making and control over wealth, an inability to earn personal income, and a lack of institutional recognition can make them disproportionately vulnerable to poverty in retirement, or after significant events such as bereavement, divorce, and natural disaster.

The statistics surrounding this issue are alarming. While conducting surveys of regional women before various financial events, the 10thousandgirl program found that 63% of respondents worried about running out of money in retirement and 68% did not believe they could last more than six months without their main source of income (Russell, Green, Rankin, & Kutin, 2017). By investigating the structural factors causing these feelings of financial stress, this discussion paper aims to investigate the extent of the problem.

Previous literature regarding women in agriculture has largely concerned itself with issues such as education and access to leadership positions or has simply presented broad overviews of women's roles in the industry. While these works have no doubt been important, the lack of discussion and analysis of financial security specifically means that it receives little attention on the national agenda. Works cited throughout this discussion paper largely include studies conducted by universities, and reports commissioned by government bodies such as the Australian Bureau of Agricultural and Resource Economics (ABARES).

Unfortunately, relevant statistical evidence relating to financial security in agriculture is scarce, dated, and largely unreliable. Much of the data presented in this work is drawn from the 2016 Census of Population and Housing, using the ABS TableBuilder tool. One issue that will be explored further is that census data relies upon people to self-identify as agricultural workers, meaning that the full scale of the problem can be misrepresented. In addition, data released by The Association of Superannuation Funds of Australia regarding the self-employed, while nonetheless useful, does not address contributing family workers, who do not fit neatly into the employee/self-employed binary (Craston, 2018). These issues demonstrate that a lack of attention and relevant research is a key component of the problem, therefore this discussion paper aims to provide a broad overview of the network of factors at play, rather than a deep dive into any one specific element.

Similarly, this paper cannot possibly cover the full spectrum of financial issues facing women in agriculture, and thus will focus on some of the more prominent issues: unpaid work and off-farm income, superannuation and exclusion from decision making, and institutional recognition. The way that women's issues are intrinsically linked to the broader financial problems of the industry will also be analysed. To conclude, certain recommendations and conclusions will be made in order to highlight certain policy directions and priorities.

It is anticipated that by contributing to existing literature on the issue, this paper will stimulate discussion and aid in facilitating pragmatic steps toward providing better financial security for women in agriculture in the future.

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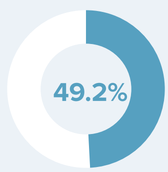


UNPAID FARM WORK AND OFF-FARM INCOME

The presence of unpaid, undocumented, and unrecognised work in agriculture is a key cause of financial insecurity for farm businesswomen. Indeed, while family farming is still the backbone of Australian agriculture, one of the real weaknesses of the model is the way in which finances are managed. Given that most farmers are self-employed, and are thus incentivised to put money back into the business, women tend not to draw wages, and often end up with no personal income, or an allowance which is incomparable to the market value of their work (Frilay, Ashton, Martin, & Weragoda, 2018, p. 38). The logic underpinning this model is that by reinvesting revenue beyond that needed for household necessities into the farm, the value of the farm increases, therefore allowing one to recoup money when selling or passing on the farm in retirement. However, this model does expose farmers to excess risk, particularly farm businesswomen.

There are at least 16,000 women in agriculture working as unpaid contributing family members in Australia today (ABS, 2016).

