

# Protecting our sustainably managed farmland

*A project funded by the Lord Mayor's Charitable Foundation*

*and the McLeod Family Foundation*



**SUSTAIN** the Australian food network





Published by Trust for Nature

Level 5/379 Collins Street, Melbourne 3000

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Project Partners: Ethical Fields, Cassinia, Sustain, Young Farmers Connect

## Acknowledgements

We proudly acknowledge Australia's Aboriginal and Torres Strait Islander community and their rich culture, and pay respect to their Elders past and present. We acknowledge Aboriginal and Torres Strait Islander peoples as Australia's first peoples and as the Traditional Owners and custodians of the land and water on which we rely.

Trust for Nature is grateful for the support of the Lord Mayor's Charitable Foundation without whom this project would not have been possible.

Trust for Nature further acknowledges the support and input of the many stakeholders in this project, including the project Reference Group, comprising: Paula and John McLeod (McLeod Family Foundation), Jade Miles (National Program Manager, Sustainable Table); Robert Faggian (Deakin University Centre for Regional & Rural Futures); Declan McDonald (Principal Soil Scientist, Regen Soils); Peter Forster (Farmer and Trust for Nature Covenantor); Steve Gartland (Senior Policy Advisor, Department of Agriculture); Lisa Brassington (Collective Impact and Urban Agriculture Facilitator, Cardinia Shire Council); Andrew Butt (Associate Professor in Sustainability and Urban Planning in the School of Global, Urban and Social Studies and the Centre for Urban Research at RMIT); Annemaree Docking (Director, Planit Rural); Louise Crabtree-Hayes (Associate Professor, Institute of Society and Culture, Western Sydney University); Sharon Hebbard (Artisan Agriculture Facilitation Specialist, Hepburn Shire Council).





*“For the true measure of agriculture is not the sophistication of its equipment, the size of its income or even the statistics of its productivity, but the good health of the land.”*

— Wendell Berry, *The Unsettling of America: Culture and Agriculture*

# Contents

First Nations Sovereignty .....	1
<b>1. EXECUTIVE SUMMARY .....</b>	<b>2</b>
<b>2. PROJECT OVERVIEW.....</b>	<b>3</b>
2.1. Objectives.....	3
2.2. Approach.....	3
2.3. Partners.....	4
2.4. Project deliverables.....	5
<b>3. PROJECT RATIONALE .....</b>	<b>6</b>
3.1. Biodiversity and climate crisis.....	6
3.2. Land and agriculture crisis .....	6
3.3. Food systems crisis.....	7
<b>4. SHARED OWNERSHIP AND COLLABORATIVE MANAGEMENT OF FARMLAND: OPENING PATHWAYS FOR YOUNG AND NEW FARMERS .....</b>	<b>9</b>
4.1. Introduction .....	9
4.2. Ownership and governance structures: Private versus shared benefit.....	9
4.3. Financing and investment considerations .....	10
4.4. Models for shared ownership and collective management of farmland .....	11
4.5. The Share Farmer Model .....	12
4.6. The Cooperative Farming Model .....	18
4.7. The Community Land Trust Model, incorporating agriculture .....	23
<b>5. THE FARM COVENANT: A PERMANENT PROTECTION TOOL FOR SUSTAINABLY MANAGED FARMLAND .....</b>	<b>29</b>
5.1. Introduction .....	29
5.2. Victoria’s Land Trust: Trust for Nature .....	29
5.3. The role of Trust for Nature in this project.....	29
5.4. The role of the planning scheme .....	29
5.5. How farm covenants could work .....	30
5.6. The value of permanent protection.....	30
5.7. United States precedent .....	31
5.8. Legal and policy basis for the farm covenant .....	31
5.9. Key conclusions .....	32

<b>6. TESTING THE FARM COVENANT ON A REAL SHARE FARM.....</b>	<b>34</b>
6.1. The Moonlight Creek farm .....	34
6.2. The Moonlight Creek farm covenant .....	35
6.3. The Moonlight Creek management plan .....	37
6.4. Measurement.....	38
6.5. Key findings, drivers and barriers .....	39
6.6. Conclusions .....	42
<b>7. ADOPTING COMMUNITY LAND TRUST PRINCIPLES IN AUSTRALIA .....</b>	<b>43</b>
7.1. Limits to Trust for Nature’s scope.....	43
7.2. Community-Owned Farmland models as an alternative .....	43
7.3. Long term leasehold approach .....	44
7.4. Modified shared equity model (co-ownership) .....	44
<b>8. EXPLORING FUNDING MODELS FOR PERMANENTLY PROTECTED FARMLAND AND OPENING PATHWAYS FOR NEW OR YOUNG FARMERS.....</b>	<b>46</b>
8.1. Research process .....	46
8.2. Understanding the components of value .....	46
8.3. Potential funding models.....	47
8.4. Barriers and opportunities.....	48
8.5. Key conclusions.....	49
<b>9. CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>51</b>
9.1. Key conclusions.....	51
9.2. Key recommendations .....	52
<b>10. APPENDICES.....</b>	<b>53</b>



## First Nations Sovereignty

Uncle Ghillar Michael Anderson is chief advocate of the Indigenous Sovereignty Movement, and Leader of the Euahlayi People's Republic, an Aboriginal nation-state that he proclaimed as a republic in 2013. At the Victorian Independent Food Systems Summit Dialogue, convened by Sustain and held online on 27<sup>th</sup> July 2021, Uncle Ghillar shared with attendees the following story about the food cultures of First Nations peoples. The story speaks to water, sovereignty, Country, ancient foods, and health and wellbeing. It is published with his permission.

“When the creators came and they created our society, we, the Euahlayi, the Gomeroi and the Wiradjeri, we were the same skin groups, and those four skin groups all connected to an ecosystem. Within that ecosystem – everything that lives within that single system – is family. In our case, we have the Nyungar, the Kurrajong tree – that's the mother of that ecosystem, and it grows on rocky ridges, on rocky soil. Within that system, we have all the food – not only do the humans have a relationship there, but all the different plants, and animals and birds and fish where we connect down to the rivers.

This is where we have all the family. In the same way that native American Indians talk about all the family. Within that system, we're generally not supposed to eat animals and birds that are related to us as part of that ecosystem. It's a conservation method as part of maintaining our population and our numbers. It's the same as the grasses, it's the same as the fish. We have the neighbouring clans – they have a different system, different animals, birds and vegetation. Within these systems, this is how we managed to live a sustainable lifestyle, so that we're not all farming one area, but we move around.

Because our food can only be harvested in a short window of 2-3 weeks, you need to make sure that you're there at that place at that time; and so over the thousands of years we've been here we understand how that works. We didn't have to till the soil, because nature provided everything that we needed. It's a wonderful system – if we could only get back to it.

Nowadays, my people are looking at how we can plant those species in a particular area, so that – in this modern day that we're forced to live in and we can't get around to all those places where those things are naturally – we have to germinate them in our own areas and increase the numbers so we do have access to them at certain times.

We have 8 cycles or seasons – sometimes you're not eating plants and fruit because they're not there, and you're living on fish or birds – you're living on meat, such as echidna or goannas. We have a great variety in our diet, and it's all sugar-free, which is a wonderful lifestyle.”

The project partners in this collaboration acknowledge that we live and work on the country of the First Nations of Australia; and that this land was taken from them through direct and violent processes. Questions and challenges of how to protect and manage farmland sustainably in Australia must begin with this acknowledgement, this uncomfortable and unsettling truth. Equally, proposals for responding to the farming and food system crises we face must be developed and implemented in ways that acknowledge and give meaningful expression to First Nations sovereignty. As we engage with farmers and landholders in the implementation of the models developed in this report, we will ensure this commitment remains a guiding principle.

## 1. EXECUTIVE SUMMARY

At its heart, this project addresses critical challenges facing our food systems in peri-urban landscapes and beyond: how to protect productive soils for agriculture, how to recognise and embed sustainable land management systems, and how to provide pathways to farming for new and young farmers.

The project also seeks to grapple with a key paradox at the heart of modern agriculture and food systems, namely that from an economic perspective, modern commodity agriculture needs few people to be financially viable and profitable, while from an ecological and community perspective, 'sustainably-managed' farms need more people. The further conundrum is that an 'efficiently-managed' farm, from a purely financial point of view, is unfortunately often one that has both short and long-term negative consequences for the health of the land and ultimately the farmer and the broader community.

The project proposes a practical way forward to address these challenges: three models of shared ownership and collaborative management of viable, productive farms; and a tool to permanently protect sustainably managed farmland.

Our key findings are:

### **1. Shared ownership and collaborative management can open access for new and young farmers**

Alternative farming models offer effective ways to support new and young farmers. They can provide opportunities for farmers to access farmland that would not otherwise be available due to changing land use and cultural trends. And they can open new ways for farmers to access training and experience, build equity, and distribute the benefits of farming. Where the collaborative farming model proposes multiple new dwellings in a farming zone (per the Rokewood case study), the farm covenant offers an assurance that those dwellings will not lead to fragmentation or loss of farmland, but rather support and build back farming systems.

### **2. Community and Farmland Trust structures are directly transferrable to the Australian context, though can't be called 'trusts' as they are not enacted under trust law**

The report presents two ways to enact those principles in the context of sustainable peri-urban agriculture: shared equity and long-term leasehold. These options are not alternatives to CLTs but Australian versions of CLTs.

### **3. Farm covenants are a prospective tool for securing productive landscapes**

A 'farm covenant' can have the same legal force as a traditional conservation covenant, but would have a greater focus on protecting the natural capital that supports healthy agricultural systems: i.e. soil, water and pasture. It can add substantial value in preventing subdivision and urban development on productive land; ensuring long term stewardship of productive landscapes; preventing the reversal of sustainable practices; helping verify good land stewardship to the market; and ultimately, promoting biodiversity and mitigating climate change. In contrast to the planning scheme, the covenant presents an alternative land-use tool that is permanent, is not subject to variations in state or local government planning decisions or commercial imperatives, and offers a less rigid approach to protecting a diversity of farm systems and land management approaches.

**4. A further pilot is needed to test funding options for shared farming models in the peri-urban context**

Funding options to support the permanent protection of farmland and opening pathways for farmers are very much dependent on the specific location and structure of a farming enterprise. The closer a farm is to a major city, the larger the funding challenge. Quantifying and then capturing the social, environmental and economic value of permanently protecting farmland is therefore critical to accessing funding. To better understand the prospective options, it is necessary to have a pilot that can be used to explore and test these alternatives. Tax incentives should form part of this exploration.

**5. Successful examples exist and have been institutionalised in several countries**

These examples have proven to be resilient in a range of cultural, social, economic, and legal contexts and represent a ripe pre-existing knowledge base and community of expertise from which to explore effective models to be developed in Australia.

## **2. PROJECT OVERVIEW**

### **2.1. Objectives**

This project is focussed on addressing critical food system challenges facing our urban and peri-urban populations. It seeks to define actionable strategies that can assist in addressing both generational change in our farming sector (succession planning, and access to the industry for young farmers), and the long-term impact of urban sprawl on food security. It aims to explore ways that shared ownership and collaborative management of farming ecosystems can be combined with permanent protection of sustainably managed farmland and the widespread adoption of sustainable farming practices to achieve these objectives.

### **2.2. Approach**

The goal of this project is to support small-scale, diversified, and sustainable agriculture on the peri-urban fringe of Australian cities – although many of the findings can be applied across large and rural landscapes as well. It does so through an action-research analysis that defines several farmland and community land trust models that can be operationalised using Australia’s existing legal infrastructure. It is an Australia-first review, drawing on models and experiences from the US and UK, and exploring a range of governance, ownership and financing models. Our analysis was complemented by a pilot project of a farm covenant in Rokewood, Victoria, that tests one of these models on-ground. The project also considers opportunities for law reform where existing legal frameworks aren’t fit for purpose.

This research has been informed by and presented in a series of online and in-person forums with key stakeholders and interested parties including landowners, funders, investors, members, stakeholders and government. Details are provided in Appendix B.

## 2.3. Partners

The project partners have come together to collaboratively work on the project and contribute their expertise and resources to achieving its objectives.

**Trust for Nature** is Victoria's dedicated private land conservation agency. Its goal is to protect and restore places in Victoria where wildlife and native plants can thrive, using statutory, in-perpetuity covenants pursuant to the *Victorian Conservation Trust Act 1972*. It operates across landscapes, including on working farms, and relies on its Statewide Conservation Plan, a science-based integrated framework for conservation planning and operations across Victoria. Trust for Nature is leading this project.

**Ethical Fields** is a consulting firm that specialises in assisting government and communities to create and execute community wealth building strategies. It has worked extensively with government, member-owned organisations and communities and has deep relationships in the farming sector. It has particular expertise in cooperative ownership models to achieve outcomes that benefit communities and the environment.

**Cassinia Environmental** is an Australian leader in landscape restoration, regenerative agriculture and biodiversity protection. Cassinia delivers projects which protect, restore, reconnect, integrate and embed Australia's natural systems, and seeks to incorporate conservation management into agricultural systems, creating landscapes which are both productive and ecologically resilient.

**Sustain** is a national food systems 'think and do network', committed to the long-term vision of a healthy, sustainable, fair and resilient food system for everyone in Australia. Sustain has a long-standing interest in and commitment to food justice, food security and equity. With the support of the McLeod Family Foundation, Sustain is matching LMCF funding for this project.

**Young Farmers Connect (YFC)** is a national not for profit organisation committed to supporting young aspiring farmers to access productive land, resources, education and networks, with a focus on regenerative, holistic and sustainable agricultural practices. YFC seeks to break down barriers and mobilise young farmers into the agricultural sector, revitalise rural communities and transform the way food is produced, supplied and consumed.

## 2.4. Project deliverables

### Project level Outputs

1. A comprehensive report detailing clear and actionable ways to achieve permanent protection of peri-urban and important agricultural land, as well as facilitating generational change in agriculture and creating a collaborative farm management plan to secure best practice sustainable farming principles and methods.
2. An on-ground demonstration of a farm covenant on a farm with a collective ownership model, and initial assessment of its successes and learnings.
3. A structured and facilitated introduction for impact and philanthropic capital to investment aimed at protecting peri-urban and ecologically significant farmland, with the identification of prospective investment structures that can be used to achieve these goals.

### Project level Outcomes

Outcome	Indicator	Target
1. Actionable strategies that define economically, socially and environmentally sustainable ways to protect agricultural land from encroachment by urban development and from farm practices that cause biodiversity loss.	Measured by success in securing farmland under this approach, noting that there is currently no established mechanism to do this.	Pilot established in Rokewood by the end of the project
2. Evidence based approaches to enable training of young farmers, and generational change in the farming of peri-urban agricultural land.	Measured by a) systematic documentation of Young Farmer Connect resources that are currently available and others to be generated during the course of the project b) dissemination and evaluation of these resources	Systematically curated and organised set of resources to serve as curriculum for training and support for young farmers  Existing and newly developed resources disseminated across networks of all partner agencies, evaluation via online surveys and interviews with user groups
	c) initiation and progression of discussions with farmers and landowners in the process of succession.	2 succession discussions concluded and 3 further discussions initiated within 24 months of the conclusion of the project
3. Accessible and attractive structures that enable the growth in investment by impact and philanthropic capital in permanently protected agricultural land	Measured by success in scoping terms and conditions of prospective funding structures that can be used to support models identified through the project	Structures documented, freely available and promoted. Successful application of new funding approaches to projects as they emerge.

