

Financial considerations of leasing land for your stock in drought

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General information

Leasing land for your stock is a longer-term arrangement than agisting your stock. The regulations regarding the leasing of land are covered by the *Agricultural Tenancies Act 1990*. This Act gives the lessee more control.

For information on calculating rental, see Primefact 338 *Leasing land — calculating a rental*.

Advantages of leasing land

- There is more control for the lessee, backed by legislative support through the *Agricultural Tenancies Act*.
- Notice to vacate leased land is at least one month, and is generally longer.
- A lease may complement the operation of a property even in normal seasons. For example, it may be advantageous to lease an area which is suited to finishing cattle.
- The biggest advantage of a lease over agistment during drought is that you have total control over the number of stock on the paddock, whereas under some agistment arrangements, a number of people can have stock on the one paddock, to the detriment of **your** stock.

Disadvantages of leasing land

- You will be up for a set lease commitment, usually payable in advance. If a drought spreads to affect the leased property, it may become a financial burden. However, the lease agreement could include a clause that allows the rental to be lowered in the event of a predefined set of circumstances, such as rainfall less than a

specified amount during a specified critical time period.

- It may be difficult to find a lease property that is suitable, and an agreed rental has to be negotiated.
- The lease period you negotiate may end up being longer than you require.
- Disadvantages listed in Primefact 292 *Financial considerations of agisting stock in drought* also apply to leasing.

Further information

- Primefact 307 *Drought strategies for the livestock producer*
- Primefact 281 *Prompts to assess your financial situation in drought*

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