

# Succession on New Zealand farms

There is a strong belief that few farmers think well ahead on matters of farm asset succession. Nor do they take action, despite most professionals recommending that plans should be developed early in the life of a farm after proper consultation with the likely stakeholders and professionals. This article reports on farmers' current thinking about succession and progress in implementing succession plans.

Succession is very much a family affair because by far the majority of primary producing farms are owned by families, with sole traders, partnerships, family trusts and private company situations the dominant ownership structures. Eighty three per cent of farm assets are held this way – for more information see our article in the March 2015 issue of this Journal.

## Plans and progress in succession

Most people assume succession takes place on retirement but it is also a factor when a farmer, for whatever reason, leaves a farm to take up another challenge. **Table 1** contains data on intentions for such cases. Succession plans should clearly be in place at an early stage in the history of a farm for a range of reasons, one of which is untimely injury or death because the risk is always there. Similarly, changes in family circumstances, such as divorce and separation, occur as do changes in career and other motivations of both farmers and heirs.

**Table 1** shows most farmers (46.3 per cent) do not intend to leave the farm. Around 32 per cent expect to pass the farm on to heirs, with close to 22 per cent expecting to sell up and move on. Of particular note, it can be assumed those who do not intend to leave the farm have made a succession decision, leaving over 68 per cent (100 minus 32) of respondents having a succession matter for someone to deal with.

**Table 1: Intentions of farmers leaving current farm before retirement – percentages of all farmers**

| Intention                             | %    |
|---------------------------------------|------|
| Sell up and invest off-farm           | 12.3 |
| Sell up and purchase another farm     | 3.0  |
| Sell up and gift some or all to heirs | 6.5  |
| Pass farm to heirs                    | 31.9 |
| Do not expect to leave farm           | 46.3 |

Despite all these factors it is clear that many farmers, and their co-owners and advisors, think they will complete their intended time on the farm with succession plans being put into place almost instantly. **Table 2** presents the data on how long farmers have been passing assets on to intended recipients. Well over half (54.7 per cent) of the respondents had not started, with a further 24 per cent having only started in the last decade.

**Table 2: Number of years since first starting to pass assets on to chosen heirs**

| No. of years since starting to pass on assets | % of the sample in each category |
|---|----------------------------------|
| 0 years                                       | 54.7                             |
| 1–5 years                                     | 9.1                              |
| 6–10 years                                    | 14.5                             |
| 11–15 years                                   | 8.1                              |
| 16–20 years                                   | 5.7                              |
| 21–25 years                                   | 2.9                              |
| 25–30 years                                   | 2.4                              |
| >30 years                                     | 2.6                              |

Even older farmers are backward in acting. **Table 3** shows nearly half (47.72 per cent) of farmers 46 years and older have not begun to transfer their assets and 10 per cent over 65 have not yet started.

**Table 3: Number of years since first starting to pass assets on to chosen heirs by age of respondent – percentages of the total sample**

| No. of years since asset transfer started | Age 26–35 years | Age 36–45 years | Age 46–55 years | Age 56–65 years | Age >65 years |
|---|-----------------|-----------------|-----------------|-----------------|---------------|
| 0 years                                   | 1.03            | 6.02            | 19.97           | 18.06           | 9.69          |
| 1–10 years                                | 0.15            | 1.91            | 7.05            | 7.63            | 6.90          |
| 11–20 years                               | 0.15            | 0.59            | 3.08            | 5.14            | 4.85          |
| 21–30 years                               | 0.15            | 0               | 0.73            | 0.88            | 3.38          |
| >30 years                                 | 0               | 0               | 0.15            | 1.03            | 1.47          |

Not unsurprisingly, respondents above 65 years of age have the greatest mean years since starting to transfer assets. When analysing respondents' asset values, those with net assets worth between \$5 million and \$25 million have higher mean years since starting to transfer them than those with assets under this amount.

When the number of children per respondent is considered then those with two, three or four children appear to have started earlier than those with none, one or more than four. The respondents' level of education does not seem to have a marked effect on mean years since starting asset transference, as shown in **Table 4**.

