

# TRANSCRIPT

## LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

### **Inquiry into Securing the Victorian Food Supply**

Bendigo – Thursday 23 May 2024

#### **MEMBERS**

Juliana Addison – Chair

Martin Cameron – Deputy Chair

Jordan Crugnale

Daniela De Martino

Martha Haylett

David Hodgett

Nicole Werner

## WITNESS

Amy Cockroft, Chief Executive Officer, Cultivate Farms.

**The DEPUTY CHAIR:** Welcome to the public hearing. I will just run through some important formalities before we begin.

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Thank you for making the time to meet with the committee today. Could you please state your full name and title and make any opening remarks which you wish to do.

**Amy COCKROFT:** Sure. Thank you. My name is Amy Cockroft. I am the CEO of Cultivate Farms. I did prepare just a little bit to tell you a bit of the background of Cultivate Farms. I have been with them since October 2022. Cultivate Farms actually started in 2016 as a social enterprise. It was based on the values of good farms, good food and good people; they are the three things we always try and come back to when our work takes us off in some fun directions sometimes. The basic aim of Cultivate Farms is to help aspiring farmers into farm ownership, and a big part of what we do is actually helping older farmers think about retirement options that do not necessarily involve selling the family farm. We often find resistance from older people, especially if the purchaser is an existing multiple farm owner or a corporation.

It actually started because one of our co-founders grew up on a dairy farm just north of here and his parents needed to sell the farm to fund their retirement, so Sam missed out on being a dairy farmer and it will not be in his life now. We see this story played out over and over again in Australia. Land prices seem to have increased to such a level that older farmers see that selling the farm is really their only realistic option, especially when they are providing for on-farm and off-farm children. So the wealth of the farm disproportionately sits in the land value, so when it comes to distribution of the estate, it is the only option that they see. We often see this particularly in peri-urban areas, where selling land to housing developers far outstrips any profits made from farming. I think we have all seen, and if you have driven up from Melbourne today you would have seen, lots of arable land sitting there because it is being banked for future developments. So we do see land prices as a really big barrier to entry for aspiring farm owners, whether they are generational farmers or they are actually farmers trying to enter the market. Generational farmers miss the opportunities for inheritance because of that value-splitting between children.

We do see good farmers, and we see farm managers, and we talk to them every day, who end up spending their lives working on properties that they would never be able to afford to own. It also means they are unable to influence farming methods and practices and even what they are actually growing on that farm. Also, we see that limits the earning capacity for those really good farmers, and often we see them choose to leave the industry.

Cultivate Farms is a membership-based organisation. We have one branch that works with aspiring farmers and retiring farmers. We provide information and learning services to both of those markets, if you like. The ultimate aim there, the grand final, would be matching those retiring farmers, so having an outgoing farmer and an incoming farmer with the same skills and same values work together on the same farm. That farm transitions ownership over time. That is pretty rare, I have to say.

Over the last eight years or so what our experience has shown us is that farm ownership is much more successful when it is addressed on a community level. We have seen communities keep farm ownership local and keep that wealth in the community and keep jobs, and really for us, coming back to that 'good people', it is about rejuvenating those regional communities.

I wanted to just run you through three examples of things that we have done that have seen farm ownership stay local because of the work that we have done. Cultivate Communities is a program that we run. We have run it successfully in northern Queensland actually with cane-growing communities. We went in, we spent some time doing workshops and we worked with a productivity group up there. We did workshops for younger farmers to

get them in and help them learn ways of approaching older farmers, really just raising this idea of farm transition and not needing to buy but perhaps sharefarming, working on a farm, lease-to-own sort of arrangements. We have done that up in northern Queensland, and we saw a really good outcome. I think we had eight farmers altogether start their farming business on someone else's land so they could then buy in over time.

Another model that we are working at the moment to establish is with dairy farmers in New South Wales, and we are speaking with some people in south-west Gippsland. It still in its very infancy stages, but it is based on a model in Circular Head in Tasmania. I am not sure if you are familiar with that. Circular Head is in northern Tasmania, and it is a dairy farming community. They saw that they were losing farm ownership and losing money from their community, so they actually set up unit trust funds to buy farms. Dairy is very good for sharefarming. The model works very well for sharefarming, so they set up unit trust funds to buy farms. Younger farmers came on. With the sharefarming arrangements, those younger farmers are able to buy their farm over time, and then that unit trust gets reinvested in the next farm and the next farm. The last time I spoke to them their estimate was that they had retained \$100 million in farms in the local community, so it has been very successful for them down there. I understand that 14 dairy farms have been purchased through the Circular Head unit trust.

