

SA GROWER

Planning crucial for family farm's future

POTATOES SA
BY ROBBIE DAVIS, CEO

PASSING on the family farm to the next generation can be a challenge.

A national survey of 1000 farmers - commissioned by agribusiness specialist Rabobank - has shown that close to two-thirds of them are actively looking to incorporate the next generation into their business either through transfer of asset or shared ownership.

It is critical to start the succession planning process early to manage the expectations of all involved in a farming business.

But having those conversations among family members can be hard if they do not remain honest and open about their personal and business goals.

In general, primary producers do not address the issues of succession with enthusiasm or with thought to timeliness for some of the following reasons:

- There are equity and viability issues associated with handing assets to

the next generation and maintaining the family business.

- There are difficulties associated with operating at the family/business interface.
- It can be difficult to realistically assess the risk associated with asset transfer.

There are often financial and emotional issues concerning retirement.

- There are usually complexities associated with providing defined career paths and adequate compensation and housing for the younger generation.

There can be problems with the transfer of management and leadership and fear of "losing control".

- There are always tax implications involved with succession planning and legislation changes can cause confusion.

There is always emotional investment to consider as well as financial and associated business investment.

It is important to realise each family members' needs and therefore solutions to the above problems will be different. Not planning will ultimately have an impact on farm productivity and therefore the ability of the business to continue into the next generation.

Farmers that want to minimise the risk of underperforming businesses, and who want to be in control of the future of the business, approach succession planning in a comprehensive way.

They understand that it is a journey, understand that it is difficult to do it on their own and realise the importance of harnessing the power of the whole family to ensure that continuity of the business is achieved.

They also appreciate the process involves the family's accountant and solicitor to ensure the proposed plan is realistic from a financial perspective, and that it can be supported by appropriate legal structures.

Following this, those conversations about how to



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Potatoes SA is the voice for seed producers, growers, packers, marketers, exporters, wholesalers and retailers.

bring in the next generation can be had; perhaps through leasing arrangements, share farming, family loans or equity partnerships. This creates the building blocks of equity and experience for the

Simply delaying succession conversations and

'hoping for the best' is an incredibly risky strategy for the business and family unit.

Delay in itself becomes a problem in that as more time passes, the more succession options become restricted, further exacerbating stresses and difficulties in the family.

Potatoes SA is convening succession planning workshops in the South East on Monday, December 12, and in the Riverland on Tuesday, December 13.

Presenters will be Rabobank's Rosemary Bartle, Lynch Meyer Lawyers' John MacPhail, RSM Australia's Brenton Scott, and Prime Super's Noel Hazelidine.

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