



STEP 5 - FINAL STEPS

LEGAL TEMPLATES

For many, the idea of entering into a legal agreement can be intimidating. While there may be situations where a handshake seems sufficient, we've listened to our case study farmers and strongly advise that any lease or share farming arrangement be supported by a formal agreement.

Lease & Share Farming Contract Templates

To help you get started, we have created two template agreements designed to serve as a foundation for discussion between a landowner and a lessee. Having free access to these templates enables you to kick start your own thinking process about what should and shouldn't be included, without having to first pay for a lawyer to start from scratch.

Links to these templates are at the bottom of this page

- [Lease Farming Contract \(Lease agreement\)](#)
- [Share Farming Contract \(Share Farming agreement\)](#)

Each template is written so that it can be tailored to your unique circumstances, using the schedules at the back of the documents to add or remove clauses and hone detail. We have provided a clean version of each, as well as a version with some plain English notes.

Creating an agreement in conjunction with a land management plan is recommended, to ensure that all parties have a clear understanding of how the relationship will begin and how the land will be managed moving forward.

If the landowner already has a land management plan, then the process will be about reviewing it, making any agreed adjustments based on your joint needs, together.

If the landowner does not already have a developed land management plan, this could be an opportunity to work on your own document, which can be presented to the landowner, to work out a way forward. Any land management plan you develop, or amend, needs to be referenced as part of the agreement between you and the landowner.

All documents should be reviewed by a local lawyer, for expert advice, and to ensure everyone's interests are protected.



Photo Credit: Samuel Shelley



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LAND MANAGEMENT PLANS



[VIEW APPENDIX 6 - LAND MANAGEMENT PLANS](#)



[CASE STUDY - FAT PIG FARM](#)

Our case studies have highlighted some challenges between landowners and lessee's that could have been mitigated if a land management plan had existed, clarifying the expectations and requirements held by both parties. We have learnt from these experiences, that if a land management plan wasn't already in place for the land being leased, then formalising both might be a good undertaking. Doing both these core activities at once would ensure the final agreement would include the key management practices & processes.

In some cases, the landowner may already have a management plan, and you could work together on a variation tailored to the new circumstances. In other cases the landowner may not have a formal plan and you could collaborate to achieve the social, financial and environmental goals of both parties.



HERE'S AN IMPORTANT POINT TO REMEMBER

There is power in discovering where meeting your goals might not be possible. This is why drafting the bones of a land management plan before you sign a final agreement may be in the best interest of all parties.

Management plans are created specific to the context of a particular piece of land. Begin by looking at the current land management processes and situation and map how you would need to change/shift/adapt to meet your goals.

Some of the main considerations include:

- Land use and farm layout
- Current condition
- Future plans
- Sustainability practices
- Trends you'd like to see as the conditions it improves
- Stewardship contributions of both parties
- Collaboration - how amendments/grants/changing circumstances will be navigated, how regularly both parties will come together to review progress, and how you will monitor and evaluate the condition ongoing.



Photo Credit: Samuel Shelley



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SEARCHING FOR LAND

Risk Assessment

Considering risks early in your planning is crucial. Research shows that uncertainties in land tenure can significantly impact farm sustainability and financial stability. Properly assessing risk will allow you to make informed decisions that align with your goals and mitigate potential issues, by allowing you to address them openly at the negotiating stage. Key things to think about:

- Lack of long term security
- Potential for disruptions
- Dependency on landowners decisions or limited control
- Climate
- Infrastructure
- Market



Photo Credit: Huon Douglas

Searching For Land

Now that you've looked at different ways of accessing land, been through the thinking process of how to assess land suitability, and looked at establishing your networks of support, you are ready to actually find that piece of land to farm.

Where do you start? No one size fits all and the case studies that follow demonstrate variations in approach.

Use your networks! The more people you build relationships with and the more people who know you're looking (and are seriously committed to a farming opportunity) the better. It will improve the chances of being in the right place at the right time to maximise that opportunity. Sharing what you are seeking and being confident enough to put yourself out there can often bring great benefits and connections you may not have thought possible.

Announcing your search on social media can be a great way for you to broaden the search for connections and land, a tactic that worked for Wolki Farm.

Young Farmers Connect offer a land-matching service, [Farm Links](#), which has great information about leasing opportunities as well as bios of those who are seeking land. [Cultivate Farms](#) is another useful site that aims to connect landowners, investors and those seeking to farm together.



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LEGAL AND FINANCIAL CONSIDERATIONS

Establishing fair terms and rates are crucial for successfully arranging a lease. It can be difficult to decide on the what is fair for both parties and might depend on aspects such as location, enterprise type, supply and demand, soil quality, what infrastructure is available, and if housing is included.

Non-market factors such as the goals of the landowner can also influence the rate - for example, if they want to support a new entrant or believe in the social benefits of food production they may provide free rent for the first year, or a cheaper ongoing rate. Also consider negotiation around any soil improvements or overall ecosystem function improvements. Your farming methods may add value to the land.

