



Hard to find 'small bickies'

FORMER agricultural consultant, David Sackett, says while equity partnerships are one way to help attract capital to farming, they are a "special arrangement" and they're not for everybody.

"Farmers often think agriculture is capital intensive, they want to expand but they're capital-constrained so they go and find someone else's capital to make it easier," said Mr Sackett (pictured), now chief executive officer of Growth Farms Australia, a contract farm management business with some involvement with equity partnerships.

"The reality is the size of most family farm businesses and the size of the institutional investors is just grossly mismatched.

"Institutional investors aren't interested in putting half a million dollars here, \$2 million there.

"They're interested in putting large amounts - tens to hundreds of millions - into a small number of large investments, not a large number of small investments."

Mr Sackett said in most cases, farmers looking for an equity partner needed to find

somebody who was prepared to put in smaller amounts of money, which was not easy.

"Our experience is these partnerships are much more mature in the dairy sector, with more share farming, ownership of cows versus land, so I can see

it's easier to do in the dairy sector.

"In mainstream broadacre agriculture I think it's uncommon."

While equity partnerships could still be seen as one way of bringing further investment to agriculture, Mr Sackett believes over time many different sorts of investment and farm management models will emerge.

"It's a possible solution, but not a solution for everybody."



resulting project is going to be "stronger and more robust than the current one".

"Equity partners won't come in just to facilitate someone leaving - they want those that stay to be committed to a growth path.

"I believe there's a great opportunity for agriculture whereby we can attract capital into the industry that is sustainable.

"If it means we can help manage succession issues in the industry, help businesses expand and grow, and help attract capital from onshore and offshore, into a sector that is otherwise not

well understood, I'd be delighted."

David Sackett - a former agricultural consultant who now heads up contract farm management business, Growth Farms Australia - said finding people prepared to invest in equity partnerships was the biggest issue.

"We certainly know of people that want to invest in agriculture but most of those people want to own the land and operate businesses," he said.

"They tend not to be so keen to put their money into someone else's business."

And he said producers prepared to

hand over some equity in their business needed to understand it required "a whole new level of transparency and accountability that was not the norm in many family businesses".

"You are moving to a corporate-style reporting and you need to be able to manage that process and it needs to be clearly set up from the start, as it is quite complex."

He said each arrangement also needed a clear "exit strategy" detailing how the partnership would be wound up.

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