

Alternative pathways to farm business ownership beyond inheritance

An Open Food Network research report for Agriculture
Victoria



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Executive summary

Finding new pathways into farm business ownership for young farmers is an increasingly difficult goal, particularly for those who are new entrants to the farming sector. Increasing land prices are inhibiting land access, as is a lack of capital/access to finance. Improved design and delivery of educational and professional trajectories will help to facilitate pathways and/or development of skills needed to own a farm business.

This research has examined the question of what alternative pathways exist to farm business ownership beyond inheritance of land. This report breaks down the challenges by focusing on several viable ways forward that can make a difference and secure a variety of options for the next generation of farm business owners. We have looked at how a number of models facilitate pathways to farm business ownership, the current context and barriers and enablers to the model being implemented, and what needs to change to make each model more effective.

We have highlighted a number of models that address these key challenges to farm business ownership:

| | Land affordability | Capital/finance | Technical expertise | Access to land opportunities | Education/training/skills |
|-------------------------------|---------------------------|------------------------|----------------------------|-------------------------------------|----------------------------------|
| Leasing land | Y | Y | In some cases | Y | In some cases |
| Share-farming | | Y | In some cases | | In many cases |
| Co-operatives | Y | | In many cases | Y | In many cases |
| Trusts & covenants | Y | In some cases | In some cases | Y | |
| Enterprise support | | Y | Y | In some cases | Y |

In order to address the barriers and increase the enabling factors for uptake for each of these models, we recommend the following actions:

Leasing land

1. **Incentivise and legislate stable lease conditions**

Encourage greater security for leasing to new farmers through legislation that incentivises land-owners to offer and enter longer term leases.

2. **Make it easier for farmers to find lease land through facilitation and investment**

Make it easier for farmers to find lease land by facilitating connections and investing in matching lessees and lessors to encourage access to leased land.

3. **Provide expert advice to support uptake of leasing land**

Support uptake of lease land by facilitating and/or providing access to legal and financial advice to encourage land-owners to offer, and new farmers to take up, leases which are fair and sustainable for both parties.

4. **Conduct a scoping study on public land leasing**

While there is only a comparatively small amount of public land that's potentially available for farming, successful international examples suggest that it's worth pursuing greater understanding of how this land can facilitate farm business ownership skill development pathways.

Share-farming

1. **Promote share-farming to ageing farmers**

Undertake outreach, information sharing and promotion of share-farming to ageing farmers as an option for succession planning or potential exit pathway with the opportunity for partnering with existing organisations already doing this work.

2. **Provide technical advice and examples of share-farming arrangements for young farmers**

Support provision of technical advice and examples of share-farming arrangements for young farmers and how these may be applied across different agricultural industries.

3. **Facilitate share-farming matchmaking**

Enable relationship building and networking opportunities for young farmers as part of the facilitation process of share-farming matchmaking.

4. **Ensure share-farmers are eligible for agricultural supports**

Ensure farmers taking non-traditional pathways to farm business ownership, such as share- and tenant farmers, are eligible for agricultural supports that are available to land-owning farmers.

5. **Underwrite and/or matchmake equity partnerships to support young farmers**

Explore mechanisms that support the promotion and sharing of equity partnership opportunities for entrant farmers across all sectors, that provide equity building options and capacity.

Co-operatives

1. **Support a resources and knowledge sharing program for co-operatives**

Support a resources and knowledge sharing program to harness the enthusiasm generated by successful co-operatives and provide relational mechanisms for exiting farmers to learn about this model.

2. **Facilitate context-specific training & multi-year implementation support for co-operatives**

Facilitate context-specific training & multi-year implementation support for co-operatives that builds on previous successful models such as the Farming Together program.

3. **Ensure co-operatives are eligible for supports**

Ensure co-operatives are eligible for supports such as subsidies and grants regardless of whether the co-operatives have distributing or non-distributing governance structures.

Enabling philanthropic, impact and/or public investment in land to support new farmers

1. **Fund action research and support for land trust implementation in Victoria**

Fund action research and support to address the complexity and barriers to land trust implementation in Victoria, and identify current/potential land trust investment projects for targeted public, industry and philanthropic funding opportunities with the establishment of an expert panel and shared learning outcomes.

2. **Explore the role of government in supporting land trust implementation in Victoria**

Explore the role of State and local government in supporting land trust implementation

in Victoria in conjunction with the establishment of a working group to assist with assessing reform options such as planning legislation, finance backing and more.

3. Incentivise agricultural use covenant agreements

Incentivise agricultural use covenant agreements to encourage uptake in Victoria such as development of a funding stream to compensate land-owners who enter covenant agreements with public good outcomes. This could involve partnering with organisations such as Trust for Nature, that has an existing covenant model.