**Table 4: Relationship between years since starting asset transference and farmer age, farm net assets, number of children in the farm family and education level (cells give the mean number of years for each category)**

| Farmer age years | Mean years | Assets \$ million | Mean years | No. of children | Mean years | Education level | Mean years |
|------------------|------------|-------------------|------------|-----------------|------------|-----------------|------------|
| 26–35            | 4.90       | <5                | 5.03       | 0               | 4.59       | Primary         | 5.00       |
| 36–45            | 2.49       | 5–10              | 9.39       | 1               | 4.93       | Sec ≤3 years    | 6.55       |
| 46–55            | 3.85       | 10–15             | 11.93      | 2               | 7.02       | Sec >3 years    | 5.37       |
| 56–65            | 5.95       | 15–20             | 9.95       | 3               | 6.81       | Tert ≤2 years   | 7.30       |
| >65              | 10.45      | 20–25             | 11.67      | 4               | 5.91       | Tert >2 years   | 5.83       |
|                  |            | >25               | 1.78       | >4              | 3.38       |                 |            |

The survey results show that a staggering 68 per cent of respondents have not transferred any assets to their chosen heirs, while only 3.6 per cent have transferred over 90 per cent to them, as shown in **Table 5**. It is clear that the vast majority of many succession plans are not being implemented.

**Table 5: Percentage of sample falling into various current degrees of net asset transfer to chosen heirs**

| Ranges of asset transfer to chosen heirs – current % transfer | Percentage of total sample falling into each transfer % range |
|---|---|
| 0%  | 68.3  |
| 0–10%   | 7.8   |
| 11–20%  | 2.7   |
| 21–30%  | 4.3   |
| 31–40%  | 3.0   |
| 41–50%  | 4.1   |
| 51–60%  | 0.6   |
| 61–70%  | 1.1   |
| 71–80%  | 2.6   |
| 81–90%  | 1.7   |
| >90%  | 3.6   |

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## Children and the succession problem

Family size is clearly a major factor in succession. Families are tending to reduce in size, as shown in **Tables 6** and **7**, but most families have more than one child and many much more than this.

**Table 6: Number of children in each farming family – percentage of total sample falling into each age range cell with the last two columns giving the average number of children per family in each range, and the percentage of the total sample represented in each row**

| Age range years | % with 1 child | % with 2 children | % with 3 children | % with 4 children | % with 5 children | % with >5 children | Average no. children | % of total sample |
|-----------------|----------------|-------------------|-------------------|-------------------|-------------------|--------------------|----------------------|-------------------|
| 0-5             | 2.6            | 1.5               | 0.9               | 0.1               | 0                 | 0                  | 1.71                 | 5.1               |
| 6-10            | 4.6            | 2.5               | 0.2               | 0                 | 0                 | 0                  | 1.41                 | 7.3               |
| 11-15           | 7.1            | 4.2               | 1.0               | 0                 | 0                 | 0                  | 1.51                 | 12.3              |
| 16-20           | 10.8           | 6.0               | 1.0               | 0.1               | 0                 | 0                  | 1.47                 | 17.9              |
| 21-25           | 10.2           | 8.8               | 1.7               | 0.2               | 0.1               | 0                  | 1.64                 | 21.1              |
| 26-30           | 9.9            | 11.1              | 1.4               | 0                 | 0                 | 0                  | 1.62                 | 22.4              |
| 31-35           | 10.4           | 6.6               | 3.0               | 0.2               | 0                 | 0                  | 1.66                 | 20.2              |
| >35             | 4.7            | 8.7               | 6.0               | 2.6               | 1.0               | 0.7                | 2.58                 | 23.7              |

**Note:** The last column adds to more than 100 per cent as families' span age ranges.

Clearly two to three children is a popular family size, with the mean numbers shown by respondent age and net asset, respectively, below in **Table 7**. Not unsurprisingly, older respondents tend to have larger families. Also fortuitously, or perhaps by design, those with higher asset levels tend to have larger families. If assets are to be divided evenly a larger numerator is helpful.