The other model that we explore is the concept of a land trust. It is based on a model that already exists in America, and again there is pretty significant philanthropic funding in America. That is to actually buy the land and covenant the land so it must be used for agricultural purposes, so it knocks that future value out for the land.

**Martha HAYLETT:** We were learning about this just the other day – very fitting.

**Amy COCKROFT:** Having said all of that, we remain pretty optimistic about farming and the future of farming and farmers in Australia. We see every day that Australians have a really deep love for their land. We think that agriculture plays a pretty important part in our national identity. We would like to get to a place where good farming is just one element of good land stewardship, and that is what Cultivate Farms does. We work with all different sorts of stakeholders, and we will continue to do that until we can achieve some of our goals, I guess. Thank you.

**The DEPUTY CHAIR:** Thank you, Amy, for those opening remarks. I will open it up if someone has a question for Amy and would like to start, or I can jump in, whichever. Martha?

**Martha HAYLETT:** Thank you so much, Amy. It says that you have placed 29 aspiring farmers on properties across Australia. I am just wondering how many of those have been in Victoria versus other states. You were talking about Queensland as well, but how much success have you had in Victoria itself?

**Amy COCKROFT:** Now that you have said that, there are only a few. There are only a couple. The significant portion are up in that work that we did in the cane-growing region in Queensland. There are some in southern New South Wales but not quite in Victoria. We have done a few in Western Australia as well.

**Martha HAYLETT:** Do you think that there is any reason that in Victoria there has not been the right model in place or that there are any setbacks from a Victorian perspective as to why that has not happened?

**Amy COCKROFT:** I do not think there is anything particular to Victoria that has prevented it. It is more likely just the combination of people that we have been in touch with or who have come through our doors. Sorry, I stand corrected. There is one, a sheep farm just north of Bendigo. So there are a couple.

**Martha HAYLETT:** Fantastic.

**Nicole WERNER:** Are there other programs like yours? I think one of the other witnesses mentioned Future Farms, that does similar work.

**Amy COCKROFT:** I am not familiar with anyone that does this exactly. Circular Head Farms in Tasmania is a really good example. There are organisations that help with education for aspiring farmers and there are a lot of different farm ownership courses – well, when I say a lot, there are a handful – but I do not think there is

anyone that really operates in this space. There are people that work in succession planning, but there are not people that would say, 'We can try and find you a farmer who can come on and help you with this.'

**Nicole WERNER:** Thanks.

**Martha HAYLETT:** What are some of the challenges that you think need to be overcome to pair those new farmers with the retiring farmers?

**Amy COCKROFT:** Often the barrier is the older farmers will leave it too late, so they are at a stage where their health means that they need to move off the farm. It is often coming to that understanding of how the wealth would be distributed as well. It is a very complex family situation. I do think there is a lack of awareness of what options there are. Farmers tend to be quite headstrong.

**Martha HAYLETT:** Proud people.

**Amy COCKROFT:** Some are, but we come across people every day that are just so open to different ideas. But it is really not just the farm owner's decision, it is the family decision, and this can come in as a little bit left field. It makes people feel pretty uncomfortable. You are letting another family into your farm, your livelihood, and there is some risk involved in that. It often is that the on-farm and off-farm children are conflicted about what the options are. The off-farm children often just want the cash up-front, and that is fair enough too.

**The DEPUTY CHAIR:** Show me the money.

**Amy COCKROFT:** Well, they have probably got to buy into the housing market too.

**The DEPUTY CHAIR:** What is the process at the very start? Do you have farmers contact you, do you have budding farmers come and contact you or are you proactive and go out and target certain farmers?

**Amy COCKROFT:** We have a membership base of about 3000 – I think it is up to – of aspiring farmers. So they are people that have signed up with us and said, 'We would like to own a farm one day.' From there, we ask them a whole lot of questions about what sort of farming, how much experience and all that sort of stuff. We offer them learning that they can do along the way. We did used to run courses where we would get 10 or so of these farmers together once a month for a year and teach them some skills. We really try to empower them to go out, especially if they are already in a regional community, and approach someone where they can see their back paddock is not being used and start to build up their own herd and start to grow their own. It works well in horticulture as well. They can start that, so they are starting their farm business. From the older retiring people we work with succession planners and financial planners.

We conducted some research recently with La Trobe University about health and wellbeing and ageing on farm. That is really one of the outcomes we are looking for – that the ageing farmer can stay on the farm and participate in their local community. They might receive a level of care and security from having someone on the property all day. Sometimes farms have got two residences on the property, so the family can move into that other property and provide low-level services – food shopping, checking in on people every day and that sort of thing.

