

ARE YOU A LANDOWNER?

Leasing land to tenants can be an effective pathway to succession planning for retiring farmers. It can also ensure the option of ageing in place without having to worry about keeping up the property.

This section is designed to provide 'food for thought' if you're considering leasing part of your property and highlights some of the benefits and key considerations.



Transition of Ownership

Leasing can allow retiring farmers to gradually transfer land management responsibilities to new operators without the immediate need for full ownership transfer. This can provide time for both parties to adjust and build a working relationship. A lease agreement could include options for eventual sale or transfer of the property, like a lease to buy clause. This incremental approach can make the transition smoother and allow retiring farmers to remain involved in the business if they would like to be.

Financial Stability and Risk Management

Leasing can provide a steady income stream, which can be provide financial stability during retirement. By leasing rather than selling, farmers can avoid the risks associated with a full transfer of ownership. This includes potential financial loss if the land value fluctuates or if the new owner fails to maintain the land in a way they are satisfied with.

Preservation of Farm Legacy

Leasing can ensure that a farm continues to operate and the land is used for agriculture, preserving the farmer's legacy and maintaining the land's value and productivity. Leasing can help maintain relationships with local communities and markets that the retiring farmer has built over the years, contributing to the farm's continued success.

Flexibility

Lease agreements can be tailored to include provisions for the future transfer of ownership or management. This flexibility allows retiring farmers to set terms that align with their retirement plans and the needs of potential successors. Leasing arrangements can be adapted over time to reflect changes in the retiring farmer's health, financial situation, or the needs of the tenant farmer. This adaptability helps manage uncertainties and can ensure a smoother transition.

Providing Opportunities for the Next Generation

Leasing land provides opportunities for new or young farmers to access land and start or expand their farming operations. This can be particularly valuable in areas where land access is a significant barrier to entry. Retiring farmers can offer mentorship and training to tenants, helping to transfer valuable knowledge and skills. This support can improve the likelihood of successful land management and farm operations into the future.

Mentoring a lease farmer may offer significant personal and professional benefits by allowing landowners to share their acquired knowledge and experience. Mentorship can ensure that their expertise contributes to the farm's continued success, but also provides a sense of purpose and legacy if they would like to still be involved in business decisions. By guiding the lease farmer, a landowner can enjoy the satisfaction of seeing their practices and values upheld. This relationship can be deeply rewarding.

Photo Credit: Samuel Shelley

FOR LANDOWNERS

Ageing In Place

By leasing out land the existing farmer can arrange to continue to live in their familiar environment without the physical and financial demands of managing the farm. This is important to lots of retiring farmers who want to maintain a sense of connection to the land and the local community, enjoying the benefits of their legacy without the daily pressures.

Succession Planning

Leasing land to tenants can offer a strategic approach to succession planning by providing financial stability, preserving farm operations, and supporting the next generation of farmers. It can allow retiring farmers to transition gradually, maintain their legacy, and manage risks effectively while setting the stage for a successful future for both the land and its new operators and set out a plan for the gradual changing of hands.

Tax Benefits

Leasing arrangements may offer certain tax benefits, such as potential deductions for leasing expenses or the ability to defer capital gains taxes if the land is eventually sold. Check with a suitably qualified financial adviser or accountant.

FINDING FARMERS

As a landowner you need to consider what it is that you can offer a land seeker. Approaching this process from the perspective of an 'offer' rather than an 'ask' can make all the difference between.

Finding a landseeker can be tricky. It will be key to find someone who aligns with your values and your way of farming or your desire of how you would like your land to be farmed.

HERE ARE SOME TIPS TO HELP YOU GET STARTED

Consider the reasons why you want a farmer on your land.

Is it as a way of giving back to the community of farmers, to share your knowledge with the next generation, or perhaps it is to ensure you can age in place. Or, perhaps you are a landowner but not a farmer yourself, yet you want to see the land used and improved.

How is it going to make you FEEL having someone on your land?

Are you a people person, do you like the idea of contact and activity going on on your property?

What is the opportunity for someone coming to use your land? Would someone be able to make a living from your land with the facilities that are there and available?

What do you want to see and what are you hoping to get from any arrangement?

As yourself, what is your ideal scenario of the type of enterprise you want to have on your farm?

Is it a balanced proposition - how can you bring about a balance in the power between you and the person you work with on your land?

Understanding some of the key characteristics of those relationships we have seen working well, will be key for your own success when venturing down this path.

Know your why and what your offer is, always build from a foundation of openness and transparency, set up the structure of your relationship with a landseeker and ensure you have regular meetings scheduled and agreed upon.

RESOURCES

Young Farmers Connect have a wonderful document that can assist you as a landowner to go through a decision making process and we have included this as Appendix 4.



Other resources to assist landowners include:

- [Successful Land Leasing in Australia — A guide for farmers and their advisers, published by RIRDC](#)
- [Grains Research & Development Corporation Leasing and Share Farming Factsheet](#)
- [Young Farmer NSW Leasing and Agistment Toolkit](#)
- [Open Food Network's research report, 'Alternative pathways to farm business ownership beyond inheritance'](#)
- [Young Agrarians in Canada have a great guide that covers various leasing options](#)
- [Farm Table is an Australian Agricultural Knowledge platform with lots of resources](#)
- [Australian Food Sovereignty Alliance's Farming On Other People's Land Project](#)



Photo Credit: Fred and Hannah