

FARMLAND AGREEMENTS

A guide to sustainable land
rental in Ontario

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Larry Davis, Brant County

One farmer's experience.

Larry Davis farms in Brant County, where he grows corn, soybeans and hay on both his own and rented land. "Rented land is sometimes a real challenge," he said, recalling an occasion where he was outbid on land that he had been farming for many years. The field was rolling, with highly erodible sandy soil, and the new renter farmed it for only three or four seasons. "He farmed it until the farm [land] was totally destroyed," Larry explained, when describing the toll that poor management had taken on the soil health.

Unable to find a new renter, the landlord resorted to paying Larry for two years to farm it again. Larry took steps to rehabilitate the land, including planting a perennial forage crop to limit further erosion. "A long term agreement would build security into the practices that I use on farm to build soil," He said. "Which works for my advantage and the landowner's advantage...because if we don't have soil, we don't have farming."

It's clear from Larry's experience that it is important that both land owners and farmers understand and value soil health and its role in long term crop growth, the environment and lasting relationships.



What is soil health? Why is it important?

Agriculture and Agri-Food Canada (AAFC) defines soil health as its ability to support crop growth without becoming degraded or otherwise harming the environment. Chemical, physical and biological properties and interactions determine soil health. Healthy soils, which are rich in organic matter, have improved water drainage and moisture retention, require fewer nutrient amendments and provide higher yields than soils depleted of organic matter. Healthy soil is the foundation of sustainable farm operations, our agri-food sector, and our environment. Soil is undervalued at times, and when soil conservation is not a priority, the result can be wind or water erosion, nutrient depletion, loss of soil organic matter, declining biodiversity and other issues. These consequences negatively impact crop growth and productivity, as well as water quality, biodiversity, and other environmental considerations.

How do I know if my soil is healthy?

Healthy soils are rich in visible and invisible life; from earthworms to fungi, signs of animal and plant activity should be evident. A healthy fraction of plant and animal residues at various stages of decomposition and the cells and tissues of microorganisms all contribute to soil health. It is important to do soil testing every three years to monitor nutrients levels and organic matter.

How can I Improve soil health?

While soil can be degraded, the good news is that Best Management Practices (BMPs) that limit soil disturbance and sub-surface compaction and reduce nutrient loss can build organic matter and safeguard soil health. BMPs including diversified crop rotations, the addition of manure or other organic amendments and utilization of cover crops feed the soil biology and support natural fertility year-round.



Share long-term perspectives and figure out how to get there, together.



Cathy Cade, Dave Frayne and Mike Strang, Huron County

Dave Frayne and Cathy Cade were looking for a farmer to rent their land near Exeter, Ontario. They had already settled on another farmer when Mike Strang called and asked to deliver a presentation, but agreed to hear him out regardless. “He came over and his presentation was so wonderful. He convinced us to go with him because of the conservation aspect,” said Cathy. “Soil health is a big focus in our operation,” says Mike, who farms about 1800 acres with his father and brother. In addition to a diverse crop rotation, they use cover crops and strip tillage to build soils on both owned and rented acres.

Dave and Cathy have now been share-cropping with Mike for five years. “I think that was the first time I had made a presentation in someone’s living room,” laughed Mike. “We take that conversation away from who pays the highest dollar per acre and more about who is going to treat the land - best.”



Questions to consider



If we enter into a long term agreement, what would the crop rotation look like? What type of tillage will you use on the land?

1. What practices can we improve on to benefit soil and the environment?
 - Crop rotation
 - Crop inputs – timing, rate, placement
 - Cover crops
 - Minimizing tillage, strip tillage or no-till
 - Minimizing compaction
 - Manure application
2. Is there a need for investment in tile drainage, windbreaks or a grass waterway to reduce erosion?
3. Are there natural features, streams or municipal ditches that require special consideration?
4. Are there areas (erodible slopes, wet areas, etc.) that should be removed from cultivation?



Build longevity and security into farmland rental agreements.

A longer-term lease can build strength and stability in a rental relationship. It is a win-win; not only for the landlord and renter, but for the environment because the renter is more likely to allocate time and money into building and maintaining healthy soils. For a landowner, choosing a farmer who values land stewardship rather than just the highest bidder means finding a farmer who will treat the land as if it's their own. Farmers see soil conservation as an investment on their own property, but as an additional cost on rental property; however, a long term lease helps the farmer see a return on their investment. When both parties clearly define their values, concerns and intentions related to soil conservation in preliminary discussions, the result will be a more successful rental agreement for both the landlord and renter, which will last for years to come.





A sustainable lease could consider the following:

Length of term - Simply put, the longer a farmer expects to rent a property, the more investment he or she will make in soil conservation. Consider building an agreement with a three year term minimum.

Flexible rental rate formula - Sustainability means fair rent rates, where the risks as well as the rewards of farming are shared. For the landowner there are many options to consider, with different tax implications: rent in cash vs. crop sharing arrangements. Some formulas have a lower base rent and then on successful years the farmer splits the profits with the landlord equally. Some crop sharing divides a percentage of the crop value between parties, which factors in commodity prices and yield. An agreeable price formula results in a more fair arrangement as crop prices fluctuate over time.

Environmental stipulations - Consider the Land Lease Discussion Guide at farmlandagreements.ca as part of the conversation about how the land should be managed.

Capital Improvements - Planting cover crops, tile installation, grass waterways or pasture development, fencing for grazing or transition to organic production are examples of ways a renter may invest in the property; often with capital not easily recouped in one year. These contributions should be valued within the lease by making provision for reimbursement in the case of unforeseen early termination.

More information and resources are available at

www.FarmlandAgreements.ca

Drive it like a Rental -

Is a catchy phrase on a bumper sticker, evoking images of driving carefree in a rented car with little or no concern about what's going on under the hood; but carefree is not how farmland should be treated. Farmland is an increasingly precious resource in Ontario. Each year more farmland is lost to urban encroachment and infrastructure; therefore we must maintain soil productivity on the remaining acres.

Farmers are, by nature, invested in the long haul. This includes all aspects of a farm business, with the exception of rented land, as most rental agreements are only for a single year. Thus, there is little economic incentive for long term improvements in soil health. Research at the University of Guelph shows that investing in practices to build organic matter like cover crops and diverse crop rotations are less likely to occur on rented land. With 35 per cent of Ontario's farmland on the rental market (and the trend increasing), this is a hot topic within agriculture.

By increasing the length and viability of farmland rental agreements, we can improve the long term economic returns for both the farmer and the landowner, while building healthier soils that can be better farmed into the future.

Sustainable farmland agreements are key to maintaining soil health and protecting the future of farming in Ontario.



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