Negotiating Lease Rates

We strongly suggest you use your networks to establish base rates for the local area and any common provisions eg. lower rate until first harvest etc. Some of the most common ways to calculate a lease rate are listed in the following table:

Type	Description
Dollars per acre per unit of time (most relevant option for small-scale farmers)	This method sees both parties agree to a per acre rate in advance (which can be calculated per month or per year). This often involves the landowner and farmer communicating their mutual goals, and may require creative solutions to ensure a fair rate for both parties. An arrangement may also include in-kind payments, such as produce generated by the farmer (for example, a weekly veg box, or an agreed amount of meat), or property maintenance.
Percentage of market land value	This is more commonly used for grazing and broadacre cropping. Lease values are generally around 5-9% of the land value. So, for example, if land is valued at \$3000 per hectare and the agreed rate is 5% then the lease rate will be \$150 per hectare, per annum.
Percentage of expected gross margin or operating profit	This is calculated as a percentage of potential returns, and again is more commonly found in long-term cropping arrangements. Percentages normally range from 25-30% of expected gross margin, so for example, if the gross margin is \$450 per hectare and the agreed rate is 30%, the lease rate will be \$135 per hectare.
Dollars per DSE (dry sheep equivalent)	Used for larger livestock leases, both parties will agree to a dollar amount per DSE per unit of time (often a week). Meat & Livestock Australia define DSE 'as a method of standardising an animal unit and is the amount of feed required by a two year old, 50kg Merino wether to maintain its weight. Applying this principle, one 50kg dry goat is equivalent to one DSE and one yearling steer is equivalent to about 8 DSE'. So for example, an arrangement could be 500 head of sheep at \$1 per DSE per week, so \$26,000 per year.

Lease Terms

As with establishing lease rates, think carefully about what constitutes a fair lease term. Shorter terms (1-3 years) may be preferred if the parties are not familiar with each other and until a secure relationship can be built. They also offer more flexibility, and if the farmer is a new entrant, a short-term lease can allow for a trial period which could be less risky for each party.

However, longer term leases do provide security for both landowners and farmers and therefore encourage greater investment in soil improvements and infrastructure. Longer-term leases allow farmers to build their customer base, relationships with the community, as well as provide familiarity with the climate and landscape. This can encourage scaling-up.

Some arrangements provide a long-term lease, with an option to renegotiate after a specified period of time.



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Getting a Lawyer

This guide provides lots of information about what to consider before entering into partnerships and/or agreements, but none of this information can be a substitute for expert advice from a lawyer.

Any party entering into an agreement with another should always seek expert advice, to ensure that they understand what is being agreed to, and that their own interests are being protected. It is also important to ensure that any professional you go to, has expertise in the legal framework of your state, as these laws vary between jurisdictions.

There are some firms who undertake pro-bono work for individuals and organisations, so find a few firms within your state's legal framework and approach them. Ask whether they have any availability to assist you under their pro-bono umbrella.

Finding a lawyer can be daunting but here are some things to consider when 'dipping your toe in the legal pond':

- Can you get a referral from someone else who has used a lawyer?
- What is the best time for you to seek professional advice?
- Do you know anyone who has been through this kind of thing before, who you can talk to?

Insurance

It is important to consider both your own insurance needs, as well as that of the landowner in order to mitigate risks, protect any assets you have and maintain financial viability in the event of unexpected circumstances. While it is an expense (and one that can sometimes be difficult to manage at the beginning of your journey), it is something worth considering. Imagine what could happen if something went awry and you didn't have it. What would be at stake and how would you recover from that situation?

Some areas of insurance to consider (either as the farmer or landowner):

Type of Insurance	Landowner	Farmer
Property/equipment	✓	✓
Public liability Ensuring this will cover you (as the farmer or the landowner) if someone other than you as the business owner, injures themselves on your property.	✓	✓
Product liability		✓
Volunteers		✓
Workers compensation (<i>If you have employees</i>)		✓
Vehicle (<i>Polaris, cars/trucks etc</i>)	✓	✓



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Tax Considerations

Get expert advice is the key message to take from this section. As a landowner, it will be important to think about any possible tax implications a share or lease arrangement may mean for you. We strongly encourage you to seek expert taxation advice from an accountant, particularly one that has experience in the agricultural sector and/or share farming. Each situation will need to be assessed on its merits to determine whether you, as the landowner, will be participating in any of the 'business' that the farmer using your land is undertaking.

There are useful links to documents within the Australian Taxation Office (ATO) website, outlining things like the Income Tax Determination for share farming ect.

As the farmer who is looking to set up a business on someone else's land, you too will need to seek expert tax advice from an accountant. This process won't vary greatly from that which you would follow whether you were share/lease farming or operating on your own property.

Grants

Traditionally, many agricultural grants are aimed at larger scale farming enterprises, however this is slowly changing. So, keep an eye out for different types of grants that may be available in your local region.