**David HODGETT:** I think in your submission it was in 2023, that research.

**Amy COCKROFT:** Yes.

**David HODGETT:** Is that finished or is it ongoing?

**Amy COCKROFT:** From La Trobe university?

**David HODGETT:** La Trobe, yes.

**Amy COCKROFT:** No, it is finished now.

**Daniela DE MARTINO:** Can I ask – of the 3000 aspiring farmers, do you know roughly what proportion are in Victoria or would be looking to Victoria for a farm?

**Amy COCKROFT:** I do not know off the top of my head, but I would say it probably aligns proportionately with population.

**Daniela DE MARTINO:** Yes.

**Amy COCKROFT:** Yes.

**Martha HAYLETT:** Do you think that there are any policy changes or legislative reforms that we can do to help facilitate this type of service?

**Amy COCKROFT:** That is a very big question. I am sure there are. I think that education – we work with the RFCS groups, the Rural Financial Counselling Service. I think that they have a role to play, but I think that can be magnified. They are already talking to the right people.

**Daniela DE MARTINO:** We have spoken with a number of different witnesses who have discussed planning. Do you think there is a role there for zones or controls? Because I was noting your third about the land trust buying up land and putting covenants on it. So would you say that government has a role to play in that regard? Not so much buying the land but –

**Amy COCKROFT:** Yes, I think it could. I think by planning you mean boundaries of where development can occur and where it cannot – yes, absolutely.

**Daniela DE MARTINO:** And certainty over a protracted period of time.

**Amy COCKROFT:** Yes.

**Martha HAYLETT:** Given that you are Australia-wide – am I right in saying that?

**Amy COCKROFT:** Yes.

**Martha HAYLETT:** You must have so many different connections into different state and territory governments, departments, NGOs, all those sorts of things. Do you see that there are particular states and territories around Australia that are easier to connect with or that are showing best practice in terms of their engagement in their support of your organisation?

**Amy COCKROFT:** No.

**Martha HAYLETT:** No?

**Amy COCKROFT:** No, I cannot say there is a difference between the ones that we have worked with. We tend to not engage with government organisations as much. We work with a lot of NFPs. Because we are very proactive about regenerative farming and carbon farming and working in that space as well, we tend to work outside of government because we see that we can get things done a bit quicker.

**Martha HAYLETT:** So you do not actually have any grants that you have been given by particular governments across Australia, or, no, you are just thinking about –

**Amy COCKROFT:** No, not government grants.

**Martha HAYLETT:** Okay. How are you funded? Is it that membership base that supports you financially? Is it philanthropic?

**Amy COCKROFT:** Yes, we are funded through the membership base. We charge service fees for the matching work that we do. We do the community work that we do – that is often funded through the community or through that community group. And then we have a project management arm as well that brings in cash for the business to operate.

**The DEPUTY CHAIR:** We heard from Macedon Ranges, just before you started, how some of their bigger farms are being parcelled up and made into smaller farms. Is it daunting for the budding farmer to go into some of these bigger farms and get out there and think, ‘My goodness, how am I meant to run this?’ It is one thing wanting to be a farmer, but it is so much more than that these days.

**Amy COCKROFT:** Yes, absolutely it is. In Kyneton there was a business called This Farm Needs a Farmer, which was exactly that. It was people that would move into regional areas and often with smaller blocks, 5- or 10-acre blocks, and then not know what to do. We see that as a risk, because the only thing that happens with those 5-acre blocks is that they get mown on the weekends, and so they are not being used productively. Not my area, but I have also heard concerns about those smaller herd managers that are new to it all. It is not their core business. I have heard a few people say if we are ever going to have an outbreak of a livestock disease in Australia, that is where it will go, because those tracking and quarantining measures are not as standard as they are on bigger farms.

**The DEPUTY CHAIR:** Do you give the budding farmer coming in that education in the finances that are needed to be able to run the farm and the whole overview, or is it just you marry them up – ‘There you go’?

**Amy COCKROFT:** The people that we tend to work with who are ready for our matching services are already experienced in farm practice. We do include business management as part of our education for it. We do make sure that these individuals are getting the right support or getting independent support, independent advice from accountants and lawyers. Does that answer your question?

**The DEPUTY CHAIR:** Yes; they are getting that help as it is coming through. You can head them in the right direction so they get the whole overview of farming, because it can be very, very daunting as they go in and go through.

**Amy COCKROFT:** Absolutely. It is very uncommon that you will see a farmer who is terrific with sheep productivity be just as good with their MYOB and Excel and that sort of stuff. It is a rare combination.