4. Support a resource and knowledge sharing program on covenants

Support a resource and knowledge sharing program within the farming community about covenants.

Enterprise support for supported transition and entry

1. Tailor and extend farm management support programs to facilitate pathways to new farm business ownership

Tailor and extend farm management support programs run by Agriculture Victoria, private and industry sectors to facilitate pathways to new farm business ownership for non land-holders to enable greater understanding of models, mechanisms and opportunities, and where possible, build capacity for organisations already providing supports in this space.

2. Partner with providers to deliver outcomes that facilitate farm business ownership skills and peer learning networks

Partner with providers that are already delivering outcomes that facilitate farm business ownership skills and peer learning networks by bolstering capacity and funding pilot projects plus evaluation of programs to determine impact.

3. Provide livelihood support that enables on-farm knowledge transfer through farm apprenticeships and mentoring

Improve the equity and diversity of the next generation of farmers by providing livelihood support to enable meaningful employment pathways and on-farm knowledge transfer through farm apprenticeships and mentoring.

4. Provide business support packages to young farmer businesses

Build on existing business support packages, such as 'Boost your business', to provide specialist, accessible support for young farmer businesses.

Cross cutting recommendations

- 1. National leadership role in addressing barriers for new farm entrants**

National leadership role in addressing structural barriers by policy commitment and inquiry to collaborative short and medium term policy options that enable greater access to farm business ownership for farm entrants.
- 2. Facilitate access to finance**

Review options and thresholds that facilitate access to finance for entrant farmers, across all sectors and scales. Where appropriate, trial and promote models by engaging service providers that are already working to address the lack of equity as the key barrier to entrant farmers accessing finance.
- 3. Assess policy opportunities for tax breaks**

Assess policy opportunities for tax breaks, such as income tax and stamp duty tax that address the reality of entrant farmers being 'part-time farmers' due to needing off-farm income to support their business start-up and establishment phase but avoiding policy reform that may create perverse outcomes.
- 4. Ensure the Small-scale and Craft program supports young farmer businesses**

Continue building on Victoria's position as leading State for small scale farming by ensuring that Agriculture Victoria Small-scale and Craft program opportunities to target and support entrant farmers and new farm business ownership.
- 5. Engage with more young farmers**

Improve engagement with more young farmers and their needs across all sectors by broadening the scope of Young Farmer Advisory Council role in engagement and also working with partners that already have extensive networks.
- 6. Implement scale-appropriate regulation**

Consultation processes are required for scale-appropriate regulation, particularly with consideration to the small scale farming sector as entrant farmers are likely to begin operating at smaller scales, particularly as non land-owners.
- 7. Government assisting in guarantee of loans for land purchase or investment in farming enterprises**

Explore the role of federal and state government in assisting guarantee of loans for land purchase or investment in farming enterprises that draws on the first home-buyer scheme model with close economic modelling that would avoid perverse outcomes.

8. Change the definition of new and young farmer to increase eligibility

Change the definition of new and young farmers to increase access to supports by raising the eligible age to 40 years and part-time participation in farming businesses.

9. Enable greater housing provision to facilitate shared use land

Enable greater long-term housing provision to facilitate shared use land across all scales by incentivising use of existing second dwellings for farmer housing and investing in appropriate development of housing on farmed land.

10. Target outreach to ageing farmers around alternatives to family succession

Target outreach to ageing farmers to promote early consideration of the full range of options possible for their exit and retirement plans, including engagement with match-making, advice services and intergenerational networking opportunities.

11. Extend capacity and marketing of Agriculture Victoria opportunities to reach additional cohorts

Extend capacity and marketing of Agriculture Victoria industry and community opportunities to increase accessibility and reach additional cohorts who can significantly benefit from existing assets and programs.

12. Expand the Young Farmer program stream supporting young farmers

Continue and expand the program stream supporting young farmers into farm business ownership pathways including increased marketing and media exposure and involvement of the Young Farmer Advisory Council in shaping program development.

Entrant farmers are increasingly seeking land access models that provide an alternative pathway to farm business ownership, outside of land-ownership. The opportunity to bolster support for uptake of current models such as cooperatives, share-farming and land leasing can provide new and young farmers with the opportunity to build skills and equity to fast-track farm business ownership possibilities.

This project and report make clear that there is an incredible level of expertise and passion for driving this change in Victoria. The strong leadership demonstrated by government in supporting the Young Farmers program, and commissioning pieces of work such as this, is matched by an ecosystem of service providers, experts, and farmers - young and not so young - all keen to participate in new solutions. Victoria is fortunate, and enviably placed, to draw on this aligned and complementary community of ambition, and to take further action that can make a real difference to the future of agriculture and agricultural livelihoods in this region.