### 3. PROJECT RATIONALE

Food and agricultural systems are the biggest global drivers of climate change and species loss; and inequity in food systems is a major contributor to hunger and ill-health. This section sets out some of the key reasons this project is needed.

#### 3.1. Biodiversity and climate crisis

The threat of biodiversity loss is now so extreme that the United Nations has warned that it poses at least as serious a risk as climate change – though of course they are inextricably linked.<sup>1</sup> Recent reports have found that a million species – an eighth of earth’s biodiversity – are at immediate risk of extinction.<sup>2</sup> Land use is increasingly in the spotlight: the Intergovernmental Panel on Climate Change now considers the whole land-climate system in its reporting, and showed that better land management can contribute to tackling climate change.<sup>3</sup>

And this is necessary, as food systems account for as much as 37% of all greenhouse gas emissions,<sup>4</sup> and are major drivers of the ‘unprecedented’ rapid decline in ecosystems and accelerating rate of species extinction, leading to humanity ‘eroding the very foundations of our economies, livelihoods, food security, health and quality of life worldwide’.<sup>5</sup> Leading biophysical scientists, among others, have made an urgent call for a fundamental shift in our systems of land management, capital, and energy to meaningfully address this issue.<sup>6</sup>

Agriculture is the dominant land use type in Victoria, and comprises nearly 90 per cent of all privately held land in the state, making targeted efforts on agricultural land vital in curbing biodiversity loss. As identified by the Commissioner for Environmental Sustainability Victoria, the environmental impact of farming on ecosystem services is extensive and includes land clearing, soil erosion, water loss and greenhouse gas emissions.<sup>7</sup> The Commissioner has further called for ‘DELWP [to] improve biodiversity outcomes on private land by accelerating private land conservation. This will require resourcing permanent protection measures that focus on high priority ecosystems, and landscapes’.<sup>8</sup>

#### 3.2. Land and agriculture crisis

Agriculture has turned increasingly in the direction of monoculture cropping, often at very large scales; and driving major changes in landscapes and waterways, such as de-forestation and increasing soil salinity, compromising the integrity of eco-systems.<sup>9</sup> There is a growing realisation that the worldview that has led to the current level of development is no longer able to underpin

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<sup>1</sup> IPBES Report, Global Assessment Report on Biodiversity and Ecosystem Services (2019)

<sup>2</sup> Ibid.

<sup>3</sup> IPCC, Climate Change and Land, <https://www.ipcc.ch/report/srccl/>

<sup>4</sup> Shukla *et al*

<sup>5</sup> IPBES Chair Sir Robert Watson, IPBES (2019): Global assessment report

<sup>6</sup> Bradshaw *et al*

<sup>7</sup> Commissioner for Environmental Sustainability Victoria 2019, ‘Victoria: State of the Environment,’ State Government Victoria, <https://www.ces.vic.gov.au/reports/state-environment-2018/land>.

<sup>8</sup> <https://www.ces.vic.gov.au/articles/commissioner-recommends-appointment-chief-biodiversity-scientist>

<sup>9</sup> IPBES (2019): Summary for policymakers

<sup>9</sup> Massy, C. (2020). *Call of the reed warbler*

the needs of the future. Those seeking a new worldview are looking for holistic approaches and frameworks to inform and guide decision-making and practice.<sup>10</sup>

Another key issue is urban sprawl and loss of farmland. Agricultural land is increasingly at risk from development as land is valued at its highest immediate use – rather than highest long-term value. As development encroaches on farmland it increases the costs and risks of production and drives up land values beyond the reach of producers in surrounding areas. This cycle inevitably pushes productive farmland away from communities and increases the geographic extent of urbanisation. Within farming, the functioning of the land market is such that it favours large farmers and leads to land concentration. In parallel, land banking is a growing issue in peri-urban landscapes.

Finally, there is a succession crisis in Australian agriculture, with the average age of farmers now very close to 60, and a lack of support mechanisms and pathways for young people to enter agriculture. Compounding these issues is a decrease in family farm succession and an increase in new / first generation farmers.

### 3.3. Food systems crisis

While mega-scale food and agricultural systems can generate large profits for agri-food corporations and dividends for their shareholders, they can also produce poor human health and wellbeing outcomes, as well as highly destructive environmental impacts. By some estimates, as many as 2 billion people are malnourished and/or undernourished, while a further 750 million are obese, with more than 1 billion at risk of obesity.<sup>11</sup> The total human health costs of food systems have recently been calculated at \$US13 trillion, one-sixth of global GDP in 2017.<sup>12</sup>

Further, COVID-19 has exposed vulnerabilities and gross inequalities within the Australian food system, resulting in unprecedented demand for food relief, as well as an increase in the destruction of good food because of supply chain disruptions.<sup>13</sup>

Some of the drivers of industrial agriculture, together with solutions to drive a more holistic approach, are set out in Figure 1 below. The grey boxes present an integrated and holistic approach to cut through the 'lock-ins' of industrialised food systems, charting a feasible pathway to truly sustainable and regenerative food and farming systems, united by the diverse practices around the world of agroecology.

This infographic thus in many ways captures the core of the key problems this project seeks to address (unsustainable farming practices, loss of farmland and lack of support for new farmers, jeopardising medium and long-term food security) as well as the solutions proposed (the establishment of mechanisms and pathways towards an integrated and sustainable food systems).

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<sup>10</sup> Various philosophies and methodologies have emerged that seek to reverse the destructive impacts of industrial agriculture, including holistic agriculture (Widdowson, 1987), permaculture (Mollison & Holmgren, 1978; Holmgren, 2002), regenerative agriculture (Rodale, 1983), organic agriculture (Northbourne, 1940) and biodynamic farming (Pfeiffer, 1938). These are all informed by First Nations cultures that were based in an integrated and symbiotic relationship with the land.

<sup>11</sup> Hickel (2016)

<sup>12</sup> IPES-Food (2017)

<sup>13</sup> Rose (2021)

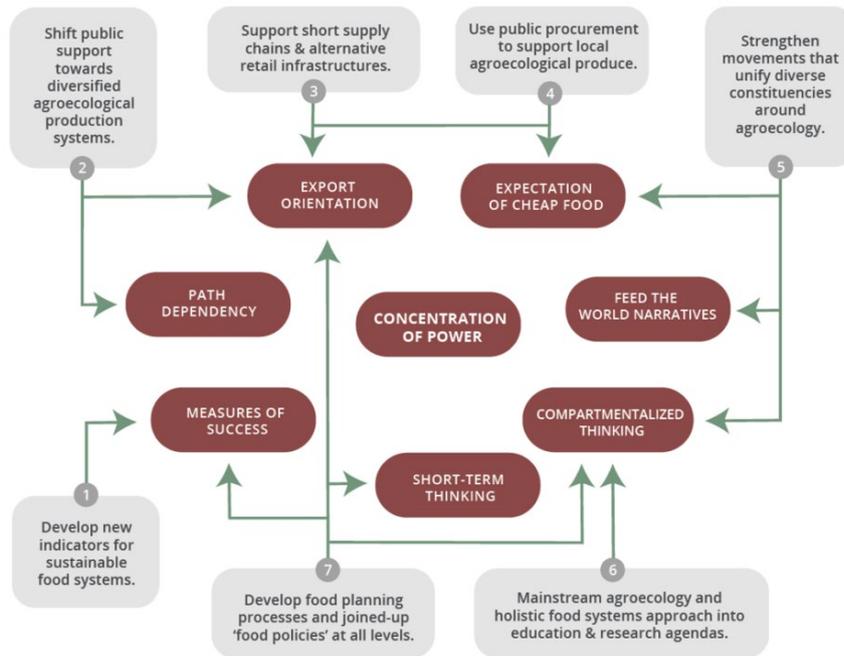


Figure 1: Mooney P. (2017). *Too big to feed: exploring the impacts of mega-mergers, consolidation and concentration of power in the agri-food sector*<sup>14</sup>

<sup>14</sup> IPES-Food; Reproduced with permission from IPES-Food

## **4. SHARED OWNERSHIP AND COLLABORATIVE MANAGEMENT OF FARMLAND: OPENING PATHWAYS FOR YOUNG AND NEW FARMERS**

### **4.1. Introduction**

The concept of shared benefit lies at the heart of this project. It seeks to discover ways to:

- Protect farmland for the benefit of the broader community – to address risks relating to urban encroachment, food security, biodiversity loss and climate change; and
- Enable better access to land for a cohort of new and young farmers – to address generational change and skills gaps in our farming sector

In order to achieve these outcomes, we need effective mechanisms for collective decision-making, reporting, and the distribution of risks and rewards – as shared benefits typically flow from shared responsibility.

For this reason, the following discussion is aimed at understanding approaches to collective farmland protection, ownership and/or management, as it is through collective approaches that these shared benefits can be realised. As noted below, we define this broadly to include any mechanism that requires the land owner and/or manager to consider and respond to the needs of a broader group.

This chapter explores three different approaches following the framework outlined below.

### **4.2. Ownership and governance structures: Private versus shared benefit**

A key challenge for our research was that while permanent protection of land is a singularly understood concept, there are a variety of ways that collective management and/or management can be expressed. It can take a range of legal forms, and these forms can vary depending on the part of the farming operation that is being considered. More than that, there can be governance approaches to farm and land management that mimic aspects of shared ownership models without satisfying strict definitions of ownership.

To overcome these constraints, we have adopted a framework that considers the motivations that underpin different approaches – and specifically the degree of shared versus private benefit that is intended by a particular arrangement. This approach allows us to isolate those variables that give rise to ‘collective management’, as these will create a shared benefit, and to group models accordingly.

The key attribute of a benefit that we are focusing on then is the way risk and reward is distributed amongst a set of stakeholders – recognising that benefits can be spread across natural, social, cultural and economic capital. A shared benefit is one where many stakeholders participate, versus a private benefit where a single stakeholder benefits.

The permanent protection of land provides a good example of how shared benefits can be created. The permanent protection of land via a covenant is a mechanism that can be applied across Australia to create rights and obligations that compel a landowner to adhere to certain practices on their land. While the landowner may choose to enter into this type of agreement,

whether in exchange for compensation or not, it results in a public good - or shared benefit - as the community as a whole benefits from the protection of this land. In a broad sense, there is a collective management interest created through a permanent covenant, as the specific rights to ensure compliance with the covenant are passed to the relevant 'public' agency.

With this definition in mind, we have therefore adopted the following framework for approaching the analysis. It groups models by benefits with respect to land ownership and those related to the farming enterprise, with the recognition that permanent protection of farmland is a condition precedent for our project and creates a shared benefit under all scenarios:

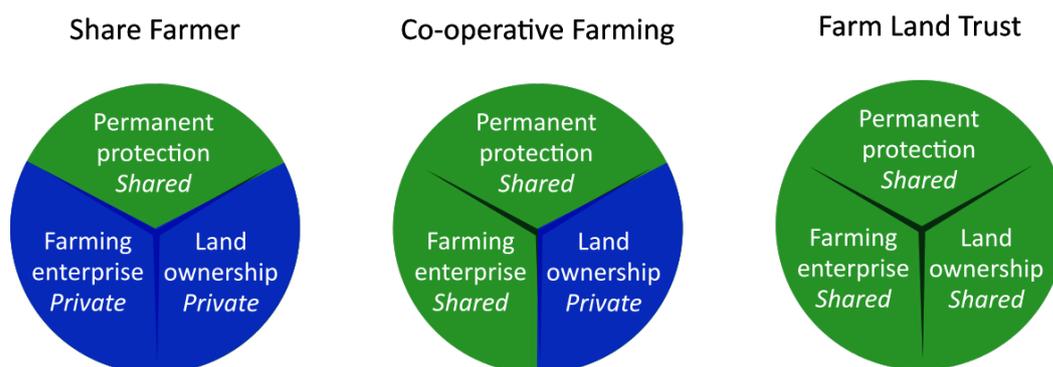


Figure 2 – How benefits are distributed under three different farming models

By way of example, the Farmland Trust model is one where the land is owned by a trust for the benefit of the whole community. Similarly, the farming enterprise of that land may be undertaken through a co-operative that leases the land from the Trust, while the covenant permanently protects the land for the broader community.

### 4.3. Financing and investment considerations

There is a broad appetite for investment in agricultural land and farming businesses across Australia. Whether this capital is available to support permanent protection and collective ownership models is one of the key questions of this research. In considering potential investor demand, there are a number of variables that determine the types and availability of finance to support both acquisition and operating investment in farming.

The financing options for the different farming and land management models in this report will be analysed through these variables:

- a. **Business model** - How economically sustainable is the enterprise? The business model of a farming enterprise will be a key determinant of the types of funding available. For example, shared benefit operating models can place limitations on the availability of debt and equity financing where they limit returns to capital, though these types of models can also reduce earnings volatility and promote financial sustainability.
- b. **Management structure** - How effective is management? Investors will look at the quality of management structures to ensure that capital is being invested effectively, and to assess the likelihood of returns on, and/or repayment of, their investment. Shared benefit approaches require clear decision-making structures, execution delegation, and oversight mechanisms that align with the motivations of controlling stakeholders and the requirements of capital.

- c. **Risk management** - How effectively are risks identified and managed? The risk management processes of a farming enterprise will impact on its operating model and ability to deliver into financial performance expectations. Investors will require clear and executable mechanisms for responding to adverse operating conditions, natural disasters, etc, and for managing non-compliance or disputes between stakeholders.
- d. **Stakeholder alignment** - How are benefits distributed? The commitment and financial strength of key stakeholders in a model will be a key factor for potential funders. Not only does a financial investment by key stakeholders support the initial economic model, it also creates an alignment of interest that can be key to protecting ongoing viability in adverse operating conditions. Conversely, a traditional challenge with shared benefit models can be that they can be very strongly aligned with controlling stakeholders, which undermines their ability to raise capital from external sources. For example, cooperatives are typically structured to maximise benefits to members rather than maximising profits for investors. This moderates the profit motive which can undermine the attractiveness for third party investors. In considering capital structures for different approaches, it is important to therefore consider the ways that different stakeholders are aligned.
- e. **Funding requirement** - What type of funding is required? The availability of funding can also vary by the needs to be met. For example, a common problem for charitable models is that they can often attract philanthropic capital to support catalytic acquisitions but find it more difficult to attract funding for ongoing maintenance or operating costs.

The impact of these variables on financing options will be considered through the 'private' versus 'shared benefit' framework - with the implications for structuring a proposed approach then discussed.

#### 4.4. Models for shared ownership and collective management of farmland

Based on the framework laid out above, the following discussion provides an analysis of the three archetypes:

1. **The Share Farmer model** – where the private landowners collectively lease their land to a single farmer, and collectively manage permanent protection that sits across their land.
2. **The Cooperative Farming model** – where the land is still privately owned, but is leased to a cooperative farming enterprise that delivers a shared benefit to its members.
3. **The Community Land Trust model** – where the land and farming enterprise are owned and managed through structures that deliver a shared benefit to stakeholders.

## 4.5. The Share Farmer Model

The 'Share Farmer Model' is an approach that seeks to combine collective governance mechanisms with private ownership of land and of a farming business. It enables a group of landholders to come together to manage land and, via a shared farming agreement, to contract with a single business to manage a farming operation across their individual properties. In this way, notwithstanding that the land and farming business are privately owned, the properties benefit from collective management efforts. Under our broad definition, when combined with permanent protection and a 'collective ownership' mechanism to support a sustainable farming outcome, this model broadly achieves the objectives of this project.