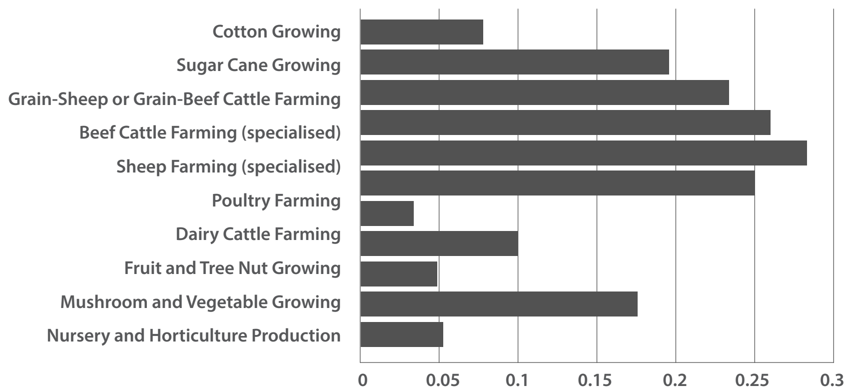
Indeed, unpaid labourers represent 22% of the total female workforce in agriculture, and 33% of female farmers and farm managers (ABS, 2016). Alarmingly, an ABARES report indicates that unpaid labour has increased as a proportion of total labour across all agricultural sub-industries since 2001, meaning that the industry is relying more on unpaid labour today than it used to (Barr & Kancans, 2020, p. 41).

One avenue that is open for women to enhance their financial security is by generating off-farm income. Indeed, approximately 50% of farm businesswomen engage in off-farm work, and they cumulatively generate an outstanding 84% of off-farm income (Alston, 2015; Sheridan & McKenzie, 2009, p. 6). Nevertheless, farm businesswomen face extraordinary challenges in this department as well. The first challenge is that of time, as women's ability to engage in productive work is heavily burdened by domestic duties. 64% of female contributing family workers engage in more than 15 hours of domestic work weekly (ABS, 2016). Nationally this figure is just 22% (ABS, 2016). The remote locations of farms mean that services such as cleaning, restaurants, and childcare are especially inaccessible for remote women, meaning that they are often forced to accept the double burden of farm and domestic work. Moreover, long commutes to city centres mean that conventional work is often not an option, and while remote work has become more common during the COVID-19 pandemic, isolation is a formidable barrier in gaining employment for many women. Clearly, obtaining off-farm income is no easy task for farm businesswomen.

The challenges of obtaining off-farm revenue are compounded by the fact that farming families often still rely on this income for survival, so any profits are often drained by household and farm expenses. Indeed, at least one third of family farms are dependent on women's income for day-to-day survival, demonstrating that even if women pursue economic ventures of their own, they are unlikely to reap the rewards of that work (Ressia, Strachan, Rogers, Ball, & McPhail, 2020).

The connection between an inability to access the rewards of one's work and financial insecurity is clear to see. While it may make sense for farmers to minimise costs wherever possible, even if it means combining personal and business funds and not paying salaries, the risks associated with these practices, especially for women, can be extremely damaging.

Unpaid Family Workers as a Proportion of Total Workforce, 2016



1 - See Appendix 1 (ABS 2016)

THE EXCLUSION OF WOMEN FROM FINANCIAL DECISION-MAKING

One significant contributing factor of farm businesswomen's financial insecurity is the cultural tendency to exclude women from financial decision making. Today, even as the work of women in agriculture is worth $2.36 billion to the economy, equalling 49.2% of total agricultural output, they continue to be excluded from financial discussions (Marslen, 2015; Sheridan & McKenzie, 2009, p. 6). This has wide-reaching ramifications on women's financial security.

One arena in which the damaging effects of exclusionary attitudes toward farm businesswomen can be seen is in that of superannuation. Among the self-employed, very little is contributed to superannuation; on average, they accumulate only 51% of what employees accumulate once reaching the 60-64 age bracket, and tend to make ad hoc contributions that are reactive rather than proactive (Craston, 2018, p. 12). There is no mandated superannuation guarantee for the self-employed, and again farmers are incentivised to reinvest revenue into the farm, which will then serve as a nest egg for retirement. This practice, however, exposes women to extreme risk, and likely would not be so common if women's interests were represented more in decision making.

Firstly, such little investment in superannuation means that women are placed in difficult positions in the event of divorce. Women must consider their own personal needs with the viability of the farm for their children. Thus, they will often choose not to receive a division of assets that fairly represent their contributions to the farm throughout their marriage (Wendt & Hornosty, 2010, p. 56). Legal barriers implemented through trusts and Binding Financial Agreements may also see women receive little to no monetary remuneration for what can be a lifetime of work on the farm. Clearly, the cultural habit to refrain from superannuation contributions is not financially optimal for many women.

