



BYRON FARMERS MARKET Inc. (BFM) LEASE/SHARE FARMING POLICY (Sept'11, June'13, Aug'13)

Under the BFM Constitution, any lease/share farming arrangement needs to fulfill certain criteria to be eligible for Membership; or to supply the markets. Section 9.2(b) specifies that a Member may have a lease farming or share farming arrangement where they play a significant and direct role in the management and output of the farming enterprise.

These arrangements normally require signed agreements and are commonly used by:

- non-landholders acquiring land to farm
- landholders seeking to expand their farming operation
- shareholders on Multiple Occupancies or Rural Land Sharing Communities etc
- members of a Family Trust
- sharefarmers.

Many BFM Members have used such arrangements to join the market or to enhance their production. Thus, BFM will use these Guidelines and Policy on leasing and share farming when assessing applications.

BFM accepts these agreements are commercial-in-confidence. So, rather than supplying copies of agreements to the BFM Committee, the applicant needs to fill out a cover-sheet that summarises lease/share agreements when seeking membership of BFM – or when seeking to supply the market from a lease/share farm expansion. A copy of lease/share farm agreement is supplied to Database Manager to keep on file. Any costs for auditing additional land is borne by the applicant.

Leasing and share farming bring their own rights and responsibilities. If a Member is considering lease/share farming, it is important to understand the pros and cons – and the legal requirements – of each arrangement.

The BFM Constitution gives these definitions of lease/share farming:

Lease farming

“A farm lease is a document of agreement between a landlord and a tenant, for rental of land where the landlord (typically) provides the land, buildings and fences and the tenant (typically) provides their labour and machinery and meets all the operating costs. The tenant typically gets all the income that comes from crops, produce and livestock.”

Share farming

“Share farming is the growing of crops by a farmer who does not own the land on which the crop is grown. The sharefarmer typically pays the landowner for its use with a proportion of the value of the crop.”

Lease Farming

Leasing land is usually a longer-term arrangement between the lessee and the landowner. This offers the landowner a more certain financial return than share farming. The returns to the

landowner are not subject to variations in farming ability, seasonal conditions or commodity prices. It also provides a more certain future for the lessee.

Usually the landowner will provide:

- Land
- Buildings and fences (as per the agreement)
- Payment of council rates
- Payment of insurance on fixed assets.

Tenants usually provide:

- Labour
- Machinery and livestock
- Operating costs (including rent)
- Repairs and maintenance on fixed assets (as specified in the contract)
- Insurance for their plant, stock and accidents connected with their farming operations.

The written lease agreement specifies conditions the tenant must follow, the purpose for which the land can be used, and a dispute resolution process. It may include particular requirements regarding management. It should specify if the tenant can sub-let all or part of the property.

A lease longer than three years must be registered on the land title. This gives security of tenure regardless of whether the land is sold during the lease period. An unregistered lease does not give security of tenure if the land is sold.

Share Farming

Share-farming is usually a shorter-term arrangement. The tenant undertakes all the farming work and negotiates to pay the landlord a proportion of the value of the crop in return. Thus the landlord risks an income if the crop fails, while the tenant has no security of tenure.

Agreements should be in writing. Both sides must be satisfied they're getting a fair share of income and the cost sharing arrangements are appropriate for the amount of capital invested.

The written contract should include:

- Start and finish dates
- Income and cost sharing arrangements
- Who is providing what assets
- Duties, obligations and time commitments of each party
- Farming practices and management
- Taxation and insurance obligations
- Access by the owner
- Method of settling disputes.

Many rural industry groups have developed standard contracts that can be adapted to individual needs.

LEASE/SHARE FARM APPLICATION AND AUDIT PROCEDURE

Members who lease or share farm additional land for their farming enterprise may sell produce from that leased land under the following conditions:

- A completed Summary (Lease or Sharefarm Agreement) audit checklist of any lease/ share farm agreement is to be forwarded by the Member to the BFM Committee for approval before any product is sold from that land.
- A copy of the lease/share farm agreement is to be **sighted by** the BFM auditor during on- site audits, and a copy held in file by Database Manager
- The leased/share farmed land must be inspected by the BFM auditor. (Any additional lease/share farm audit costs involved shall be paid by the Member.)
- The leased/share farmed land must be worked and managed by the Member (not the owner/lessor)
- Member must notify BFMInc. within 1 month of termination of lease or share farm agreement.

**BYRON FARMERS MARKET (BFM) APPLICATION FOR LEASE/SHARE FARM SUMMARY
(LEASE or SHAREFARM AGREEMENT)
Audit checklist**

	Lessee (Lease/Sharefarmer)	Lessor (Landowner)
Name		
Home Address		
Phone		
Email		

Size of leased land:

Deposited Plan number: (attach copy of plan)

Address of leased land:(attach map)

Tick if the written agreement includes:

- Start and finish dates - Start Date..... Finish Date.....
- Income and cost sharing arrangements
- Who is providing what assets
- Duties, obligations and time commitments of each party
- Farming practices and management
- Taxation and insurance obligations
- Access by the owner
- Method of settling disputes
- Registration of lease on land title

Tick which of the following is provided by the landowner or the tenant:

Usually provided by the landowner:

- | | | | | |
|---|-----------|--------------------------|--------|--------------------------|
| • Land | Landowner | <input type="checkbox"/> | Tenant | <input type="checkbox"/> |
| • Buildings and fences (as per the agreement) | Landowner | <input type="checkbox"/> | Tenant | <input type="checkbox"/> |
| • Payment of council rates | Landowner | <input type="checkbox"/> | Tenant | <input type="checkbox"/> |
| • Payment of insurance on fixed assets | Landowner | <input type="checkbox"/> | Tenant | <input type="checkbox"/> |

Usually provided by the tenant:

- | | | | | |
|--------|-----------|--------------------------|--------|--------------------------|
| Labour | Landowner | <input type="checkbox"/> | Tenant | <input type="checkbox"/> |
|--------|-----------|--------------------------|--------|--------------------------|

Machinery	Landowner	<input type="checkbox"/>	Tenant	<input type="checkbox"/>
Plants, seedlings, livestock	Landowner	<input type="checkbox"/>	Tenant	<input type="checkbox"/>
Operating costs (including rent)	Landowner	<input type="checkbox"/>	Tenant	<input type="checkbox"/>
Repairs/maintenance on fixed assets	Landowner	<input type="checkbox"/>	Tenant	<input type="checkbox"/>
Insurance (plant, stock, accidentsetc)	Landowner	<input type="checkbox"/>	Tenant	<input type="checkbox"/>

Crops grown by BFM Member on leased/share farmed land:

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.....
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Machinery used and details of infrastructure to grow the produce:

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Terms of lease/share farm and option period: (include start and finish dates of any options) .

.....

I (theLandowner) agree to the lease/share farm of my land, as described above, to the BFM Member below, for him/her to manage and work the land

I(the Lease/Share farmer) agree to manage and work the leased/share farmed land.

	Lease/Sharefarmer	Landowner
Signature :		
Witness (JP):		
Date:		