### Overview of the model: Private ownership + private farming + shared covenant



#### Permanent protection via [TfN Farm covenant](#)

- Farm and Land Management Plan
- Rokewood Trust Fund provision



#### Private farming enterprise

- Share farmer or lease agreement
- Owners corporation for collaborative landholder mgt



#### Private land ownership

- Individual titles privately held
- Accommodates demographic demand

### What problem does it solve?

A common problem for farming across peri-urban and lifestyle regions is that individual properties are often too small to support economically sustainable farming. For this reason, we need mechanisms that enable collective approaches to farming and land management in these contexts. The 'Share Farmer Model' aims to achieve this.

### When is the model best used?

In situations where farmland ownership has become fragmented and individual properties are too small to support environmentally and economically sustainable farming, particularly along Australia's eastern seaboard and in peri-urban (up to 100kms from CBD) and lifestyle (up to 250 kms from CBD) regions. Share farming allows a farmer to operate a farm business without providing the upfront capital required to own farmland. Most commonly a farm owner (with land and fixed equipment) enters into a share farming agreement with another farmer (with labour and machinery). The model has been most popular in the dairy and commodity cropping industries which involve consistent cash flows.

### Barriers and / or enabling requirements

Planning schemes: It will be important to address any misconceptions within some councils that the share farm model is a real estate project in the guise of a conservation and sustainable

farming project. The farm covenant offers an assurance that those dwellings will not lead to fragmentation or loss of farmland, but rather support and build back farming systems. Early engagement with councilors and town planners is recommended to communicate the vision of the shared land management approach and set favorable precedents.

**Robust agreement between all parties:** This model is contingent on the shared and sustained agreement of the key stakeholders (ie. the share farmer, landholders and covenanting body). Such an agreement should be documented, reviewed and maintained at regular intervals by representatives of all parties, with a clear avenue for dispute resolution if required.

**Incentivising environmental outcomes:** The permanent protection of the land's biodiversity must remain central to a project's vision and goals at all times. In particular, the share farmer, whilst establishing a sustainable agricultural enterprise, must be sympathetic to the environmental outcomes of the project.

### Case Study – Moonlight Creek, Rokewood



*Moonlight Creek at Rokewood: The landscape needs few people to farm, many people to regenerate the landscape*

#### **Background**

Moonlight Creek is a 495-hectare property, consisting of 400 hectares of freehold and 95 hectares of leasehold, located in Rokewood, 42km south-west of Ballarat in the Golden Plains Shire, Victoria. It resides in the Farming Zone and consists of arable and open grazing country, as well as some remnant vegetation. The spring-fed Moonlight Creek and Mount Misery Creek watercourses run through the property which link the Enfield and Illabrook reserves. Surrounding properties include grazing and cropping enterprises along with traditional residential homes and lifestyle blocks.

The property was purchased by Cassinia Environmental for the purpose of maximising its agricultural, environmental and community benefits, by means of a landscape management methodology named by Cassinia a 'Natural Agriculture Community'. This concept is a means of empowering private landowners to manage their properties in ways beneficial to conservation whilst achieving the scale needed to ensure highly productive agricultural landscapes and enterprises. The model ensures that productive agricultural land is not permanently lost in the peri-urban landscapes of cities and towns.

### **Objectives of the Moonlight Creek Natural Agriculture Community**

The Moonlight Creek Natural Agriculture Community is a community focused on the joint management of the Rokewood landscape to achieve agricultural, conservation and community outcomes. Up to 14 individual landholders will own land titles that collectively comprise the full land extent of the Community. The desired outcomes of the Moonlight Creek Natural Agriculture Community are:

- A strongly connected community that works with the Farm and Land Management Plan to build something beautiful and lasting for families and communities
- Modification of grazing systems to reduce resource overuse, increase carbon levels in biomass and soils, reduce soil erosion, and produce premium agricultural products
- The restoration of the land through revegetation and natural regeneration practices and the permanent protection of threatened ecosystems using conservation covenants

### **Agriculture and conservation**

The agriculture component of the property will consist of 300 hectares dedicated to regenerative grazing and/or mixed-use purposes to be managed by one dedicated farmer under a long-term leasing or share farming agreement. The land will continue to be owned by individual landholders within the Natural Agriculture Community but will be managed by the farmer under a share farming agreement. This model is designed to promote community involvement in landscape decision making and create a sense of ownership in sustainable agricultural and environmental outcomes.

Previous grazing operations on the property have utilised unimproved pastures to meet their feed requirements. Unfortunately, poor animal and property management on the property has resulted in pasture degradation over time. In response, a 'Farm and Land Management Plan' has been developed to restore the property's agricultural productivity, outlined below. Significant restoration works are also being undertaken to improve biodiversity onsite and increase the resilience of the two critical landscapes of Enfield and Illabrook reserves.

### **Community**

The property has 48 titles, and Cassinia proposes to consolidate these into 14 saleable properties.<sup>15</sup> The community will function in a similar way to a Landcare group with each property owner volunteering time towards conservation activities. Cassinia has calculated the time commitment to conservation activities undertaken by the Moonlight Creek Community to

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<sup>15</sup> A planning application has been submitted to the Golden Plains Shire for approval of this concept, which requires consent for the building of 14 dwellings (1 house per 40ha), a number outside of the current farm zone planning scheme which allows 1 house per 100ha.

be 1,772 hours per year for the first 3 years and 746 hours for years 4-10 of management. This works out to be an average of 148 hours per month, or 10.5 hours per month per household for the first three years and an average of 62 hours per month, or 4.5 hours per month per household for years 4-10. There is significant seasonal variation in these average estimates. While these conservation works will contribute to the overall health and productivity of the land, agricultural works themselves will be undertaken by the share farmer.

At the same time, a community conservation management plan is being developed, outlining the management structure, obligations and financial plan of the community. The model is designed to attract people passionate about landscape conservation and sustainable farming. By assembling a dedicated community committed to achieving the outcomes of the management plan, the property's capacity for agriculture and biodiversity will be maximised.

**Organisational structure**

- Moonlight Creek aims to comprise 14 lifestyle homes, and a share farming business
- In aggregate across the 14 properties, the objective is to rehabilitate 30% of the land, with the balance to be managed under a long term farming lease
- A 'Farming Covenant' with Trust for Nature will be placed over all the land prior to sale
- Landholders will privately own their 'lots' and will be required to comply with the terms of a Land Management Plan - prepared in accordance with the Farm Covenant
- Landholders will collectively engage a farmer to sustainably manage the land and in accordance with the Farm Covenant. This will be arranged by Cassinia at inception
- The 'Share Farming' lease will be long-dated (25 years) and include terms in relation to business continuity, replacement in case of failure of the farming business, etc.

**Finance**

The Share Farmer model provides a very flexible approach that maximises the ability for individual landholders to finance their participation and manage their individual risks. While the Share Farmer arrangement under a Farming Covenant is a new approach, it draws on precedents in shared management of covenants of native habitat; and may be comparable to leased farms under organic certification.

<b>Business Model</b>	Each landholder will own and finance their property individually. The farming business will be undertaken under a long-term operating lease that each property enters into with a single share farmer. This farming business can independently seek finance to support their operations.
<b>Management Structure</b>	It is proposed that landholders will form an organisation to enable them to jointly engage around the maintenance of the conservation land, and their arrangement with the Share Farmer. The legal form of this organisation is an Owners Corporation, which will manage the common property, assets and aspirations of the community.

<p><b>Risk Management</b></p>	<p>Under the model, the risks relating to the farming business are principally carried by the share farmer under the terms of the lease. Beyond the terms of the lease, landholders carry residual risk relating to non-performance or failure of the share farmer. One of the functions of the management organisation is to provide a mechanism to manage these risks.</p>
<p><b>Benefit Sharing</b></p>	<p>At its simplest, this model quarantines the risks and benefits of the farming business from landholders. As landholders exposure is constrained by the long-term lease, their benefits are limited to capital appreciation of the land. The Share Farmer retains the risks and benefits from the farming business, including any pricing or market benefits from sustainable land management practices that flow through to the agricultural produce.</p> <p>The lease could be structured to achieve different risk and benefit sharing outcomes. For example, to provide landholders with profit sharing on the farm business. Additionally, the environmental benefits that flow from land management practices may need to be considered explicitly in the lease as these can give rise to environmental market opportunities, such as biodiversity offsets or voluntary credits.</p> <p>As the covenants are placed on the land prior to the sale, the impact on land values is carried by the developer Cassinia and embedded in the sale price to initial landholders.</p>
<p><b>Funding Requirements</b></p>	<p>Under this model, each individual landholder, and the Share Farmer, are responsible for financing their own stake in the overall arrangement. For the individual landholders, this means they can leverage their own resources and enter into financing arrangements without reference to other parties. Their exposure to the farming business is limited to any lease payments, and whatever impact that business has on the value of their land.</p> <p><b>Funding sources for conservation</b></p> <p>There are three main sources of finance supporting the conservation operations of Rokewood:</p> <ul style="list-style-type: none"> <li>• Private capital of the farmer</li> <li>• Dividends from the farming enterprise, including lease and agistment payments (eg. 30% to land holders* / 70% to farmer)</li> <li>• The Rokewood Trust Fund, to be established by Cassinia Environmental upon sale of Rokewood allotments (eg. \$400k initial investment)<sup>16</sup></li> </ul> <p>Additional sources of finance could include:</p> <ul style="list-style-type: none"> <li>• government grants (applied for by the community)</li> <li>• voluntary contributions / membership fees from community members (towards environmental work, upgrades, etc.)</li> </ul> <p>The farmer is also responsible for conservation outcomes under the Share Farming Agreement. Such outcomes stand to benefit the farmer through</p>

<sup>16</sup> Money managed by a non-profit specialising in allocation to natural resource (eg. TFN)

	<p>pricing and market uplift from sustainable land management practices that flow through to the agricultural produce, eg. protected habitat brand.</p> <p><b>Finance flow</b> Of the 30% dividends from the farming enterprise, 50% is shared equally among land holders (community members) / 50% is distributed proportionally according to the percentage of agriculture land on each lot.</p> <p><b>Agriculture activities and infrastructure</b> As specified in the shared farming agreement, all agriculture activities are funded through the private capital of the farmer.</p> <p>The agriculture infrastructure (sheep yards, shearing sheds, etc.) will be owned, maintained and leased by individual landholders.</p> <p><b>Conservations activities</b> Community members will commit to a monthly contribution of voluntary labour to support conservation activities. Where activities require funding, such as capital maintenance, weed management, monitoring equipment, etc., two sources of funding will allocate contributions including dividends from the farming enterprise and annuity payments from the Rokewood Trust Fund.</p> <p><b>Community infrastructure</b> As in the instance of conservation activities, community infrastructure such as internal roads, insurance, etc., will be funded by a dividend of the farming enterprise, and the Rokewood Trust Fund.</p>
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## 4.6. The Cooperative Farming Model

The 'Cooperative Farming Model' is an approach that combines private land ownership with a collectively owned farming business. The key distinction between this approach and the Share Farmer Model above is that landholders are more deeply involved in the farming business as co-owners. They have a direct interest in the risk and rewards of the farming enterprise and are likely to actively participate in its operations.

### Overview of the model: private land + shared farming + shared covenant



#### What problem does it solve?

A cooperative-farming business offers a way for a group of individual landholders or farmers to leverage their combined resources to undertake aspects of their farming operation. This is a common approach in the agriculture sector, where smaller producers can aggregate their market power with respect to supplies, infrastructure and marketing.

#### When is the model best used?

Given that a key assumption is that landholders will be actively involved in the farming enterprise, this model is more suited to those circumstances where the agricultural enterprise is labour intensive and there are economies of scale to be achieved through shared ownership of its operations. The Cooperative Farming Model may therefore be well suited to supporting development pathways for young farmers, particularly in high value agricultural sectors such as horticulture.

Cooperatives can give farmers a greater sense of security, manage periods of glut, and provide resilience in economic downturns or disaster. Coops also help farmers exercise quality control, access premium markets and enhance individual productivity by acting as a collective. Cooperatives that are able to provide processing and manufacturing services also add value to the members' produce while returning the benefits to their farming community. Supply chain cooperatives can also help protect member farmers against market forces and give farmers power to set their prices and define their market needs.

## Barriers and / or enabling requirements

While agricultural cooperatives have a long history in Australia, the Cooperative Farming Model as described in this section is not common. This may be a function of lack of opportunity, as the model requires landholders who are willing to permit a cooperative farming approach on their privately held land. Conceivably, a cooperative farm enterprise could equally be a tenant under the Share Farmer model.

## Case Study: Harcourt Organic Farmers Cooperative



*The Harcourt Co-op team on site at Harcourt<sup>17</sup>*

## Background

Harcourt Organic Farming Co-op (HOFC) is a collaboration of diverse organic farmers who lease land on a single farm in Harcourt and collectively market and sell their produce.<sup>18</sup> The cooperative came about as a result of a recognised need for intergenerational and non-familial farm succession.

The journey towards HOFC began as Katie and Hugh Finlay approached retirement. They had been running an organic orchard in Central Victoria for over 20 years. With none of their children interested in taking over the farm, they looked at alternatives to selling and leaving the land outright.

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<sup>17</sup> Image property of Harcourt Co-op

<sup>18</sup> <https://hofcoop.com.au>

The couple were approached by Sas and Mel of Gung Hoe Growers, a market gardening business, to see if they were interested in making some of the farm available for their new farming enterprise. Following the success of this partnership, the Finlays then invited other new farmers with complementary farm businesses to set up their enterprises on the farm.

This was the genesis of the co-operative approach. The model enables young or aspiring farmers to access agricultural land, and to share in the risks and rewards of a jointly owned farming enterprise to support their individual activities.

The ultimate aim of this project is to explore and pilot this new way of farming as a model for ageing farmers who own the land, want to step back from active farming but don't want to sell the family farm. By providing support, access to infrastructure, an existing consumer base and land access they have helped a number of emerging farmers who want to get started but couldn't afford land to make their start in agriculture. They have also provided a positive and active engagement platform for their customers who are yearning for a connection to the farmers who produce their food.

### **Objectives**

The aim of HOFC is to make the farm as productive and profitable as possible, within a collaborative framework and using regenerative and organic principles.

Key objectives of the HOFC include:

- supporting new and young farmers with land access
- ensuring organic or regenerative land management
- deriving benefit from enterprise stacking and co-location of shared assets, including by providing members with shared infrastructure and mechanisms for collaboration; including sales and marketing, organic certification, and risk management.

### **Agriculture and conservation**

While Katie and Hugh Finlay's farm does not currently have a permanent covenant in place, the HOFC requires its members to practice organic and regenerative land management.

### **Organisational structure**

The arrangement on Katie and Hugh's farm has two tiers:

- Each individual farming enterprise has a lease with the Finlays. The leases stipulate which land and assets the enterprise can use, that they must be organically certified, and other access rights, such as how much water they have access to.
- The group also formed the HOFC, which is the second tier. All co-op members have an equal voice, and this is where things like co-marketing, collaboration and whole-of-farm issues (like fire readiness) are decided.