**Table 7: Mean number of children in a family according to the respondents' age and asset level**

| Age range years | Mean no. of children | Asset range \$ million | Mean no. of children |
|-----------------|----------------------|------------------------|----------------------|
| 26-35           | 1.47                 | <5 m                   | 2.25                 |
| 36-45           | 2.00                 | 5-10 m                 | 2.67                 |
| 46-55           | 2.34                 | 10-15 m                | 2.41                 |
| 56-65           | 2.33                 | 15-20 m                | 3.17                 |
| >65             | 2.38                 | 20-25 m                | 3.00                 |
|                 |                      | >25 m                  | 2.73                 |

Also relevant for the survival of the family farm is the number of children interested in becoming farmers. **Table 8** clearly highlights that most respondents have at least one child who is interested in becoming a farmer. It is noted, however, that 38.9 per cent of the sample had no children with a serious interest in farming.

**Table 8: Offspring interest in becoming farmers – percentage of sample and for each age grouping the mean number interested in farming**

| No. of children interested <sup>#</sup> | % of sample | Mean 1-5 years | Mean 6-10 years | Mean 11-15 years | Mean 16-20 years | Mean 21-25 years | Mean 26-30 years | Mean 31-35 years | Mean >35 years |
|---|-------------|----------------|-----------------|------------------|------------------|------------------|------------------|------------------|----------------|
| 1                                       | 30.3        | 0.40           | 0.60            | 0.72             | 0.79             | 0.86             | 1.12             | 1.09             | 0.71           |
| 2                                       | 17.5        | 0.50           | 1.053           | 0.91             | 0.89             | 1.13             | 1.08             | 0.91             | 0.99           |
| 3                                       | 5.1         | 0.83           | 1.00            | 1.25             | 0.87             | 1.43             | 0.73             | 1.08             | 1.11           |
| 4                                       | 1.2*        | 0              | 0               | 0                | 1.00             | 3.00             | 0                | 1.50             | 0.98           |
| 5                                       | 0           | 0              | 0               | 0                | 0                | 2.00             | 0                | 0                | 1.86           |
| >5                                      | 0           | 0              | 0               | 0                | 0                | 0                | 0                | 0                | 1.33           |

<sup>#</sup> Number from each family expressing an interest in farming, according to the respondent.

\* This 1.2 covers not only families with four children, but also families with more than four. Note: This column adds to less than 100 as it does not include the 38.9 per cent of farm families with no children interested in a farming career.

## Plans for divesting assets

Whether acted on or not, most farmers do have ideas about what they intend to do over succession and **Table 9** provides some of this data. The vast majority of farmers across all farm types propose to pass the farm on to the next generation.

This is also the case when the data is analysed by respondents' age group. Also when grouped by respondents' asset level, most intend to pass the farm on to their children, except for those with assets over \$25 million where a little under half of the respondents expect to transfer them to the next generation.

**Table 9: Mean percentage of net assets proposed to be passed to the next generation and farmer's spouse according to farm type, farmer age and net asset level**

| Farm type          | % to next generation | % to spouse | Age band | % to next generation | % to spouse | Asset band | % to next generation | % to spouse |
|--------------------|----------------------|-------------|----------|----------------------|-------------|------------|----------------------|-------------|
| Sheep              | 78.38                | 70.14       | 26-35    | 90.00                | 83.33       | <\$5 m     | 78.98                | 75.32       |
| Ext sheep          | 84.97                | 70.56       | 36-45    | 79.12                | 67.00       | 5-10 m     | 85.87                | 53.88       |
| Deer               | 96.67                | 77.50       | 46-55    | 87.66                | 73.93       | 10-15 m    | 85.45                | 68.08       |
| Cattle             | 73.93                | 80.40       | 56-65    | 76.24                | 67.82       | 15-20 m    | 90.00                | 53.33       |
| Dairy              | 82.55                | 67.95       | >65      | 78.47                | 74.21       | 20-25 m    | 97.80                | 13.00       |
| Other animal       | 100.00               | n/a         |          |                      |             | >\$25 m    | 47.50                | 50.00       |
| Fruit/viticulture  | 88.12                | 90.67       |          |                      |             |            |                      |             |
| Cash crop          | 74.09                | 47.00       |          |                      |             |            |                      |             |
| Flowers/ornamental | 100.00               | 100.00      |          |                      |             |            |                      |             |
| Vegetables         | 100.00               | 100.00      |          |                      |             |            |                      |             |
| Other              | 72.74                | 61.94       |          |                      |             |            |                      |             |

**Note:** The total divided between the next generation and spouse usually exceeds 100 per cent because the plans allow for a surviving spouse in the first instance.