Similarly, women face disproportional risks associated with business transition and bereavement. Business transition discussions and practices are very often exclusionary of women. Historically, daughters-in-law have experienced mistrust from farming families largely due to the way that divorce can damage the viability of farms (Agriculture.com, 2010). Anecdotally, a cultural tendency has emerged to exclude women from business transition discussions, which can lead to inequitable outcomes when farms are passed down. In many cases, women can be left financially destitute after the death of their partner as farms are passed on to the next generation and they are left with little capital or recognition of their work and, given that women are rarely listed as an owner of the business and have little documentation of their work, they can face immense legal obstacles to making challenges to Wills. In many cases, Rights of Residence and small allowances are awarded to widows, allowing them to continue to live on the farm while it is passed on to the next generation, but even this deprives them of any financial independence.

Acknowledging the importance of encouraging the involvement of women in financial decisions is quite significant. Indeed, while the focus of many initiatives to this point has been education and increasing women's financial literacy, these will have only a limited effect while women do not have a seat at the table. Thus, it is important that education is not only aimed at women, but at families as well, so that they can understand that incorporating women's perspectives can add value to the farm.

LACK OF INSTITUTIONAL AND GOVERNMENTAL SUPPORT

So far, this discussion paper has examined unpaid work, off-farm income, superannuation, business transition, and the exclusion of women in financial decisions. Underpinning each of these issues lies the fundamental issue of the non-recognition of women's work as farmers, which also translates into a lack of institutional and governmental support.

Indeed, it must be acknowledged that publicly available figures and statistics cannot be fully relied upon. While ABS data states that there are 16,000 women working as contributing family members, there are 84,000 married, self-employed men in agriculture (ABS, 2016). This would mean that under 20% of farmers' wives on farms engage in farm work, which anecdotally appears incorrect. Indeed, one flaw of census figures is that they require self-identification of one's occupation and role, and do not include women who list farming as a second occupation in published statistics. Many women may not even consider themselves as agricultural workers at all despite doing farm work, rather identifying with their off-farm occupation, a previous career they had pursued, or simply not seeing themselves as workers. Indeed, it has been noted in the literature that for many women, the line between domestic duties and farm work can be blurred (Alston, Clarke, & Whittenbury, 2018, p. 3).

This lack of recognition in data stems from a historical non-recognition of female farmers. Until 1994, women were not legally considered farmers under the law, instead classified as "silent partners", "domestics", "helpmates", or just "farmers' wives" (Shepherd, 2019). Given this historical context, it is easy to see why many women may feel uneasy classifying themselves as farmers, and why much available data and research may underrepresent the problem. The lack of women's representation in leadership positions and on boards also means that women's issues receive less attention than they may deserve (Ressia et al., 2020).

One major issue is that this failure to understand women's contributions to agriculture continues to translate into a lack of institutional support. One area where this is most visible is in income protection and other insurance. While many women engage in farm work that exposes them to risk, insurance providers often require the self-employed to be the principal owners of an enterprise, or work a certain number of hours to be eligible for cover, which is misaligned with the nature of women's work as it sees them engage in multiple occupations, as well as domestic duties. Furthermore, the lack of disposable income available to farmers means that the cost of income protection may lead families to invest in cover solely for male workers who engage in more manual labour. Ultimately, while male and female farmers' occupations are intimately linked and relied upon, insurance providers may continue to misunderstand the specifics of the industry.

Similarly, government programs must recognise that farmers, and especially farm businesswomen, work at the intersection of many issues, including isolation, self-employment, and drought, and are thus prone to being left out by many policies. Means testing for government programs and subsidies that factor in non-liquid assets, for example, have a danger of failing to support farmworkers, and certain business grants require one to be operating on commercial land, which can exclude many people from rural areas (South Australia Department of Treasury and Finance, 2020). Even the amount of administration and paperwork required to access many government programs and to set up off-farm businesses can be a strain on farmers who have little time and disposable income to spend on financial advice.