Under this approach, there are currently five different enterprises working on the farm and that are co-op members:

- Each enterprise pays a lease payment to the landowners, plus their water and power usage
- The HOFC then derives income from members via a basic fee that all members pay; an additional trading fee for trading members; and a levy on enterprise income for trading members

- Other co-op income includes farm-tours with opportunities for other diversification and value-adding options
- Collective expenses of the HOFC include book-keeping, organic certification and levy, organisation memberships, etc
- As a mechanism for collaborative farm management, the HOFC intentionally seeks to minimise retained profits, with the financial benefits flowing to members

## Finance

The Co-operative Farming model could be well suited for assisting young farmers develop skills and experience in farming. However, cooperatives are typically best financed through member contributions, whether these are retained surplus or financial contributions. In circumstances where young or new farmers are the members, this may constrain the ability of the cooperative to build equity.

<p><b>Business Model</b></p>	<p>Under this model, the land is privately held (in this case by one landholder) and made available to farmers under individual lease arrangements.</p> <p>The co-operative farming business is owned and managed by the farmers. It provides services to individual farmers under their co-operative membership agreement.</p> <p>The co-operative farming business can independently seek finance to support its operations. Note that the HOFC demonstrates one of the challenges for co-operatives in raising external capital. As a member-owned enterprise, it seeks to minimise its operating profits and maximise the returns to its members. This dynamic needs to be specifically addressed in order to attract external funding.</p> <p>Note that if there were to be a Farm Covenant, this would be entered into by the landholder, though the terms of co-operative membership could include requirements consistent with the covenant and the Farm Management Plan.</p>
<p><b>Management Structure</b></p>	<p>The jointly owned farming business provides the shared management capability. It can take a variety of legal forms, depending on the objectives of the stakeholders. A co-operative is a typical structure as it provides for democratic governance and benefit sharing. The jointly-owned business can also be used to enable farmers to engage around the maintenance of the protected habitat, assuming a covenant were in place.</p>
<p><b>Risk Management</b></p>	<p>Under the model, the risks relating to the cooperative business are shared by all the farmers, though the business itself is a separate legal entity with limited liability, which ensures operational risks are non-recourse to individual farmers.</p> <p>Individual farmers are responsible for their own farming activities under their lease arrangement with the landholder.</p>

	<p>Beyond the terms of the lease agreement, landholders carry residual risk relating to non-performance or failure of both the individual lessee and the cooperative farming business.</p>
<b>Benefit Sharing</b>	<p>While there remains legal separation between the landholding and the farming business, this model is intended to create greater co-dependence between them. Landholders are actively involved in the farming business that operates on their land, as are the farmers that lease land from the landholder.</p> <p>The purpose of the jointly-owned business is to capture scale efficiencies. These can be in the form of things like reduced costs, increased revenue, and knowledge sharing. These benefits can be distributed amongst farmers through the terms of the co-operative membership agreements or via distributions from the co-operative itself.</p> <p>As land is privately held, landholders retain benefits with respect to capital appreciation of their land. Again there may be circumstances where there will need to be explicit agreements with respect to sharing of environmental benefits, for example with respect to environmental markets.</p>
<b>Funding Requirements</b>	<p>Under this model, a landholder or farmer operating under a lease can manage the financing of their own farming activities. This means they can leverage their own resources and enter into financing arrangements without reference to other parties, though the terms of lease are a key consideration in this opportunity.</p> <p>As co-owners of the farming business, they are most likely to be the source of equity for this shared enterprise, typically through retaining profits in the business. Like any company it can seek debt or liability side financing to support its operations, though as noted above, this requires explicit consideration to align interests with external capital providers.</p>

## 4.7. The Community Land Trust Model, incorporating agriculture

Community land trusts (CLT) have been used widely and with great success throughout the world, particularly in the US and the UK, to make housing more affordable and in some instances, to enable agriculture.<sup>19</sup> A defining feature of CLTs is that neither the individual household nor wider society benefits at the expense of the other. CLTs provide a range of affordable housing that includes resale-restricted home ownership, rental housing, and housing cooperatives, as well as other commercial and/or community spaces including agricultural uses.<sup>20</sup>

In Australia, the core objectives of CLTs are being explored by existing community housing providers, local government, and community groups.<sup>21</sup> Notably, CLTs are not trusts as defined under Australian Trust law.

The concepts and principles of the CLT model have been successfully adapted and adopted within the framework of farm land access and there are a number of models internationally to draw from. In essence, a CLT can protect farmland for sustainable agriculture and preserve its affordability for new and disadvantaged farmers, by owning and managing land or certain property interests, thereby permanently protecting farmland in communities. They also have the capacity to provide affordable housing for farmers on the same or other parcels of land. The Community-Owned Farmland model proposed later in this paper essentially adapts key components of the CLT model but in a farming / productive context.

### Overview of the model: shared land + shared farming + shared covenant



The fundamental benefit of a CLT is to secure land for agricultural use and public benefit but the breadth of additional values can be broad depending on the context. They can:

<sup>19</sup> While 'farmland trust' is a term in common usage in the United States, for the sake of simplicity and clarity we have used the term 'Community Land Trust' in this report, adding 'agricultural' to make clear the agricultural purpose of the land ownership and governance contemplated in this model – see the Glossary in Appendix A for further details.

<sup>20</sup> The Australian Community Land Trust Manual, L. Crabtree et al, 2013

<sup>21</sup> Community Land Trusts, L. Crabtree, Institute for Culture and Society, Western Sydney University [https://www.westernsydney.edu.au/ics/research/impact/community\\_land\\_trusts](https://www.westernsydney.edu.au/ics/research/impact/community_land_trusts)

- increase local, sustainable food production
- increase regional food sovereignty
- provide ecosystem services
- support a more resilient regional economy
- strengthen communities.

### **What problem does it solve?**

By owning farmland outright a CLT is able to permanently preserve farmland and enter into long-term leases with farmers who can't afford the increasingly high cost of entry into the agricultural economy. Through lease agreement terms, and agricultural easements on the land it owns, CLTs can remove these barriers while requiring regenerative farming practices, maintaining affordability for future farmers, and ensuring that sensitive ecosystems are protected or improved.

This model can secure land near towns and cities to facilitate best access for communities and ease of local/direct to consumer distribution models. It also offers access to land that may otherwise be inaccessible due to excessive land prices in peri-urban landscapes.

### **When is the model best used?**

A CLT has the potential to provide a flexible and robust mechanism to permanently protect agricultural land on the peri-urban fringe, particularly where such land is under threat from urban development. Additionally, in such locations it is likely that high value produce requiring more labour intensive practices, will support farmer education and transition practices.

CLTs can create opportunities for new and young farmers by providing them with affordable land and helping small farmers to preserve and protect farming enterprises in peri-urban regions from urban sprawl and development. For communities who are concerned about farmland preservation, farm viability, and local food sovereignty, CLTs can play an important role in addressing these concerns.

The fundamental benefit of CLTs is the ability to permanently secure land for sustainable agricultural use and the public benefit. Through democratic and local stakeholder partnerships these organisations are able to achieve both a decommodification of farmland for future food security and typically enjoy a high degree of public trust which encourages both community investment in financial and volunteer support.

While yet to be fully tested and delivered in Australia for agricultural purposes, the CLT model offers the potential to provide a disruptive and holistic solution to the viability of the small scale farming sector in high growth peri urban regions.

### **Barriers and / or enabling requirements**

There are no property-holding CLTs in Australia, although existing non-profit organisations are expanding their operations into CLT-type programs while others are in start-up as non-profit companies limited by guarantee. The state-based land trusts are conservation bodies that can enter into covenants with landholders; but they do not in practice purchase land and enter into co-ownership arrangements with farmers or residents. Trust law more broadly is ill-suited to CLT activities due to the specified nature of trustee-benefactor relationships and the complexity of

holding residential property via trust mechanisms; hence CLT proponents and practitioners in Australia are using other legal forms and tools.<sup>22</sup>

Therefore, in line with other work in this area, a key objective of this report is to explore whether this model can be replicated through existing legal structures – and specifically permanent protection being achieved through a Trust for Nature covenant, and co-ownership arrangements being achieved through a co-operative or company limited by guarantee, as a way of replicating the outcomes enabled by a CLT.

### Case study: Ecological Land Coop



#### Background

The Ecological Land Coop (ELC),<sup>23</sup> in the UK, provides a useful template for agricultural CLTs in peri-urban Melbourne (and other peri-urban contexts). The ELC was set up to address the lack of affordable smallholding sites for ecological land-based livelihoods in England: as in Australia, there is an enormous disconnect between the combined cost of land and rural housing and the income that is usually derived from sustainable rural livelihoods.

The cooperative purchases agricultural land with a view to subdividing it into a number of ecologically managed residential smallholdings. Drawing on the advice of organic horticulturalists and farmers, ecologists, soil experts, transport advisors, planners, prospective customers, the local community, and those with local knowledge, it then establishes a new smallholding cluster with a binding ecological management plan.

Once planning permission is granted, the cooperative sells or rents the smallholdings to new entrants to ecological agriculture at an affordable rate and monitors the holdings' performance against the detailed whole-site ecological management plan.

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<sup>22</sup> See The Australian Community Land Trust Manual, L. Crabtree et al, 2013 and Enabling Community Land Trusts in Australia, L. Crabtree et al, 2019.

<sup>23</sup> <http://ecologicalland.coop/>

## **Objectives**

The ELC's mission is to provide affordable opportunities for ecological land-based businesses in England and Wales. It supports rural regeneration that:

- Benefits the community by widening access to land for sustainable land based uses, including but not limited to local food, grown with minimal inputs; renewable energy and fossil fuel independence; and reconnecting people and place through social and cultural activities
- Mandates, benchmarks and measures ecological outcomes via conservation covenants and against a detailed whole-site ecological management plan
- Supports access to Carbon or other Environmental Good and Service markets for additional revenue streams
- Demonstrates a model of collective ownership that can protect and enhance the land, based not only on ideas of conservation, but on producing a living and working countryside
- Strengthens a community of individuals and organisations committed to fostering skills and knowledge
- Improves planning policy by demonstrating outcomes from low impact ecological land use
- Provides affordable and accessible farm land housing.

## **Organisational structure**

ELC is a cooperative with three types of membership - each of which share a proportion of voting rights.

1. Investor Members have invested money in the Cooperative, share 25% of voting rights and receive returns on their investment (typically 0-3% p.a.). ELC currently have 119 Investor Members holding £338,312 in shares.
2. Worker Members are those people that work for the Cooperative. Like Investor Members, they also share 25% of voting rights. Worker Members are employees and volunteers that work at least 15 days each year.
3. Steward Members are ecological land managers and share the remaining 50% of voting rights. Voting rights were awarded primarily to Steward Members as they are the principal beneficiaries but often do not have the time to both run their smallholding and serve on the Board of Directors. This category was designed principally for the Cooperative's smallholders but can be applied for by qualified ecological land users who do not farm one of our smallholdings. They currently have 22 Steward Members.

In addition ELC:

- ELC has the power to hold land and the power to invest
- is a Registered Charity so is able to operate without taxable obligations
- is made up of land that has been subdivided into a number of ecologically managed residential smallholdings
- land is subject to a binding whole-site ecological management plan.

<p><b>Business Model</b></p>	<p>Land is owned by the ELC - Farm Land Trust while the individual farming businesses are owned and operated by the lease holders. Ownership of land through the ELC Trust is governed democratically by the cooperative members and financial responsibility to the investor members and other members is defined by the constitution.</p> <p>The independent small holdings of each owner/operator enterprises are nestled within an ecosystem of business support which recognises the need to ensure effective and prosperous small farms</p>
<p><b>Management Structure</b></p>	<p>The independently owned farming businesses provide their own management capability - however in some instances shared and cooperative enterprise opportunities exist to complement them. These can take a variety of legal forms, depending on the objectives of the stakeholders. Smallholder clusters can develop co-operative structures or maintain independent business operations.</p>
<p><b>Risk Management</b></p>	<p>Under the ELC model, the risks relating to the farming business are held by all the leaseholders as separate legal entities to the Land Trust, which ensures operational risks are non-recourse to the ELC. Beyond the terms of the lease or service agreement, ELC carries residual risk relating to non-performance or failure of the farming businesses.</p> <p>The ELC has identified three principal areas of risk to its operating model:</p> <ul style="list-style-type: none"> <li>- Planning Risk: Refusal of planning consent</li> <li>- People Risk: Failing to attract potential smallholders that suit the offering, and failing to attract and retain suitable staff</li> <li>- Financial Risks: Rising land prices, failure to attract sufficient financing, high cost of borrowing, failure to meet grant targets</li> </ul>
<p><b>Benefit Sharing</b></p>	<p>The ELC model is structured to maximise benefits to small leaseholders which in turn enables a range of environmental, social and economic benefits to the wider community.</p> <p>The co-operative structure provides a robust mechanism to share benefits under this scenario – enabling Investor members to receive some economic participation, while enabling employees and volunteers to be actively involved in the delivery of the co-operatives mission.</p> <p>Given the tenure and terms of the leases, farmers are able to participate in increases in the value of the land and improvements. Note though that such participation is limited to ensure that the primary mission of ELC is maintained. In respect to income or value accretion due to environmental market opportunities, it may be that this needs to be explicitly addressed in the lease terms.</p> <p>The common nature of the ELC also provides a foundation for farmers to work together and collaboratively share resources, expertise or capabilities. Whether explicitly via the co-operative structure or using other mechanisms the joint mission of the ELC creates a conducive environment for these types of approaches.</p>

<b>Funding Requirements</b>	<p>Given their broad social and environmental impacts, FLT's are well suited to attracting philanthropic and community capital for the purposes of funding the acquisition of appropriate land. Additionally, the co-operative structure itself offers wide flexibility in terms of capital raising options – including crowdfunding of donations, issuance of co-operative shares, and even concessional impact debt finance.</p> <p>Assuming a FLT can obtain charitable status, which is theoretically possible in Australia as a non-distributing co-operative, then it can also provide capital providers with significant tax benefits.</p> <p>In terms of operating costs, these are provided for through the lease arrangements with the farmers. This creates a sustainable operating structure that is often a challenge for socially-driven organisations.</p> <p>Additionally, given the security of the lease arrangements, individual farmers are able to finance their own activities with confidence and, at least conceptually, can seek funding to support their independent operations.</p> <p>The ELC has been successful in utilising the community capital raising platform Ethex to generate sufficient financial requirements to purchase freehold farmland on the open market. Ethex is an online market for crowd sourcing investments in positive ethical projects and businesses which has equivalencies in Australia such as Birchal, Equitise and PledgeMe.<sup>24</sup></p>
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<sup>24</sup> The Cooperative's most recent land acquisition successfully raised over A\$2m or 176% of its investment requirements from 620 community investors, and offered a sliding scale of returns between 0-3%. This investment allowed the coop to purchase land for Kindling Farm, which is positioned to be a pioneering, large-scale, community owned, farm that will promote sustainable farming practices, producing healthy and organic food for all. Kindling Farm, Ethex Investment 2021, <https://www.ethex.org.uk/invest/kindling-farm>.

## 5. THE FARM COVENANT: A PERMANENT PROTECTION TOOL FOR SUSTAINABLY MANAGED FARMLAND

### 5.1. Introduction

This chapter examines how an in-perpetuity covenant could be used to secure sustainable farming assets in peri-urban landscapes. This approach has not been tested in Australia, but holds transformative potential in the way we manage and secure our urban-ring food bowls across the country.