Similarly, most farmers have considered their possible action where their family involves more than one child. The children's intention regarding farming will influence these thoughts. The matter of equity between siblings is high among respondents' responses, with just under half (47.3 per cent) suggesting they would pass on the assets equally among children, even if it meant selling the farm. A further 19 per cent plan to pass the farm on to one child, but expect that child to compensate other siblings. Nineteen per cent of respondents intend to give equal shares to those children wishing to farm. Less than one per cent of respondents wished to pass on an unequal share to their children, as shown in **Tables 10 and 11**.

**Table 10: Choice of succession possibility for farmers with more than one child**

| Option   | % of sample using each option |
|--|-------------------------------|
| Pass on assets equally even if need to sell farm   | 47.13                         |
| Pass on to one child expecting this child to compensate the others   | 18.79                         |
| Give equal share to each child wanting to be a farmer  | 19.27                         |
| If more than one child interested, pass to one and expect them to give a share of the income to the other(s) | 7.32                          |
| Pass on an unequal share to the children   | 0.64                          |
| Miscellaneous  | 1.43                          |
| Not decided  | 5.41                          |

**Table 11: Percentage of the total sample numbers in each row (representing number of children) with respect to the farmer's choice of distributing assets where there is more than one child**

| No. of children in the farm family | *Pass assets equally | *One child on farm | *Equal shares of farm to interested children | *Give to one who pays others | *Unequal payments | *Misc | *Undecided |
|------------------------------------|----------------------|--------------------|--|------------------------------|-------------------|-------|------------|
| 0#                                 | 16.85                | 4.35               | 6.52   | 2.17                         | 1.63              | 1.63  | 0.54       |
| 1                                  | 23.33                | 16.67              | 6.67   | 3.33                         | 3.33              | 0     | 0          |
| 2                                  | 42.54                | 17.13              | 19.34  | 5.52                         | 5.52              | 1.66  | 0.55       |
| 3                                  | 43.82                | 20.22              | 16.85  | 7.12                         | 4.87              | 0     | 0.37       |
| 4                                  | 50.00                | 12.00              | 19.00  | 9.00                         | 5.00              | 1.00  | 1.00       |
| 5                                  | 27.59                | 24.14              | 24.14  | 6.90                         | 3.45              | 6.90  | 0          |
| >5                                 | 42.86                | 7.14               | 7.14   | 7.14                         | 7.14              | 0     | 0          |

\* Miscellaneous – see Table 10 for a full description of the headings listed in the rows.

# Intentions when, and if, have children.

When there is more than one child, looking at the farmers' net assets and choice of asset distribution, in the \$15 million to \$20 million group there is a markedly higher (58 per cent) intention to pass assets on equally, even if it means selling the farm to do so. It is likely at these asset levels that these respondents have a number of farms, making equality between siblings simpler, as shown in **Table 12**.

**Table 12: Percentage of the total sample numbers in each row (representing the farm's net assets) with respect to the farmer's choice of distributing assets where there is more than one child**

| Asset level \$ million | *Pass assets equally | *One child on farm | *Equal shares of farm to interested children | *Give to one who pays others | *Unequal payments | *Misc | *Undecided |
|------------------------|----------------------|--------------------|--|------------------------------|-------------------|-------|------------|
| <5                     | 37.79                | 16.08              | 11.82  | 5.23                         | 5.04              | 1.16  | 0.77       |
| 5-10                   | 39.68                | 9.52               | 24.60  | 7.14                         | 2.38              | 0.79  | 0          |
| 10-15                  | 29.41                | 29.41              | 20.59  | 8.82                         | 2.94              | 0     | 0          |
| 15-20                  | 58.33                | 16.67              | 0  | 8.33                         | 0                 | 0     | 0          |
| 20-25                  | 28.57                | 28.57              | 28.57  | 0                            | 14.29             | 0     | 0          |
| >\$25                  | 36.36                | 0                  | 27.27  | 0                            | 0                 | 9.09  | 0          |

\* See Table 10 for a full description of the headings listed in the rows.