**The DEPUTY CHAIR:** Too true. Any further questions down your end, Hodgey, at all?

**David HODGETT:** No, mate. All good, I think. Thank you.

**The DEPUTY CHAIR:** It is interesting. We have had questions from around the state, and obviously you are talking with the farmers. Is it the easiest decision for them when they decide that they need to downsize or that they need to retire – not that they will ever retire – to give in to the land developer? Their money, the wealth, is in the land most of the time. Are they looking, in your experience, to deal with them? Is that a path that they are looking at first before they all sit down and take on board trying to match up a younger farmer coming through, showing them the ropes and giving them the opportunity?

**Amy COCKROFT:** I would say the more common scenario for us is that we will have older farmers coming to us that want to stay on their farm, but they want that safety net as well of keeping the farm. We very often get people coming to us looking for someone to run the farm and are happy for that incoming farmer to set up their farm business on that land, but they are not interested in transitioning that land ownership. I think that is probably an easy way for them to – I think those farmers are in an area of conflict, because they want to support a younger farmer coming in, but they are not prepared to release or let go of that wealth that they have, because that is very much for their next generation and family. Off the top of my head I do not think we have got many older farmers that are in that peri-urban area, in those areas that would be earmarked for development.

**The DEPUTY CHAIR:** Yours are bigger landowners out in the rural and regional areas.

**Amy COCKROFT:** Yes, definitely more rural. I was talking to someone just this week actually from Korumburra. They have got a lovely little farm. It is quite small; it is reasonably productive. They want to stay there; they want to stay in their community. That is where their personal history is. They are getting too old to manage the farm, so they are prepared for someone else to come into the farm to manage it and then to build up their own herd, build up their own flock and take that with them to another property. It is a starting point. But what we are really doing is setting those farmers up to be leasing farmland forever.

**Martha HAYLETT:** Once you pair those farmers, the new and the retiring, how do you then support them? I imagine there are some retiring farmers who may have explained it to their kids or they have explained it to workers, but there might be a little bit of a gap that you need to help bridge in terms of the skills, capability and capacity of the new farmer. Does your team work with each pair and support them on any gaps that they have?

**Amy COCKROFT:** Yes, we do. When we are setting up an agreement, we try and make it as explicit as possible where the roles and responsibilities sit, where the profit will sit and who gets ownership of what. It can get down to the level of 'those ewes belong to the older farmer, but those ewes are in lamb, and the lambs will belong to the new farmer'. It gets quite specific. Once we have introduced the farmers, they can theoretically do whatever they want. What we try and do, especially with the outgoing farmer, is we really encourage them not to enter into that unless they are going to – we have a relationship management period. For the first 12 months and sometimes longer we are meeting independently with the new farmer and the older farmer. We are asking them if they think they are meeting the agreement and if they think there are any other gaps with the other party, and then we sit down and mediate with them. That is something that we do if we have seen things go a little bit wrong. It tends to happen in the first 12 months, but by and large, once things get over that initial stormy period, it will settle down and work quite well.

**Martha HAYLETT:** And is there almost like a cooling-off period? I am just thinking hypothetically. Let us just say a new farmer comes on and they say, 'I want to change this and I want to do that,' and the retiring farmer is like, 'Hang on a minute, I don't want anything to change on this farm,' and so they think, 'Actually, I don't actually want this person to take over.' Is there a period in which they can actually pull out?

**Amy COCKROFT:** Yes, of course. Every transition is different; every agreement is different. Sometimes it will be almost like an option agreement, where they will get the aspiring farmer to come on and work with them for a year and use that year to figure it out and then move on from there. They are really not walk-in, walk-out arrangements. Sometimes they will be lease-to-own arrangements, sometimes they will be sharefarming arrangements, and when it comes to stock replenishment then the new stock will gradually transition to the incoming farmer. So there are a lot of different ways of doing it, and we do make sure that those sharefarming – it almost falls under sharefarming – agreements are really clearly spelt out prior to agreement.

**Daniela DE MARTINO:** Amy, we just went and had a site visit this morning to Harcourt Organic Farming Co-op. I am just wondering if you have seen many co-ops in action around the country through your experiences and what works well and what does not. They were saying there are a number that try and it does not work. They have obviously got a model that is working at the moment, but it is not without its challenges. I am just wondering what you have observed in terms of the co-op model.

**Amy COCKROFT:** I do not have any personal experience with co-ops, and especially with co-ops that involve shared land. I have seen good working examples of sharefarming in dairy, and that is probably the closest that I have seen to a cooperative.