### 5.2. Victoria's Land Trust: Trust for Nature

Trust for Nature (the Trust) is Victoria's dedicated private land conservation agency, responsible for ensuring the long-term protection of biodiversity on private land. It does so by entering into legal agreements – conservation covenants – with willing landholders. The purpose of the covenant is to permanently conserve and protect the natural, cultural and scientific values of the land, conditions which are passed on to new landholders when the land is sold because they are registered on title.<sup>25</sup>

Landholders are supported to implement their covenant via the Trust's stewardship program, where they receive periodic on-ground visits from Trust for Nature regional staff. Covenants represent value for money conservation as willing landowners become long term land managers on protected areas over the long term.<sup>26</sup> Other Australian states have similar entities that work with landholders to permanently protect the natural values of their land.<sup>27</sup>

### 5.3. The role of Trust for Nature in this project

Trust for Nature is not a 'trust' as it is understood in the context of Community and Farmland Trusts overseas:<sup>28</sup> it does not own (farming) land and lease that land, or get co-investment from residents, to manage that land for conservation or community purposes. The purpose of Trust for Nature in the context of this project is to conserve sustainably managed farmland by way of an in-perpetuity farm covenant, but type of ownership structure for that land isn't relevant and is not a consideration under the covenant. As discussed below, the Community Land Trust model can be replicated in the Australian context, but this operates outside of Trust for Nature's function.

### 5.4. The role of the planning scheme

The Victorian planning scheme is an important instrument that helps shape decisions around where and how agriculture operates in the State. For instance, zoning of some areas as rural or

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<sup>25</sup> *Victorian Conservation Trust Act 1972*.

<sup>26</sup> In Victoria alone, this volunteer native vegetation and threatened species management by private landowners is conservatively estimated to be valued at \$3M of donated working hours per year, based on landholders on each covenanted property (1600 total) doing 0.5 hours of work per week at \$40 per hour.

<sup>27</sup> The state based covenanting bodies and other national private land conservation organisations are members of a national private land conservation alliance, the Australian Land Conservation Alliance (<https://alca.org.au/>).

<sup>28</sup> The CLT classic is the widely-known United States (US) model in which a CLT holds title to land in perpetuity and conveys title to any improvements (buildings, etc.) on that land to the resident, who then owns the improvements via a Deed of Warrant. The Australian Community Land Trust Manual, L. Crabtree et al. 2013

farming zones and others as commercial zones determines to a large extent the kinds of land uses that predominate and are permissible in certain areas and not in others. Planning decisions also determine the transition of agricultural lands to other uses, such as residential development.<sup>29</sup> The covenant presents an alternative land-use tool that is permanent and not subject to variations in state or local government planning decisions, commercial and industrial pressure, or regional development.

## 5.5. How farm covenants could work

A ‘farm covenant’ would have the same legal force as a traditional conservation covenant, but would have a greater focus on protecting the natural capital that supports healthy agricultural systems: ie soil, water and pasture. Natural capital on farming land could include remnant native vegetation, wetlands, riparian areas, and biodiverse dams; but also assets that support farm operations and profitability such as shelterbelts and native grasslands.

As well as protecting physical assets, the farm covenant could require specific sustainable land management practices such as regenerative or holistic grazing, soil rehabilitation, or even conservation cropping. The farm covenant could have a range of benefits including preventing conversion of pasture to cropping (where appropriate), preventing the reversal of sustainable practices and infrastructure, and building corridors across key areas for connectivity or buffering.

There would be no barrier to a farm covenant being entered into on cooperatively owned land; in fact, recently the Trust entered into a covenant with the Moora Moora community in Healesville to protect remnant vegetation on jointly owned and managed land.<sup>30</sup> A case study that explores in detail what a farm covenant on cooperatively owned land would look like is explored in chapter 6.

## 5.6. The value of permanent protection

Permanent protection, via on-title covenants, offers a valuable and readily available solution to the environmental challenges this project seeks to address:

1. Covenants prevent biodiversity loss and mitigate climate change;<sup>31</sup>
2. Covenants prevent subdivision and urban development on productive land;<sup>32</sup>
3. Covenants ensure long term stewardship of productive landscapes and prevent the reversal of sustainable practices;<sup>33</sup>

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<sup>29</sup> Department of Jobs, Precincts and Regions (2020), Strategic Agricultural Land and Development in Victoria

<sup>30</sup> <https://mooramooraa.org.au/index.php/land/>

<sup>31</sup> The Global Deal for Nature calls for 30 per cent of the planet’s lands to be set aside by 2030 to protect ecosystems that help combat climate change.<sup>31</sup> Australia has joined the ‘high ambition coalition’ to meet this goal. Covenants on farms can protect natural assets as well as require best practice land management, including in preventing conversion of native grasslands and woodlands to cropping.

<sup>32</sup> In the US, ‘agricultural easements’ are commonplace, primarily to preserve and maintain private land for agricultural use, avoiding subdivision and limiting construction to buildings that support the farm. There is potential for a similar approach in Australia.

<sup>33</sup> There is increasing uptake by farmers of sustainable land management practices, and a concurrent growth in consumer demand for, and investment in, sustainable Australian agriculture. Yet there is no fit-for-purpose mechanism to ensure that those investments are secured for the long term, including when ownership changes. In fact, there is strong anecdotal evidence that public and private investments are being eroded in the mid to long term due to the lack of regulation around land management. Covenants can secure these investments in perpetuity.

4. Covenants can help verify good land stewardship to the market;<sup>34</sup>
5. Covenants offer security to smallholder farmers seeking access to farming land.<sup>35</sup>

## 5.7. United States precedent

Experience can be drawn from the US, which has a very well-developed and fairly widespread farm covenanting system – commonly referred to as ‘agricultural easements’ or ‘conservation easements’.<sup>36</sup> Land eligible for such easements is broad and includes cropland, rangeland, grassland, pastureland and non-industrial private forest land. Agricultural easements are often used to preserve and maintain private land for agricultural use, avoiding subdivision and limiting construction to buildings that support the farm. Conservation easements are more likely to have requirements around sustainable land management such as regenerative grazing, and can be used as a tool for verifying good land management.

## 5.8. Legal and policy basis for the farm covenant

### The Act

Trust for Nature was created by the *Victorian Conservation Trust Act 1972* (the Act). Trust for Nature’s objects under the Act are, for public scientific and public educational purposes, to preserve areas which are ecologically significant (object 1); of natural interest or beauty (object 2); or of historic interest (object 3) (s 3). Trust for Nature has developed specific criteria to assist in assessing eligibility for conservation covenants under the Act. As noted above, the key mechanism used by the Trust to achieve these objects is to place a binding, in-perpetuity conservation covenant on the title, which imposes positive or negative obligations on the landholder in relation to the development or use of the land, or its conservation or care (section 3A(1)).

Unless a farming property has distinguishing elements that gives it natural or historic interest (objects 2 and 3), it will need to have some areas of ecological significance (object 1) to be eligible to be covenanted under the Act. These areas could include high quality remnant vegetation, an under-represented ecosystem; a wetland or riparian habitat; or (suitable habitat for) a threatened species. The factors supporting each objective have been developed by Trust for Nature (with Board approval) and in theory could be expanded or clarified if necessary.

For example, it may be appropriate to expand the meaning of ‘ecological significance’ to explicitly include soil health, including its biota and carbon content. Given the contemporary focus on soil as a key element in ecological functioning, this should not be controversial.

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<sup>34</sup> A farm covenant can provide a robust tool for verifying good land management. This will allow landholders to articulate to the market their environmental contribution, allowing them to attract environmentally minded investors and other financial incentives that support their work.

<sup>35</sup> The productivity of smallholder farmers is hindered by the considerable insecurity they now face in terms of land tenure due to inflated land prices, an increasing dependence on precarious farmland leasing and other informal land access mechanisms. In urban corridors and peri-urban regions, farmland insecurity is exacerbated due to development and urban sprawl discussed above.

<sup>36</sup> For a detailed summary see The Nature Conservancy’s page: <https://www.nature.org/about-us/private-lands-conservation/conservation-easements/all-about-conservation-easements.xml>

## Assigning tiers in covenants

Trust for Nature has already developed a number of ‘tiers’ for its traditional conservation covenants that are spatially explicit areas under which different covenant conditions and management regimes apply. These are the ‘conservation tier’; the ‘natural interest tier’; the ‘historic place tier’; ‘sustainable use tier’; the ‘modified use tier’ and the ‘domestic area tier’. The tiers correspond to and reflect the International Union for the Conservation of Nature (IUCN) ‘protected area categories’.<sup>37</sup> Farm covenants are likely to rely primarily on the sustainable use,<sup>38</sup> modified use<sup>39</sup> and conservation tiers.<sup>40</sup> The table at **Appendix C** provides an overview of which land types and uses currently fall within which tier.

## 5.9. Key conclusions

In summary, it is likely that covenants can provide an effective and flexible tool to secure productive landscapes.

1. A ‘farm covenant’ would have the same legal force as a traditional conservation covenant, but would have a greater focus on protecting the natural capital that supports healthy agricultural systems: ie soil, water and pasture. A threshold statutory requirement for entering into a farm covenant under the *Victorian Conservation Trust Act* is that the land has, or is on track to achieve, ‘ecological significance’.
2. While other instruments, notably the Victorian Planning Scheme, can shape where and how agriculture operates in the State, these are subject to a range of drivers that may not always serve the priorities of this project. The covenant presents an additional land-use tool that is permanent and not subject to the variations of local government or state planning schemes or commercial imperatives.
3. Covenants can provide assurance in preventing subdivision, urban development and/or the fragmentation of productive land; ensuring long term stewardship of productive landscapes; preventing the reversal of sustainable practices; preventing biodiversity loss and mitigating climate change; and helping verify good land stewardship to the market.
4. Key differences to traditional conservation covenants include that livestock can be permitted as of right in certain areas; and that cropping and horticulture can be permitted subject to tailored restrictions. Management activities are both outcomes based (erosion mitigation, biomass management, high threat weed management, riparian revegetation management, and feral animal control) and input based (soil fertility management, chemical use management).

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<sup>37</sup> See <https://www.iucn.org/theme/protected-areas/about/protected-area-categories>.

<sup>38</sup> The primary objective of the sustainable use tier is to protect natural ecosystems in either an intact or degraded state and allow sustainable resource use where conservation and resource use can be mutually beneficial.

<sup>39</sup> The primary objective of the modified use tier is to protect ecologically transformed land which is being managed sustainably either for conservation or non-conservation purposes and that land helps improve the conservation values of adjacent (generally protected) land by providing a buffer, connectivity, retained habitat features or revegetation.

<sup>40</sup> The primary objective of the conservation tier is to conserve areas which are ecologically significant or are of importance to the conservation of wildlife or native plants, including both intact areas and degraded areas requiring restoration which are expected to recover towards a functioning ecosystem within 25 years without significant intervention.

5. To provide certainty and legitimacy, the farm covenant's management plan needs to be underpinned by a robust monitoring and compliance approach. Primary responsibility for demonstrating compliance lies with the landholder, with Trust for Nature ensuring compliance at stewardship visits (every 3-5 years) and via 2-yearly reporting.
6. It is important that Trust for Nature can legitimately oversee the sustainable farming activities identified in the covenant and management plan. This should be feasible, given that the management actions that have been identified for productive areas are not too far removed from the requirements for traditional covenants, and may be integrated into an existing stewardship approach.

## 6. TESTING THE FARM COVENANT ON A REAL SHARE FARM

Using a real-life case study, this project seeks to explore what a farm covenant could look like; its viability and scalability, and whether this model adds value in the context of the project's aims.

This property offered a unique opportunity to test the farm covenant, though it is not technically inside a peri-urban zone. Nonetheless the findings are largely transferrable to that context.

### 6.1. The Moonlight Creek farm

This property has been considered above in the context of the share ownership model. While the farm is still under the single ownership of Cassinia pending planning approvals, a share-farmer has been appointed to manage the farm. The following section identifies the key activities being undertaken at Moonlight Creek relevant to the farm covenant.

A 'Farm and Land Management Plan' has been developed in conjunction with the share-farmer who has joined the Moonlight Creek Community to establish a regenerative agriculture enterprise that will modify previous practices, reinvigorating the pastures on the property and improving the sustainability of the agricultural output. Regenerative, or Holistic Grazing Management prioritises pasture management while promoting animal welfare.<sup>41</sup>

The property's degraded riparian areas and proximity to the critical landscapes of Enfield and Illabrook reserves is a major opportunity to improve biodiversity on site and increase the resilience of the two reserves. Cassinia's land management and revegetation efforts have begun the process of remediating approximately 180 hectares of the riparian land. This includes rabbit, fox and weed control (boxthorn removal) along with the planting of 130,000 native tree species, and the renewal of the property's internal fencing to allow for best practice agricultural and property management. Ongoing management of conservation works will eventually be facilitated by the Moonlight Creek Community.

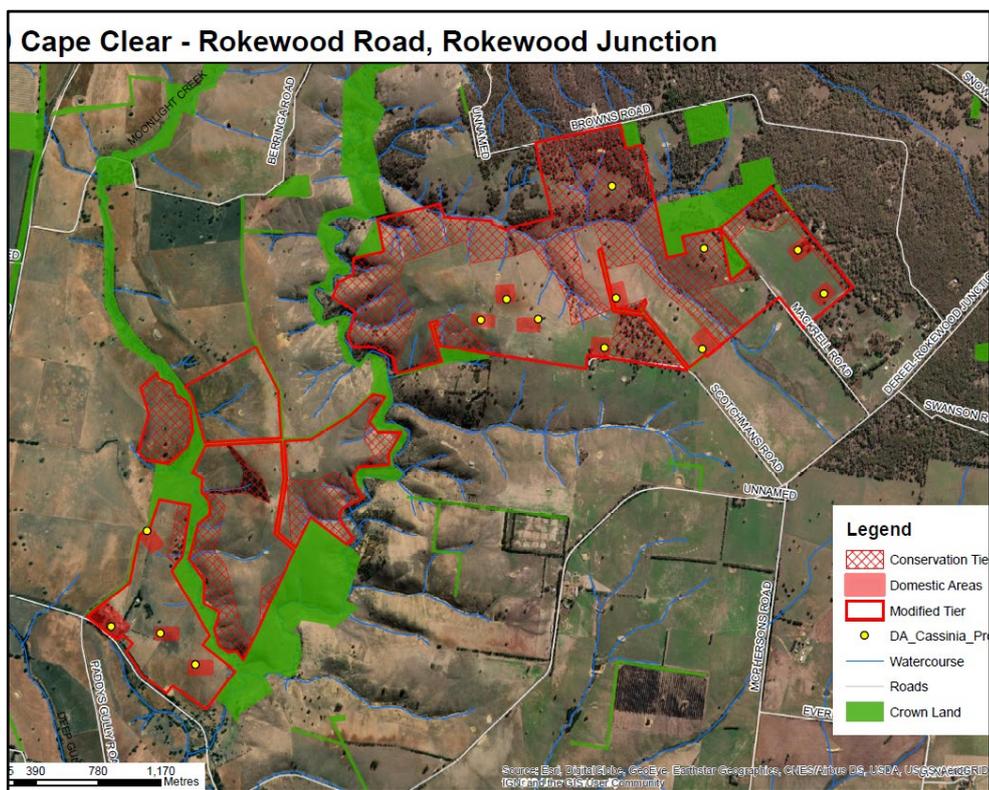


*Touring the Moonlight Creek at Rokewood, April 2022*

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<sup>41</sup> This model maximises return of organic matter to the soil to build soil carbon, improve nutrient cycling and increase soil water holding capacity. Practices include high impact stock densities and long rotations of no less than six months. Properly executed, this model has the potential to increase profitability and improve landscape function. See the [Land Function Analysis Manual](#).