Grants can be from Federal, State or Local government, NFP organisations, and even suppliers. You may also find interest-free loan schemes available for general small business, farming equipment or other aspects of a farming business. Consider registering for newsletters or updates from organisations/government departments that are aligned with your business.

Here are some organisations to consider:

Business/department	Description
Business Tasmania	Business Tasmania send out a regular email that lists various workshops, grants, support for business in general.
NRE Farmpoint	This site lists all the agricultural specific information for farmers in Tasmania. This includes listing grant programs and support networks.
Landcare Tasmania	Often have Landcare Action grants or other support programs that enable farmers to apply for funding to help with biodiversity projects, riparian work, tree planting, fencing off waterways/dams etc.
Foundation for Rural Regional Renewal (FRRR)	This is a federal granting body, that has a variety of grants available, so keep an eye out on their website. They are generally targeted at regional community benefit, climate smart agriculture, regional renewal.
Grant connect	This is a federal website that has information about all Federal Grant schemes. You can subscribe to feeds based on key areas like 'agriculture'.
Farm Table	Lists ag related grants and support schemes.



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The activities that are eligible under each grant program vary significantly, and are often in response to specific circumstances that communities or farmers are experiencing like drought or floods. There is a positive shift in appetite for supporting grass roots, climate-safe, agricultural activities. So keep an eye out for support that may align with your farming methods and activities.

Areas often funded include fencing & infrastructure, dam repair/fencing off riparian areas, restoring biodiversity on farms, community led climate solutions, interest free loans for equipment/infrastructure, and support in times of hardship

Finance & Loans

There is movement in the global finance sector, to support the need for an alignment of values between financial institutions, lenders and funders and farmers all of whom are working toward improving their landscape function while running productive, sustainable agricultural businesses. The dial is slowly shifting toward valuing natural assets, where work to maintain or improve those assets is acknowledged and remunerated.

Accessing funds can be a 'game-changer' for those kick-starting their farming career. It enables the foundational elements of an agricultural business to be established - both tangible and intangible infrastructure.

Finding a sympathetic financial institution you are able to work with, will be key to inspiring the confidence needed to move forward.

There are various avenues to explore:

- Banks
- Government loan schemes
- Philanthropic financial organisations like Sustainable Table Fund, Wedgetail, Go Steward.

Government supported interest free loans are sometimes available for agricultural businesses. In Tasmania, at the time of this report's publication, some can be accessed through the Department of State Growth.

WORK YOUR NETWORKS

Support networks are vital for small-scale farmers. They provide essential resources, knowledge, emotional support and encouragement. This can make the difference between success and failure. Building these networks can offer you access to shared tools, co-operative buying and selling opportunities, all of which can help you reduce costs and increase market access. They also facilitate the exchange of best-practice information, innovative farming techniques, and advice on sustainable practices, which can be crucial for you as a small-scale farmer to thrive in a competitive environment.

Being part of a support network fosters a sense of community, helping you to navigate challenges like climate change, financial pressures, and the isolation that often comes with rural farming. Ultimately, support networks empower you to build resilience, improve productivity, and achieve long-term sustainability.



Photo Credit: Samuel Shelley



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RESOURCES

SEARCHING FOR LAND

Risk Assessment

- [Open Food Network's research report, 'Alternative pathways to farm business ownership beyond inheritance'](#)

Searching For Land

- [Young Farms Connect Farm Links](#)
- [Cultivate Farms](#)

LEGAL AND FINANCIAL CONSIDERATIONS

There are a number of useful resources to help you with the various legal and financial considerations:

Getting a Lawyer

- [Australian Food Sovereignty Alliance](#)

Negotiating Lease Rates and Terms

- [A great video on calculating a lease value can be found on the NSW Young Farmer site.](#) There are also factsheets and lease calculator templates available to download.
- [Successful Land Leasing in Australia — A guide for farmers and their advisers, published by RIRDC](#)

Tax Considerations

- [ATO Income tax determination](#)

Grants

- [Business Tasmania](#)
- [NRE Farmpoint](#)
- [Landcare Tasmania](#)
- [Foundation for Rural regional renewal \(FRRR\)](#)
- [Grant connect](#)
- [Farm Table](#)

Finance & Loans

- [Regional Investment Corporation - Agristarter loan scheme](#)
- [Sustainable Table Fund](#)
- [Wedgetail](#)
- [Go Steward](#)

WORK YOUR NETWORKS

Here are links to organisations you may want to explore further for connections, knowledge and network building:

- [Young Farmers Connect](#)
- [Sprout Tasmania](#)
- [Farmers for Climate Action](#)
- [Australian Food Sovereignty Alliance](#)
- [Natural Resource Management \(NRM\) North](#)
- [Natural Resource Management \(NRM\) South](#)
- [Natural Resource Management \(NRM\) Cradle Coast](#)
- [Rural Alive and Well \(RAW\)](#)
- [TasFarmers](#)
- [Rural Business Tasmania](#)
- [Cultivate Farms](#)