One major issue exists relating to the Family Business Transfer Duty Concession, which, while intended to facilitate the transfer of family businesses, does not apply if the transferee is acquiring the business property as a trustee, even if they are a direct descendent of the owner. While using a trust to pass on a business is a responsible way of conducting business transition, having to pay full stamp duty is a strong disincentive, meaning that farmers are more likely to use a bequest in their Will to pass on the property, exposing the estate to further costs through litigation that could destroy the value of the farm, and reinforce the cycle of mistrust within farming families.

Clearly, the disconnect that exists between farm businesswomen and important institutions can have a damaging effect on women's financial security. While initiatives such as the Invisible Farmer Project have made important steps in this arena, further work is required to ensure that the specific challenges that farmers face are not compounded by an institutional failure to understand them.

CONNECTION TO BROADER INDUSTRY ISSUES AND THE NON-USE OF FINANCIAL SERVICES.

Clearly, the structural problems underpinning the financial insecurity of farm businesswomen are vast and complex. Nevertheless, some of the pathways to ameliorating these issues are clear to see, but merely obstructed by the financial problems felt by the industry as a whole. Indeed, one fundamental feature of women's financial insecurity is the lack of advice and support sought by farmers to deal with financial issues. The risks posed by a lack of superannuation and insurance, as well inequitable business transition practices, could be identified and remediated simply by engaging financial assistance. However, this is certainly easier said than done. The average weekly disposable income of farmers has been recorded at just $568, significantly lower than that of other occupations, at $921, meaning that financial advice is hard for farmers to obtain without support (ABS, 2012). Anecdotally, there is also a historic mistrust of financial planners lingering due to previous instances of mismanagement, as investigated in the 2019 Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. The same issue exists for family counselling, a service which farmers are unlikely to pursue without support. It seems clear that ameliorating financial insecurity for women can only be done while considering the financial insecurity for farmers more broadly.

One course of action to take from industry bodies and government would be to facilitate the provision of affordable and high-quality financial advice. For government, this could be done through subsidising financial advice for farmers. For industry bodies, working with financial planning services to ensure that there is an understanding of specific issues facing farming communities could be a useful step forward.

It is a tough but clear truth that simply making farmers aware of the challenges that farm businesswomen face will generate little change for most women. It is simply unrealistic to expect that these problems will be ameliorated without support; taking action such as investing in superannuation or insurance instead of the business is no easy decision to make. This being said, by taking action to support farm businesswomen, the entire industry will be better off. By capitalising on off-farm revenue streams and investing in insurance and superannuation, women's financial positions are improved, and the whole industry becomes more financially resilient. The issues that have been discussed so far are not solely women's issues.

RECOMMENDATIONS FOR DISCUSSION

1. Comprehensive statistical data is needed to develop a holistic understanding of the various financial issues affecting women in agriculture. How can government agencies such as the ABS and the Office for Women must ensure that accurate and extensive information is made available.

   DISCUSSION
   What kind of information will need to be collected and how?

2. Mentoring is one of the best means of increasing the financial literacy of women in agriculture. Government and industry bodies must work together to ensure that these services are provided. Ideally, mentors should be experienced regional women themselves, and face-to-face training should be considered where possible. The Queensland Government Mentoring for Growth program should be reviewed to ensure that services are suitable for regional women.

   DISCUSSION
   What would be the success factors to ensure a mentoring program is effective in building the financial literacy of farm businesswomen?

3. Government support programs such as Small Business Grants must be reviewed to ensure that they do not exclude regional women through means such as assets tests and requiring the use of commercial land, as factors including self-employment and isolation mean that they do not fit the norm.

   DISCUSSION
   What changes need to be made to support programs to ensure farm businesswomen can access government those programs?