## 6.2. The Moonlight Creek farm covenant



*Certain parts of the farm have been set aside for conservation under the 'Conservation Tier'; others will be under productive use in the 'Modified Use Tier'*

In accordance with our key project deliverables, we have drafted a new 'farm covenant' (**Appendix D**). This has been an iterative process based on extensive consultation with the owner of Rokewood, Cassinia's farm manager and a number of other farmers and stakeholders involved in earlier consultations. The document retains the structure and most of the content of the conservation covenant, but makes some key changes, including:

- explicitly expanding covenant objectives to enshrine sustainable land management practices on primary production land;
- explicitly requiring the land owner to manage land consistently with sustainable land management principles;
- providing new definitions for Sustainable Land Management and Primary Production;
- rebranding the 'Deed of Covenant' to a 'Sustainable Farming Agreement';
- modifying actions or restrictions for each tier (eg livestock grazing is no longer restricted under the sustainable and modified use tiers).

As noted, a farm covenant is an agreement that remains on title and lasts forever. The intention then is not to be overly prescriptive or specific in the covenant; nor to introduce activities that are difficult to monitor or squarely outside the expertise of Trust for Nature.

By way of simple overview, the following are the ways in which the farm covenant restrictions differ from the conservation covenant:

Conservation tier	Sustainable use tier	Modified use tier
<p>All the same as conservation covenant, including exclusion of livestock, except for:</p> <ul style="list-style-type: none"> <li>○ removal of clause on operating a business</li> <li>○ adds pesticide use as a restricted activity</li> </ul>	<p>Same as conservation covenant except:</p> <ul style="list-style-type: none"> <li>○ Manage according to sustainable land management principles</li> <li>○ <u>Livestock permitted</u></li> <li>○ Non-indigenous animals allowed if you have a Letter of Approval from Trust for Nature</li> <li>○ Can remove timber if for primary production purposes</li> <li>○ adds pesticide use to fertiliser use as a restricted activity</li> </ul>	<p>Same as conservation covenant except:</p> <ul style="list-style-type: none"> <li>○ Manage according to sustainable land management principles</li> <li>○ <u>Livestock permitted</u></li> <li>○ <u>Cropping and ploughing permitted</u> according to sustainable land management principles</li> <li>○ Non-indigenous animals allowed if you have a Letter of Approval from Trust for Nature</li> <li>○ Can remove timber if for primary production purposes</li> <li>○ adds pesticide use as a restricted activity</li> </ul>

The draft farm covenant defines sustainable land management practices (SLM) as:

using the land within its capability to ensure the productivity and economic potential of the land is maintained, whilst its ecological function, such as the ability of the soils to retain water or the landscape to support biodiversity, is not diminished.<sup>42</sup>

It is worth noting that holistic practices such as regenerative agriculture are growing rapidly in popularity and recognition and, at least anecdotally, appear to have a more positive and progressive connotation than SLM, which is perceived by some as ‘an old conservation term’, implying ‘to keep the same’.<sup>43</sup> While there is no settled definition of regenerative agriculture, the best definition we have found is:

a system of farming principles and practices that increases biodiversity, enriches soils, improves watersheds, and enhances ecosystem services. Regenerative Agriculture aims to capture carbon in soil and aboveground biomass, reversing current global trends of atmospheric accumulation.<sup>44</sup>

In spite of the fact this is still an emerging area, regenerative agriculture may be understood as an evolution of SLM, and the evolving discipline of Agroecology provides the scientific underpinning of regenerative agriculture.

This project retains the use of SLM as its key terminology but there is scope to shift the focus to regenerative agriculture in future.

<sup>42</sup> This definition draws on the principles contained in the UN-endorsed definition outlined by the Food and Agriculture Organisation: SLM can be defined according to five key principles: (1) maintain or enhance production / services; (2) reduce level of production risk, including to the environment; (3) protect the potential or natural resources and prevent degradation of soil and water quality; (4) be economically viable; and (5) socially acceptable.

<sup>43</sup> Bears feedback 5 June 2019.

<sup>44</sup> Terra Genesis, <http://www.regenerativeagriculturedefinition.com/>



*While Moonlight Creek is currently degraded, there is a clear plan to regenerate and revegetate the landscape, hence making it eligible for a covenant.*

### 6.3. The Moonlight Creek management plan

A unique aspect of this project is to develop a management plan that reflects the needs and priorities in productive landscapes, while retaining a focus on conservation management practices. Unlike the covenant, which is registered on title, the management plan is not registered on title and is specific to an individual landholder – while still remaining consistent with the restrictions of the covenant itself. Therefore a management plan can evolve over time as landholder priorities change, and knowledge about best practice evolves.

Cassinia has identified five ecological goals which reflect its key conservation priorities:<sup>45</sup>

1. Increased native plant species diversity and cover
2. Improved soil quality and stability
3. Improved water quality and stream health
4. Increase in native bird species diversity
5. Protection of threatened native fauna

These goals are directly reflected through a range of requirements in the Trust for Nature draft farm management plan (**Appendix E**). They include:

- Outcomes based activities:
  - Erosion mitigation
  - Biomass management including pasture composition and managing livestock pressure

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<sup>45</sup> Cassinia Ecological Monitoring Plan

- High threat weed management
- Riparian revegetation management
- Rabbit, fox and cat control
- Input based activities:
  - Soil fertility management informed by soil testing
  - Soil fertility management that prioritises organic inputs
  - Addressing nutrient deficiencies through strategic fertiliser applications
  - Pest and weed management informed by principles of Agroecology which target the cause rather than the symptom
  - Where chemical (e.g. herbicide) use is unavoidable, employing buffering strategies to minimise quantities required to achieve the intended outcome.

## 6.4. Measurement

### Monitoring and compliance

To provide certainty and legitimacy that sustainable farming practices are being retained, the farm covenant's management plan is underpinned by a robust monitoring and compliance approach. This requires an objective measure of land condition at the time of covenanting, and comparison with that condition over time (i.e., monitoring) to generate trends in land condition. Trust for Nature's current monitoring approach for standard covenants is the Vegetation Quality Assessment (a modified and somewhat coarser version of the Habitat Hectare method developed by the Victorian government), together with photo points. There is currently a working group at the Trust working to better capture change on covenants, spatially and temporally. This adapted approach will go some way to meeting the needs of farm covenant reporting.

The Moonlight Creek Ecological Monitoring Plan and a Farm and Land Management Plan provide specific monitoring actions to address specific ecological goals (see above). By identifying goals and actions, and building them into the management framework, changes in biodiversity can be detected over time in a robust and repeatable way. For example, a range of outputs have been identified, eg erosion management, pest and weed control, revegetation; and their progress is measured by monitoring outcomes, eg reduced erosion, reduced pest and weed impacts, and recovery of native vegetation.

This approach has been adapted to the Trust for Nature draft Farm Management Plan. Primary responsibility for monitoring lies with the landholder, with Trust for Nature ensuring compliance at stewardship visits (every 3-5 years) and via annual reporting. As with the Trust's offsetting requirements, we are well placed to prepare a 'Q&A' sheet for landholders that can be cross-checked at stewardship visits. Any discrepancies could be followed up by the Trust or if necessary a third party agronomist.

### Natural Capital Accounting

Natural Capital Accounting (NCA) provides a formal framework for linking ecosystem condition with economic performance and demonstrate compliance with covenant restrictions. This allows society to understand the contribution farmers make to conservation in the public interest, and to justify any direct environmental stewardship payments. It can also contribute to information

that can help the agricultural supply chain recognise better environmental performance with their sourcing decisions.

NCA is in rapid development and available to farmers to adopt.<sup>46</sup> Nonetheless it is not the intention of the farm covenant to make this a requirement of entry into the covenant.

## 6.5. Key findings, drivers and barriers

### Scope of management actions

The management actions specified in the Farm Management Plan for farmland are intentionally simple, measurable and not too far removed from the requirements for traditional covenants, allowing them to be integrated into an existing stewardship approach by Trust for Nature. For example, outcomes-based activities identified above can all be readily assessed via on-site visits and/or remote sensing technology. Restrictions on inputs can be measured via soil tests (in the case of fertilisers and pesticides) and feral animal disturbance (in the case of pest management).

There are other activities that may be too difficult for the Trust to readily oversee, in its role as a conservation organisation and given the gaps between stewardship visits. These should be avoided, or additional resources may be needed to engage a farm liaison officer at the Trust.

In summary, key activities that a farm covenant could include are:

- protecting remnant native vegetation (including where managed grazing occurs)
- protecting and revegetating riparian vegetation
- managing grazing pressure; and restoring and revegetating native pastures
- managing weeds and feral animals
- restoring habitat within the farming system, including via shelterbelts
- retaining large paddock trees
- managing water quality, including via revegetating farm dams.

Activities could also include:

- building soil biota and carbon content
- minimising herbicide use
- strategic soil fertility management, including managing fertiliser application and eliminating broad-scale insecticides/fungicides/herbicides
- managing crops and orchards according to best practice sustainable land management principles (see below).

The last four points raise some challenges, in that they might be more difficult for the Trust to measure or verify. However, this should not in itself be a barrier to their inclusion. In practice conservation covenants already place limitations on a range of activities that require a 'good faith' component, such as restricting the use of sprays and fertiliser.

Allowing cropping and horticulture in a covenant is the most challenging or controversial aspect of the farm covenant. This is because it runs counter to what the covenant has always been used

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<sup>46</sup> The development of frameworks and technologies to measure condition has been an active area of research over the last several years, and some cost-effective protocols are now available. See for example Accounting for Nature: [www.accountingfornature.org](http://www.accountingfornature.org).

for – avoiding clearing and soil disturbance. What we propose is that where cropping is permitted, it must be done on the following bases:

- minimising soil disturbance (e.g. by using no-till approach)
- achieving 100% groundcover year-round
- maximising pasture diversity
- retaining paddock trees
- restricting clearing of native vegetation including native pasture
- avoiding broad-scale sprays
- strategic and soil-test-informed fertiliser application
- no cropping on soils with slope >5%
- no cropping on soils with slaking or dispersive properties.

It is likely that approval of a farm covenant which envisages conversion of pasture to cropping will be limited. Nonetheless there may be circumstances where this is desirable, and the Trust could deal with each property on a case by case basis.

### Planning issues

The innovative model envisaged by Cassinia at Moonlight Creek is not currently permitted under the planning scheme. The Golden Plains Shire Planning Scheme restricts the number of dwellings in a Farming Zone to 1 per 100 hectares. Based on the size of the property this would restrict the Moonlight Creek project to five households, impacting the level of conservation activity and upkeep of management requirements of the Farm Covenant. Cassinia is currently working through an approval process with the Council to increase the number of dwellings to 14, envisaging an amalgamation of the existing 48 titles across the property.

It will be important to address any misconception that the Moonlight Creek share farm model is a real estate project in the guise of a conservation and sustainable farming project. The farm covenant offers an assurance that those dwellings will not lead to fragmentation or loss of farmland, but rather support and build back farming systems. Early engagement with councilors and town planners is recommended to communicate the vision of the shared land management approach and set favorable precedents.

### Compliance

As the project's Reference Group and other stakeholders have observed, developing and adopting monitoring approaches can be relatively simple: ensuring compliance can be the real challenge. This is a challenge that is observed across the planning and environment sector. Nonetheless, Trust for Nature's funded stewardship program makes it uniquely placed to provide assurance over the long term that the terms of the covenant are being met. And while breaches are a risk, these are rare in the Trust's experience and should not be a barrier to a commitment to best practice.

This being said, there may be options in future to improve compliance. The organic sector's Participatory Guarantee System (PGS),<sup>47</sup> the Regen Farmer Mutual's 'digital twin' model,<sup>48</sup> and

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<sup>47</sup> <https://www.ifoam.bio/our-work/how/standards-certification/participatory-guarantee-systems>

<sup>48</sup> [https://regenfarmersmutual.com/products-and-services/#about\\_digital\\_twin](https://regenfarmersmutual.com/products-and-services/#about_digital_twin)

the Land to Market's Ecological Outcome Verification tool<sup>49</sup> are just some examples of how this might be achieved.

Ultimately, compliance is a resourcing issue. Well beyond covenants, stakeholders agree that enhanced on-ground support is the best way to achieve compliance. Any program that supports landholders to achieve, and also to record, their compliance with best practice would benefit the sector as a whole.

### Taxes and rates

Existing owners of peri-urban farming land wanting to protect that land may be attracted by the federal income tax deduction that allows landholders to claim lost land value against 5 years of earnings.<sup>50</sup>

Land that is used 'primarily for primary production' is exempt from land tax<sup>51</sup> and so land the subject of a farm covenant will generally benefit from this exemption. However, if a farm covenant is not being managed *primarily* for primary production the exemption will not apply. This also highlights that the policy setting currently disincentivises conservation and protection of natural capital in favour of primary production.

Similarly, landowners are not currently eligible as of right for a rates exemption under the Local Government Act for having a covenant; though many local councils offer rate deductions for farming land, and a limited number also offer deductions for land under a conservation covenant.

### Culture and perception

Trust for Nature's stakeholder engagement has revealed a less concrete challenge to the farm covenant, namely how to overcome negative perceptions in the farming community to 'conservation', which is probably linked to historical tensions with the sector between environmentalists and farmers, bureaucratic intervention and failed (or poorly managed) public schemes. There was also some inherent distrust of conservation covenants, which were commonly perceived as tools to 'lock up land'.

Related to this, when it comes to restricting activities on productive land, some landholders have pointed out that 'forever is a long time'. This is notwithstanding the fact that carbon projects and biodiversity offsets, which are widely used and accepted, can have permanence periods of up to 100 years. Also NSW Biodiversity Conservation Trust's in-perpetuity Conservation Agreements have been taken up readily, driven by a strong incentives program.

There will be an important communication piece around the farm covenant to reassure landholders that they can continue to work their land under covenant, and that the purpose of the covenant is to protect their sustainable practices, assets and investments into the future rather than unreasonably restrict their practices. Vital to this process will be to put the farmer and their business first, and not be overly prescriptive about how they achieve their sustainable

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<sup>49</sup> <https://landtomarket.com.au/verification.php>

<sup>50</sup> *Income Tax Assessment Act 1997* s 31.5. Note that the deductibility mechanism only applies if the landholder's land value has decreased by more than \$5000 and has not received 'any money, property or other material benefit' as a result of the covenant. Trust for Nature is seeking amendments to the Act to remove this qualification.

<sup>51</sup> *Land Tax Act 2005*, s 65.

land management outcomes. The ‘message bearer’ for these communications will be vital too; ideally these messages should come from farmers to farmers, rather than directly from the conservation community.

## **6.6. Conclusions**

Farm covenants recognise the growing need to integrate conservation measures on working lands and ensure that sustainable investments are secured for the long term. The tools to achieve protection of a whole farm already exist. The proposed new farm covenant makes a range of changes to Trust for Nature’s traditional conservation covenant including requiring the owner to manage land consistently with sustainable or regenerative farming principles. The management plan that accompanies the farm covenant identifies a range of activities and a monitoring approach that supports best practice sustainable land management.

A key issue for Trust for Nature is whether it has the expertise to oversee the sustainable farming activities identified in the farm covenant and management plan. In practice however the management actions that have been identified for productive areas are not too far removed from the requirements for traditional covenants, and may be integrated into the Trust’s existing covenant stewardship approach.