**Daniela DE MARTINO:** Thank you.

**The DEPUTY CHAIR:** You have got the younger ones that are wanting to get into farming, and you are marrying them up with the retiring farmers. Do you have any at all where the farmer has passed away and the property has been left to the family and they are looking for someone to take over and run the farm? Is it that in-depth that it is that far down the track, or is it more that the farmer is still current and on the land?

**Amy COCKROFT:** I have never seen that happen. Like I said, transitions happen in all different sorts of ways. It is not to say that that could not happen. I have seen quite successful models where that next generation will almost set up a corporation and act as board members and chairs of the board rather than working on the farm, and then they will often employ people to come in and use the farm. There are a lot of different ways of doing it, but I have never seen where the original farm owner has deceased and then it is the children running it for a long-term transition.

**The DEPUTY CHAIR:** Yes, they either make the decision that the family continues it on, or they sell up, more to the point.

**Amy COCKROFT:** Yes. By that stage it would probably be on the market.

**Martha HAYLETT:** Of the 29 that you have supported, Amy, I am just thinking if you have found more success in particular types of farming. I do not know what the exact make-up of that 29 is, but have you found that it is easier to do this type of model with cropping farmers or with dairy farmers, or with different – is there a stand-out type of farming? It would probably depend on different states that you were working in.

**Amy COCKROFT:** Not really, is the short answer. It tends to happen more with smaller farms, where I guess perhaps there is not so much at stake, but it has been really varied. We have seen people that have come through our education programs go out and find their own farms as well, so it has not always been a match through us, and that is a really, really good outcome for us. I have seen broadacre cropping and sheep. I have seen, like I said, cane and horticulture, and then quite a few mixed farming enterprises.

**The DEPUTY CHAIR:** And the age of the farmers that are looking at their succession planning – and obviously it has been when they have been taken out in a box off the farm, virtually, or ‘plant me under the oak tree over there’; that is how they leave. Are they starting to get smarter? Are they looking at that at an earlier age now, even though it might be 15 or 20 years down the track? Are they engaging with succession planning earlier?

**Amy COCKROFT:** I think they have a really good awareness of it earlier, but I think there is that very human thing –

**Martha HAYLETT:** Emotional connection.

**Amy COCKROFT:** emotional connection – really just to deny that we are all getting old. I think people just put it off and put it off. So actually addressing it beyond going to your solicitor and writing up your will, taking that next step, is a very, very big step for people. We get a lot of people looking to us for information, and we have what we call our ageing-on-farm guide, which we are really happy to share with people when they get in touch with us. I think people are doing a lot of information gathering, but turning that into plans and actions and executing that is a very, very big step.

**The DEPUTY CHAIR:** Thank you. Oh, Juliana.

**Juliana ADDISON:** Hello, Deputy Chair.

**The DEPUTY CHAIR:** Here is our Chair, Amy, Juliana Addison.

**Juliana ADDISON:** Hi, Amy. My apologies that I have come midway. I have been over in Ballarat at a funeral, so I got here as soon as I could.

I apologise if this has been covered at all, but it is from the far corner of my brain, so I am thinking perhaps it has not. I was watching *Muster Dogs* and the man who had the accident who was in a wheelchair on his farm and was doing amazing farming and had assistance and everything like that. What happens to a farmer if they have a serious accident or they suddenly get a very serious illness or they die when they are still in their prime, when succession planning has not happened? I am wondering whether you have ever been called in to help a family with succession planning because a younger farmer who thought he was going to be working the farm for decades suddenly needs your help.

**Amy COCKROFT:** Yes. Look, it is a really good question, and no, we have never had that come up. I think that that sort of immediacy is not necessarily where we operate best. I recall watching that and seeing how important it was for that guy to stay connected to what he was doing there. So yes, I think there is opportunity to work in that space as well. There are really good synergies that can come out of that sort of thing.

**Juliana ADDISON:** Thanks.

**The DEPUTY CHAIR:** Have we any more questions at all, committee, or has everything been covered? Amy, are there any closing remarks or anything that you think that we have not asked that you would like to put on the record before we finish up?

**Amy COCKROFT:** No, I am good. Thank you.

**The DEPUTY CHAIR:** I am sure, and I hope you take on board, that if we do come up with some other questions you are okay for us to email them through to you to be answered?

**Amy COCKROFT:** Yes, absolutely.



**The DEPUTY CHAIR:** No worries. Thank you. On behalf of our Environment and Planning Committee, thank you very much for coming in today and telling us everything about what you do.

**Witness withdrew.**