4. Financial and retirement planning services, as well as family counselling, must be made available to those in agricultural work who face unique challenges through government subsidies and grants. Industry bodies should work to ensure that financial workers are familiar with the specific challenges faced by farmers and can communicate with them accordingly. Financial advice must address the way that women's work can be integrated responsibly with farm businesses.

   DISCUSSION
   How can farm businesses be supported to improve the uptake of financial planning and business transitions that improve the family's financial security and the farm businesswomen in the business?

5. Insurance policies are often misaligned with agricultural women's circumstances, as they incorporate factors such as hours worked and ownership of a business. Specific research into this issue must be conducted, and policy changes must be implemented to ensure that regional women receive equitable insurance cover.

   DISCUSSION
   What policy changes must be implemented to ensure that regional women receive equitable insurance cover?

6. Given the technical nature of issues such as superannuation and insurance, researchers should engage and collaborate with industry groups, government, and businesses to ensure that research is accurate and comprehensive.

7. Investments in superannuation must continue to be incentivised through tax deductions, and tax offsets for spouse super contributions must be reviewed.

   DISCUSSION
   What policy changes or incentives could be implemented to incentivise superannuation contributions?

8. Recognising the value of women's contributions to agriculture is of utmost importance. Initiatives such as the Invisible Farmer Project must continue to be supported. However, the focus must be given to the issue of educating farmers themselves, who tend to exclude women from financial decision-making, despite the value of their work.

   DISCUSSION
   How can the industry increase the recognition of the value of women to agriculture and improve their participation in decision making?

Following on from this paper, QFF's Farm Businesswomen Working Group will work to identify and prioritise implementation strategies. Farm businesswomen are invited to consider the discussion questions, join the conversation and share their experiences with the Working Group by the 30 of April 2021.

CONCLUSION

This discussion paper has explored some of the major elements contributing to the financial insecurity of farm businesswomen. Many women in agriculture today continue to work without pay, struggle to generate and retain off-farm income, are excluded from financial decision making, retain little superannuation or capital for retirement, are ineligible for services such as insurance, and receive insufficient government support. In order to ameliorate these issues, action must be taken across three broad areas: extensive and accurate data must be collected to paint a clearer picture of the issues at play, support must be provided through mentoring, financial advice, and family counselling, and the policies of government and bodies such as insurance providers must be reviewed to ensure they are inclusive of the unique needs of farm businesswomen.

ACKNOWLEDGMENT

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APPENDIX 1

Australian Bureau of Statistics

2016 Census – Employment, Income and Education

SIEMP Status in Employment	INDP - 2 Digit Level	DOMP Unpaid Domestic Work: Number of Hours	SEXP Sex	Total
Contributing family worker	**Agriculture**	Nil hours	Female	684
		Less than 5 hours	Female	971
		5 to 14 hours	Female	4,119
		15 to 29 hours	Female	4,724
		30 hours or more	Female	5,338

Sub-industry	No. Cont. Fam. Workers	No. Workers total	Proportion of total workforce
Nursery and Floriculture Production	600	11,562	5.2%
Mushroom and Vegetable Growing	3,215	18,310	17.6%
Fruit and Tree Nut Growing	1,235	25,975	4.8%
Dairy Cattle Farming	2,016	20,332	9.9%
Poultry Farming	259	7,776	3.3%
Sheep Farming (specialised)	4,558	18,197	25.0%
Beef Cattle Farming (specialised)	12,632	44,311	28.5%
Sheep-Beef Cattle Farming	1,739	6,667	26.1%
Grain-Sheep or Grain-Beef Cattle Farming	3,518	15,050	23.4%
Sugar Cane Growing	967	4,936	19.6%
Cotton Growing	90	1,180	7.6%

Data Source: Census of Population and Housing, 2016, TableBuilder

INFO Cells in this table have been randomly adjusted to avoid the release of confidential data. No reliance should be placed on small cells.