## 7. ADOPTING COMMUNITY LAND TRUST PRINCIPLES IN AUSTRALIA

### 7.1. Limits to Trust for Nature's scope

This project has demonstrated that, at least in Victoria, the Trust for Nature covenant can achieve some of the key functions that support the farmland trust model, including:

- protecting land in perpetuity from subdivision or degradation; and
- preserving conservation and farming practices.

The Trust also has the statutory power to accept gifts and bequests, whether on trust or otherwise, and to act as trustee of moneys or other property vested in it on trust, to carry out its objects.

However, a Trust for Nature farm covenant does not replicate the functions of a 'farmland trust'. First and foremost, like other land trusts in Australia, Trust for Nature is primarily a conservation organisation, and as a statutory body, the Trust is bound by its statutory objectives to protect landscapes of ecological significance, or natural and historical interest. It is not set up to purchase land and lease it to farmers in the way that CLTs operate in the US and UK.

As we observed in the Moonlight Creek pilot, the farm covenant is primarily used to protect biodiversity and embed best practice farming practices. It will be complemented by a community conservation management plan, which sets out the ownership and management structure; and the obligations and financial plan of the community. The Moonlight Creek Trust Fund will allocate annuity payments and may be managed by Trust for Nature.

As Trust for Nature is not structured to own farmland and lease it to farmers, it is not well suited to opening pathways for young and new farmers. It doesn't have the explicit mechanisms to undertake these functions that are embedded in the CLT model.

### 7.2. Community-Owned Farmland models as an alternative

Unlike international precedents then, entities formally constituted as Trusts have not been available to support community ownership approaches in Australia. However, there are tools that can be adopted to enable ownership and management to be shared between multiple parties in line with CLT objectives. In Australia's affordable housing sector this is often called 'shared equity' while in international jurisdictions this can be called 'shared equity homeownership'. We adopt the name 'Community-Owned Farmland' to differentiate it from the housing sector and to denote the fact that it would be combined with a Trust for Nature farm covenant to enable permanent protection of the agricultural land.

Under shared equity models, land is at least partly owned by a Cooperative or a Company Limited by Guarantee. This entity can then either enter into long-term leases, or enter into a co-ownership deed with farmers as described in the following sections. Both models have been well documented in the Australian Community Land Trust Manual that provides in-depth descriptions of these types of approaches for the Australian housing sector.<sup>52</sup>

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<sup>52</sup> These are discussed in Chapters 7 and 8 of the Manual respectively and model documents for these are provided as Appendices 5 and 6 respectively.

### 7.3. Long term leasehold approach

#### How does this work?

As outlined in the CLT Manual, in this scenario the cooperative or company limited by guarantee would be the registered owner of the property (house and land), granting a long term lease to an eligible resident who will become the lessee. The resident pays a premium (lump sum) for the grant of the lease and is the owner of the lease, which gives the resident rights to use the land and house and any fixtures on the land for a specified period of time – the term of the lease. A long term lease is generally 99 years and is registered under the land titles legislation in the state or territory.<sup>53</sup> Leases terminate and re-start at sale or inheritance, such that they act in perpetuity.

#### What are the benefits of the approach?

The leasehold approach to providing farmers with access to land:

- allows the imposition of such duties as to repair, pay rates, etc (positive covenants)
- retains the housing / farming stock within the model whilst providing affordable housing
- provides the resident with a sense of ownership, with the ability to improve the land and property
- can compensate the resident for improvements at the termination of the lease
- can impose conditions relating to eligibility, resale, transmission to beneficiaries
- allows removal (or payment of value) for fixtures erected or improved by the resident
- allows for provisions relating to obligations for maintaining the land.

#### What legislative changes would be needed?

May need exemption from residential Tenancies legislation.

### 7.4. Modified shared equity model (co-ownership)

#### How does this work?

Shared equity is where different parties share the ownership of the property and any house(s) and other infrastructure erected on the land through a co-ownership deed. There are two co-owners: the cooperative or company limited by guarantee and the farmer(s). The farmer may acquire a specified portion of the value of the property (eg 50%) for an agreed price. This would be accompanied by an Agreement (a Shared Equity Deed) outlining which party is responsible for what, and what happens when the resident wants to leave and sell their share, including indexation of the value of the farmer's share to retain affordability.

The model co-ownership deed is intended for use in all Australian jurisdictions. A landowner may utilise a shared equity mechanism where using a long-term leasehold is currently not possible or where it expressly wishes to utilise a co-ownership model rather than leasehold. This option requires that the property be held as freehold land.<sup>54</sup>

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<sup>53</sup> Australian CLT Manual p62 [Australian Community Land Trust Manual](#)

<sup>54</sup> Australian CLT Manual p211

### **What are the benefits of the model?**

This model:

- allows for sharing of costs as to repair, pay rates, etc under the Shared Equity Deed
- enables the farmer to have land ownership rights and benefits attaching to these
- aligns interests between farmer and landowner to improve property
- can compensate the resident for improvements through terms of sale if they wish to sell their interest
- can impose conditions relating to eligibility, resale, transmission to beneficiaries
- allows removal (or payment of value) for fixtures erected or improved by the resident
- allows for provisions relating to obligations for maintaining the land.

### **What legislative changes would be needed?**

Shared equity arrangements can happen in any jurisdiction in Australia.

## 8. EXPLORING FUNDING MODELS FOR PERMANENTLY PROTECTED FARMLAND AND OPENING PATHWAYS FOR NEW OR YOUNG FARMERS

In seeking insights into how we can permanently protect sustainably managed farmland, this project investigates several complementary aspects of this challenge. These are:

1. Testing permanent protection of farmland via a Trust for Nature farm covenant;
2. Understanding different structures that can be used to enable shared management of farmland to open pathways for new and young farmers; and,
3. Exploring potential models for acquiring and funding farming enterprises on permanently protected farmland, particularly to open pathways for new farmers.

This section of the report focuses on the findings from our research into the last aspect, though when it comes to funding these questions are inter-related.

### 8.1. Research process

To better understand the potential demand from different types of capital to the types of structures discussed in this research, we undertook interviews with some key representatives from the impact finance sector. In these interviews, we presented a snapshot of this research and then broadly explored the barriers and opportunities for capital to participate in solving the challenges presented.

The interviews were conducted with:

- Jade Miles – National Program Manager, The Sustainable Table Fund
- Erin Dolan - Program Manager, Homelessness and Affordable Housing, Lord Mayor's Charitable Foundation
- Sasha Courville – Chief Impact Officer, Bank Australia
- Jarrod Troutbeck – Sustainability Manager, Bank Australia
- Jane Kern – Interim Head of Impact Management, Bank Australia
- Emma Spano – Senior Manager, Impact Finance, Bank Australia

### 8.2. Understanding the components of value

In presenting an overview of this research in the interviews, we defined the root problem to be the competing demand for farmland that is leading to declining supply of sustainably managed farmland, and in turn opportunities for new and young farmers. This competing demand leads to higher land prices that effectively make it uneconomic for farming on this land.

As a way of understanding the impact of competing demand on land prices, we suggested that this factor leads to a 'change-of-use premium'. This is that portion of the land price that can be attributed to its potential value for other purposes. This premium tends to increase the closer farmland is to a major CBD – as farmland competes increasingly with urbanisation. We broadly defined the 'peri-urban' fringe (being within 100kms of a major CBD) as competing with urbanisation, and beyond that the lifestyle belt (up to 250 kms from the same CBD) as competing with sub-division and tree-changing trends. In either case, farmland is at risk of being taken out of production due to these competing uses.

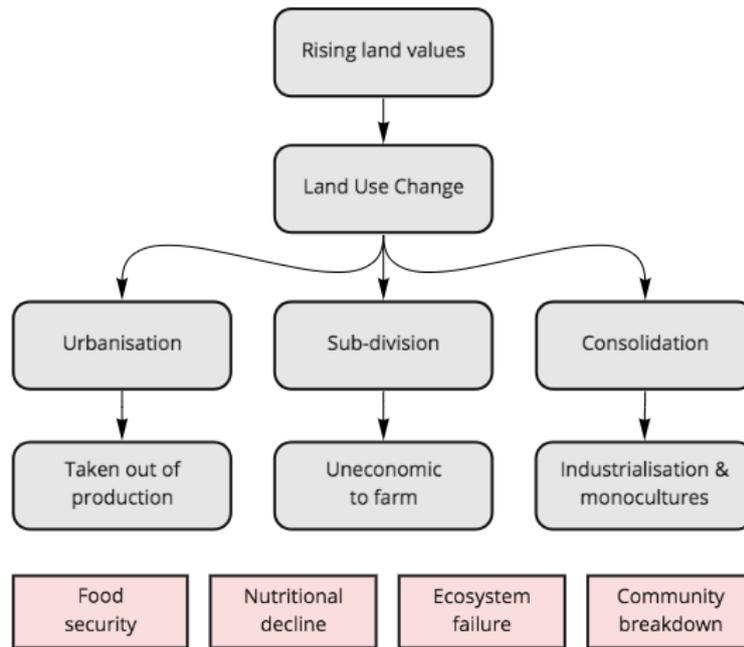


Figure 3 – Rising land values due to competing land use leading to loss of farmland

If we understand this change-of-use premium as being that price differential above the value of the land as a going farming concern, we can then very clearly understand that this premium is equivalent to the value of the farm covenant – as the farm covenant permanently secures that land for sustainable farming purposes. This is useful as it links the shared benefits of a covenant to an implied market value.

We can calculate this implied value as the difference between the market price of the land, and the commercial value of the land as a farming enterprise. For example, we can use a discounted cashflow valuation benchmarked at appropriate discount rates for farmland to calculate its commercial value. Assuming market clearing assumptions with respect to return on investment, funding the commercial value of the farm can be viewed through financial metrics.

So by understanding the role of this change-of-use premium, we can then model the impacts it may have on funding strategies. The larger the premium, the more important that a funding strategy can clearly articulate the social, environmental and economic benefits of permanently protecting farmland – including any benefits around opening access to new and young farmers.

### 8.3. Potential funding models

This paper has included three variations that are functions of the way benefits are distributed.

#### Funding the “change of use premium”

Rokewood demonstrates that funding permanent protection of sustainably managed farmland can be achieved through private land ownership. Under this model, the costs of the covenant are effectively embedded in the acquisition price for the land. Then under the community conservation management plan, the landholders are individually and collectively responsible for managing that land. The farming enterprise can be leased to a single farmer or a collective. In any event, as this land was at risk of not being farmed sustainably, this structure provides the

scale for a farming enterprise to operate effectively across these separate titles. In this way, it is a funding approach that enables both permanent protection of this farmland and creates opportunities for farmers.

As we move closer to the major urban centres, and the change of use premium rises, it is likely that such exclusively private land ownership approaches will not be financially achievable. In these circumstances, it will be necessary to find a mechanism that responds to the shared social, environmental and economic benefits that arise from the protection of sustainably managed farmland. These are more likely to be based on shared equity and collaborative management approaches.

### **Funding the shared farming enterprise**

Rokewood demonstrates a private market driven approach to creating a farming enterprise that has a very flexible operating model. It simplifies the arrangement between the landholder and the farmer to a long-term lease that is collectively agreed to by all landholders. This makes a very clear distinction between the land and the farming enterprise, which also simplifies the funding alternatives that the farming enterprise can pursue.

Where it becomes more complicated is where the farm has a greater degree of shared ownership and management. This is more likely in the Community-Owned Farmland structures identified above. In these circumstances, the funding alternatives are broadened to include those structures that offer ways to share the costs and benefits of a farm. This includes community funding approaches such as via cooperative shares or crowdfunding, depending on the legal structure adopted for owning the farmland or farming enterprise. It could also include working with organisations that have similar goals with respect to creating shared benefits. For example, this could be attracting catalytic funding from philanthropy that is interested in supporting community initiatives around sustainable food and farming systems. Alternatively, there may be opportunities to work with churches, indigenous organisations or governments that are aligned and may have access to land that has potential to support these types of projects.

## **8.4. Barriers and opportunities**

In exploring the funding options for these models, the following were the key themes that emerged from the interviews:

- Need to clearly understand the benefits – consistent with the forgoing analysis, every participant made the point that it would be important to be able to clearly benchmark the benefits of a proposed investment. For example, Social Bonds were referenced as a possible source of concessional finance, particularly as the government has shown a willingness to invest in single shared equity projects. It was noted however that governments typically require data heavy evidence to fund the social impact.
- Liquidity events – community owned structures are often difficult for impact investors and superannuation funds to consider as these are not compatible with their investment mandates. For example, such funds require visibility with respect to liquidity or exit mechanisms which can conflict with community centred structures.

- Not profit maximising - Similarly, traditional bank debt can find it difficult to lend to community-owned businesses as these typically maximise benefits to members, which can conflict with the profit motive.
- Cultural shift inhibiting farmland use – it was noted that this research was important as the current cultural trends were undermining farmland security. While environmental issues are now top of mind in the community, there is not a general awareness of the need to protect our farmland. In peri-urban areas, it is generally accepted that the urban sprawl is the way our cities grow. And in tree-change areas, there can be conflict across fences as lifestyle landowners do not understand the role and impact of farming.
- Planning mechanisms – there may be constraints in planning regulations to be navigated. For example, there are often local government restrictions on the number of residents or dwellings on farmland, and this may impact the location and opportunities for community ownership and management.
- Capital loss – under current conditions, it is conceivable that the change-of-use premium will be significant in peri-urban fringe. As a result, a covenant will give rise to a material capital loss for the party holding the land at that time the covenant is placed on the title. Who is best placed to bear this loss and how it is funded is critical to understanding whether there is a replicable funding approach.
- Existing aligned landholders – there may be landholders that are already aligned to the social, environmental and economic objectives of a project. For example, churches, indigenous groups and government, all have significant landholdings and may be interested in enabling communities to access this land.
- Need tangible example – every one of the interviews very quickly pointed to the need for a live pilot to test the boundaries of the model. While Rokewood has been very successful for testing the farm covenant and share farmer model, it is not useful for better understanding the shared equity models. Presenting the measurable impacts, the financial and operating model, stakeholder analysis, and the funding requirements would enable a much clearer assessment of the prospective funding structures and opportunities.

## 8.5. Key conclusions

This research has explored the spectrum of solutions to the problem of protecting sustainably managed farmland. It has discovered that funding approaches will be a function of which end of that spectrum a specific project sits with respect to the ways benefits are shared, particularly as regards to ownership of land, and to a lesser extent, ownership and management of the farming enterprise.

It has also discovered that funding solutions for permanently protecting farmland will be influenced by the size of the change-of-use premium embedded in land prices. The closer land is to a major CBD, the more likely that funding will need to look to shared benefit outcomes to attract the support to secure it through farm covenants.

To broadly illustrate the ends of the spectrum we can therefore describe two discrete funding approaches:

## The Share Farmer Model

The Rokewood case study demonstrated a model where farmland can be permanently secured through a combination of Trust for Nature farm covenant and community conservation management plan. From a funding perspective, this enables the disaggregation of the requirement to individual landholders who are responsible for arranging their own financing arrangements. The change-of-use premium is embedded in the land acquisition price. As a practical matter, the premium is relatively low as the landholders benefit from a share farming arrangement that maintains their privately-owned productive land. They are effectively aligned with the structure's outcomes.

This model offers a solution in those landscapes that are typically outside the peri-urban fringe. As an approach that secures the farmland with a commercially oriented mechanism, it opens potential pathways for new and young farmers to lease farmland that would not otherwise be financially viable to farm. It may be suitable in those parts of Australia, such as the East Coast escarpment where smaller landholdings are typical, and farming can become a marginal activity.

## The Community-Owned Farmland Model

In peri-urban settings, where the change-of-use premium makes it unlikely that the Share Farmer model could be economically viable, funding approaches need to look to monetising the shared benefits of securing sustainable managed farmland.

For example, we could conceive of an approach that splits the funding of the acquisition of farmland into two components – 1) a social bond that effectively finances the change-of-use premium and 2) traditional funding (equity and debt) to finance the farming enterprise on commercially acceptable terms. The return on the social bond would be understood through the measurable benefits that arise from the permanent protection of the farmland and the opening of pathways to new and young farmers. Ultimately, the repayment of the bond could be enabled through the appreciation in the value of the farmland and the rise in lease payments over time.

## Piloting a Community-Owned Farmland model

The forgoing illustrations are presented to highlight the impact on potential funding options of the change-of-use premium and the way benefits are shared. In practice, the options for funding may be complicated by the way these factors are addressed in a specific project. It is likely that the more shared benefits are embedded in a project, the more options that may be available that encourage participation by these beneficiaries.

For example, there may be blended finance approaches that obscure the funding of these respective components. Community crowdfunding could be well supported where there is a social objective that can be made clear to an aligned stakeholder group. As the report notes there is international precedent for this where communities have banded together to buy and farm peri-urban farmland. This could be complemented with philanthropic investment or concessional access to land, that in aggregate delivers the funding required to enable the permanent protection of the farmland and better access to farming.

In short, while this research has had the opportunity to explore the Rokewood model as a live pilot, we have not been able to do the same with the Community-Owned Farmland model. A proposed next step is to identify a pilot project that could enable these aspects to be explored in a practical setting.

## 9. CONCLUSIONS AND RECOMMENDATIONS

### 9.1. Key conclusions

**1. Shared ownership and collaborative management can open access for new and young farmers**

Alternative farming models offer effective ways to support new and young farmers. They can provide opportunities for farmers to access farmland that would not otherwise be available due to changing land use and cultural trends. And they can open new ways for farmers to access training and experience, build equity, and distribute the benefits of farming. Where the collaborative farming model proposes multiple new dwellings in a farming zone (per the Rokewood case study), the farm covenant offers an assurance that those dwellings will not lead to fragmentation or loss of farmland, but rather support and build back farming systems.

**2. Community and Farmland Trust structures are directly transferrable to the Australian context, though can't be called 'trusts' as they are not enacted under trust law**

The report presents two ways to enact those principles in the context of sustainable peri-urban agriculture: shared equity and long-term leasehold. These options are not alternatives to CLTs but Australian versions of CLTs.

**3. Farm covenants are a prospective tool for securing productive landscapes**

A 'farm covenant' can have the same legal force as a traditional conservation covenant, but would have a greater focus on protecting the natural capital that supports healthy agricultural systems: i.e. soil, water and pasture. It can add substantial value in preventing subdivision and urban development on productive land; ensuring long term stewardship of productive landscapes; preventing the reversal of sustainable practices; helping verify good land stewardship to the market; and ultimately, promoting biodiversity and mitigating climate change. In contrast to the planning scheme, the covenant presents an alternative land-use tool that is permanent, is not subject to variations in state or local government planning decisions or commercial imperatives, and offers a less rigid approach to protecting a diversity of farm systems and land management approaches.

**4. A further pilot is needed to test funding options for shared farming models in the peri-urban context**

Funding options to support the permanent protection of farmland and opening pathways for farmers are very much dependent on the specific location and structure of a farming enterprise. The closer a farm is to a major city, the larger the funding challenge. Quantifying and then capturing the social, environmental and economic value of permanently protecting farmland is therefore critical to accessing funding. To better understand the prospective options, it is necessary to have a pilot that can be used to explore and test these alternatives. Tax incentives should form part of this exploration.

**5. Successful examples exist and have been institutionalised in several countries**

These examples have proven to be resilient in a range of cultural, social, economic, and legal contexts and represent a ripe pre-existing knowledge base and community of expertise from which to explore effective models to be developed in Australia.

## 9.2. Key recommendations

1. Trust for Nature and Cassinia to monitor, evaluate and share lessons and impacts from the implementation of the [farm] covenant at the Rokewood Natural Agricultural Community - especially via the farm management plan and associated reporting frameworks
2. Continue investigation into the shared equity model in Australia, in partnership with the Lord Mayor's Charitable Foundation and other charitable, government, community and ethical investment partners
3. Identify and implement a peri-urban site to test funding and governance options for shared equity and farming models
4. Identify and build the capacity of a locally-engaged community of young farmers and supporters to commit to the development of the [shared equity farmland] model
5. Strengthen and expand collaborations with international partners (eg Centre for Community Land Trust Innovation).

## 10.APPENDICES

### Appendix A – Glossary<sup>55</sup>

#### **Agricultural / Farmland covenant**

A conservation covenant that protects farmland, encourages good soil management, and protects ecosystems. An agricultural covenant can also ensure the land remains actively farmed and ensure an affordable resale price. [A]gricultural covenants can [also] regulate and control activities on the land that may be detrimental to current or future farm use of the land or ecosystems on the farm. Some covenants may require organic farming practices.

#### **Community farmland trust**

A type of community land trust that provides a mechanism for democratic community ownership of farmland and related assets; ensures permanent, affordable land access to farmers; retains farmland for farming and related enterprises; and allows community access to farmland and related benefits.

#### **Community farm**

A farm where the land is held “in trust” (but not necessarily owned or covenanted by a land trust) for and by the community. A community co-operative, society, or other group governs the land use agreements. Agricultural uses of the land are shared by a community of farmers. The primary focus of a community farm is local food production using sustainable agricultural practices. Land holders, land managers, and farmers work together by mutual agreement. Farmers are housed on or near the land.

#### **Community land trust (CLT)**

A form of common land ownership with a charter based on principles of sustainable and ecologically-sound stewardship and use. The land in a CLT is removed from the speculative market and facilitates multiple uses such as affordable housing, village improvement, commercial space, agriculture, recreation, and open space preservation. Through a variety of legal mechanisms such as leases or deeds, individual, collective, or corporate property holders secure title to the buildings and other improvements on the land created by their labor and investment, but do not access the land value. Resale restrictions on the buildings ensure that the land value of a site is not included in future sales, but rather held in perpetuity on behalf of the regional community to ensure ongoing affordability.

#### **Farmland preservation**

[T]he sale or donation of a perpetual conservation covenant by a willing landowner to a government agency or to a qualified, non-profit land trust. Farmland preservation relies on a contract to ‘preserve’ land for farming uses. The covenant is registered on title [so] that the land use restrictions apply to all future landowners. Outright donation or bequest of land to a land trust for the purpose of preservation is also an effective method.

#### **Farmland protection**

Techniques which play a complementary role in farmland preservation but are not permanent, including agricultural zoning, urban containment boundaries, right to farm laws, lower taxation on farmland, agriculture area plans, and various other land use planning tools.

#### **Farmland trust**

A type of land trust that focuses specifically on preservation of agricultural land.

#### **Food sovereignty**

The right of peoples, communities and countries to define their own agricultural, labour, fishing, food and land policies which are ecologically, socially, economically and culturally appropriate to their unique circumstances. It includes the..right to safe, nutritious, and culturally appropriate food and to food-producing resources.

#### **Land trust**

Not to be confused with the idea of ‘putting land in trust’, a land trust is a non-profit, non-governmental organisation, usually with charitable status, that focuses specifically on land preservation.

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<sup>55</sup> This Glossary is reproduced from *A Review of Farmland Trusts: Communities Supporting Farmland, Farmers and Farming*, published by the Land Conservancy of British Columbia in 2010. Available at [https://foodsecurecanada.org/sites/foodsecurecanada.org/files/A\\_review\\_of\\_farmland\\_trusts.pdf](https://foodsecurecanada.org/sites/foodsecurecanada.org/files/A_review_of_farmland_trusts.pdf).

## Appendix B: Events delivered through this project

### Getting biodiversity back on farms: so many solutions

- 10 March 2022 (1 hour)
- This workshop formed part of the Australian Land Conservation Alliance's 2022 Private Land Conservation Conference<sup>56</sup> and showcased the Moonlight Creek Natural Agriculture model and the farm covenant model as tools for preserving farmland for production and conservation.
- Speakers:
  - Cecilia Riebl, Trust for Nature
  - Paul Dettmann, Cassinia Environmental



### Protecting our Sustainably Managed Farmland - lessons from the US for Victoria:

- 18 March 2022 (2 hours)
- This workshop explored the context, processes and mechanisms that have enabled the creation and operation of community agricultural land trusts in the US. It unpacked some of the impacts and benefits of these institutions especially in terms of food justice, food security and food sovereignty; and what lessons might be applicable and transferable in the Australian context.
- Panelists:
  - Greg Rosenberg, Coordinator, Center for Community Land Trust Innovation
  - Danielle Andrews, Boston Farm Manager, The Food Project, Boston
  - Joy Gary, Executive Director, Boston Farms Community Land Trust, Boston
  - Travis Marcotte, Executive Director, the Intervale Center, Vermont
  - Louise Crabtree-Hayes, Associate Professor, Institute of Society and Culture, Western Sydney University
  - Attendance: 70 registered attendees representing state and local government, landowners, producers, philanthropic foundations, researchers, students and community members

<sup>56</sup> <https://www.alcaconference.org.au/program>

## Rokewood farm visit

- 6 April 2022 (half day)
- This visit included a tour of the 500 ha property, a summary of the vision of Moonlight Creek from Paul Dettmann; a summary of the Moonlight Creek agricultural enterprise with Share Farmer James Paterson; a summary of revegetation works with Cassinia Revegetation Coordinator Chris Lunardi; and an update on Farm Covenant progress with Cecilia Riebl.



*Paul Dettmann, CEO Cassinia Environmental, explaining the vision of the Rokewood project*



*Tour of Rokewood with Cassinia staff, the Moonlight Creek share farmer, Trust for Nature staff, project reference group members, and interested members of the public.*

## Sustainable Farms Workshop: Final Report and Next Steps

- 24 June 2022 (3.5 hours)
- This event featured the launch of the project report and discuss, with a group of engaged stakeholders, next steps to progress the recommendations for action mapped out in the report
- The event also featured the first public presentation of the findings and recommendations of the Farm to Plate Planning Audit (see below).

The project built on:

- Trust for Nature’s Biodiversity Innovation project funded in 2018 by the Victorian government, which explores how the conservation covenant can evolve to protect sustainably managed farmland (unpublished but available on request);
- Sustain’s Farm to Plate Planning Audit research, which identifies barriers and enablers to small-scale, sustainable and diversified farming in Melbourne’s 26 peri-urban local government areas. This in-depth investigation, conducted by PlanIt Rural, examines the potential for land-use planning regulation to support peri-urban agriculture and its contribution to a sustainable local food system. The research established benchmarking principles against which to audit the content of Victorian peri-urban planning schemes as they relate to agriculture and agribusiness (publication forthcoming);
- LMCF’s Foodprint Melbourne research which “investigates ways of strengthening the resilience of Melbourne’s food system to increase equitable access to fresh, healthy foods and promote sustainable production and consumption for current and future generations”.<sup>57</sup>
- Young Farmers Connect desktop research into contextualising Farm Land Trust models for the Australian landscape.



*Cecilia Riebl, Trust for Nature, presenting on the trial farm covenant*



*Rohan Clarke, Ethical Fields, presenting on community owned farmland models*

<sup>57</sup> <https://fvas.unimelb.edu.au/research/projects/foodprint-melbourne/home>



*Paul Dettmann, CEO of Cassinia Environmental, presenting on the Moonlight Creek Natural Agriculture Community model*



*Joel Orchard, Young Farmers Connect, speaking to international Farmland Trust models*



*Workshop participants, Edendale Community Farm*

## Appendix C: Assigning covenant tiers

Land type or use	Appropriate covenant tier			
	Conservation tier	Sustainable use tier	Modified use tier	Natural interest tier
Site has a nature conservation benefit (threshold requirement)	✓	✓	✓	✓
Ecologically significant for wildlife and plants	✓			
Intact native vegetation	✓			
Degraded land interspersed with high quality habitat Where impractical to use separate tiers	✓			
Revegetation area	✓ Where land will achieve natural state in less than 25 years		✓ Where land won't achieve natural state in 25 years	
Natural ecosystem – intact or degraded	✓ If being protected for conservation purposes	✓	✓ If not being protected for conservation purposes	
Buffers to other tiers		✓	✓	
Low input low-level grazing		✓		
Organic farms with a biodiversity focus		✓		
Commercial bee-keeping		✓		
Wetlands with allowance for duck hunting		✓		
Selective logging that meets FSC standards		✓		
Low-level eco tourism or eco dwellings		✓		
Sustainable economic activity where doesn't negatively impact conservation		✓		
Standard grazing where covenant prevents cropping, artificial fertiliser use or cultivation			✓	

## Appendix D: Draft Farm Covenant

## Appendix E: Draft Management Plan

## Appendix F - Additional resources

### Cooperatively owned farmland

#### Harcourt Organic Farming Co-op

##### [Download Case Study - Farming Together Program](#)

Harcourt Organic Farming Co-op (HOFC) is a collaboration of diverse organic farmers who lease land on a single farm in Harcourt and collectively market and sell their produce. They are passionate about learning their craft, feeding our community, and making direct and meaningful connections with their customers. Farming Together helped HOFC with their business model and business structure development including the development of lease agreements and the formation of their co-operative

<https://farmingtogether.com.au/harcourt-organic-farming-co-op/>

#### Food Next Door Co-op

##### [Download Case Study - Farming Together Program](#)

Food Next Door matches under-utilised farmland with landless farmers to support small-scale regenerative farming, growing diverse crops & engaging people from diverse backgrounds to supply food to local households.

<https://farmingtogether.com.au/food-next-door/>

#### Farm Land Trusts

##### *Catalytic Capital and Agriculture : Opportunities to Invest in Healthy Soils, Resilient Farms and a Stable Climate*

CASE STUDY : Agrarian Commons offers an opportunity to transfer and restructure farm ownership and management in a way that provides more affordable land access and tenure to mid-sized farms, and removes the weight of a traditional mortgage from their shoulders in return for their commitment to long- term land stewardship

<https://www.edf.org/sites/default/files/content/Catalytic-Capital-and-Agriculture-2020.pdf>

##### *Farm Land Access Legal Toolkit*

Land trusts come in different varieties, including conservation land trusts, preservation trusts, community land trusts, and more. Government entities, either on their own or in partnership with a land trust, can also be the holder of easements to protect and conserve farmland. [ Case studies, legal tools, additional resources ]

<https://farmlandaccess.org/land-trusts/>

*A Review of Farmland Trusts: Communities Supporting Farmland, Farmers and Farming*, published by the Land Conservancy of British Columbia in 2010. A resource for communities and landowners who wish to form a farmland trust, including sections on structure and governance, strategic planning, farmland trust activities and financial sustainability, together with case studies and examples.

[https://foodsecurecanada.org/sites/foodsecurecanada.org/files/A\\_review\\_of\\_farmland\\_trusts.pdf](https://foodsecurecanada.org/sites/foodsecurecanada.org/files/A_review_of_farmland_trusts.pdf)

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