Relating farmers' age groups with their intentions to distribute assets, while the differences are not great, as farmers get older there is a tendency towards sharing assets equally. However, relative to the children interested in farming, there is less interest in distributing assets by equal shares. Further, distributing unequal shares increases with farmer age, as shown in **Table 13**. These latter views probably relate to the older generation.

**Table 13: Percentage of the total sample in each row (representing the farmer's age) with respect to the farmer's choice of distributing assets where there is more than one child**

| Farmer age (years) | *Pass assets equally | *One child on farm | *Equal shares of farm to interested children | *Give to one who pays others | *Unequal payments | *Misc | *Undecided |
|--------------------|----------------------|--------------------|--|------------------------------|-------------------|-------|------------|
| 26-35              | 5.88                 | 29.41              | 23.53  | 0                            | 5.88              | 0     | 0          |
| 36-45              | 27.94                | 17.65              | 17.65  | 2.94                         | 7.35              | 0     | 1.47       |
| 46-55              | 33.33                | 13.65              | 20.08  | 5.22                         | 4.02              | 1.61  | 0.80       |
| 56-65              | 43.25                | 12.70              | 11.51  | 5.55                         | 4.76              | 1.19  | 0.40       |
| >65 yrs            | 39.15                | 16.51              | 11.79  | 7.55                         | 2.83              | 0.94  | 0          |

\* See Table 10 for a full description of the headings listed in the rows.

The survey data suggests that the vast majority of farmers intend to pass their assets on to their children, but not a lot has transpired. The next section considers this and other factors.

### Help used in setting up and running governance and succession systems

It is clear that many farmers do have not formally organised succession systems, but many have at least sought advice and **Table 14** provides the background information. Note that this data covers both succession and governance. Information dividing the hours into the separate activities was not available. It can be seen here that professional advisors are used very sparingly by respondents, with the vast majority using them for between zero to two hours per annum on succession and governance advice. This is in stark contrast to respondents' 'trusted person' and 'company representative' who are used far more often.

**Table 14: Hours per annum spent with various advisors on succession and governance plans and arrangements - percentages of farmers using a particular type of advisor for specified times (range of hours)**

| Type of advisor              | 0-2 hrs | 2-4 hrs | 4-6 hrs | 6-8 hrs | 8-10 hrs | >10 hrs |
|------------------------------|---------|---------|---------|---------|----------|---------|
| Farm consultant              | 62.6    | 6.1     | 10.2    | 0.7     | 10.9     | 9.5     |
| Accountant                   | 52.8    | 15.7    | 12.9    | 2.8     | 7.5      | 7.5     |
| Lawyer                       | 66.8    | 6.3     | 12.4    | 1.1     | 7.8      | 3.3     |
| Business consultant          | 75.8    | 4.4     | 4.4     | 2.2     | 6.6      | 6.6     |
| Banker                       | 61.9    | 4.8     | 14.3    | 2.3     | 14.3     | 2.4     |
| Company representative       | 40.0    | 20.0    | 0       | 0       | 20.0     | 20.0    |
| Trusted person e.g. relative | 5.0     | 0       | 5.0     | 10.0    | 35.0     | 40.0    |

The average hours per annum spent on succession and governance advice again highlights the importance of the trusted person in succession and governance advice. This is at nearly four-fold the hours compared to the next highest used options, company representative and farm consultant, as seen in **Table 15**.

**Table 15: Average hours of use of various advisor types on succession/governance and farm advice**

| Type of advisor              | Average hours p.a. on succession/<br>governance | Average hours p.a. spent on farm advice |
|------------------------------|---|---|
| Farm consultant              | 7.01  | 20.74                                   |
| Accountant                   | 4.94  | 5.68                                    |
| Lawyer                       | 3.60  | 2.95                                    |
| Business consultant          | 4.13  | 7.64                                    |
| Banker                       | 3.40  | 8.75                                    |
| Company representative       | 7.40 (n=5)*                                     | 13.56 (n=16)*                           |
| Trusted person e.g. relative | 31.95 (n=20)*                                   | 50.59 (n=27)*                           |

\* The starred figures are the number of farmers answering the question and are presented where the numbers were low.

**Table 16** breaks down by respondents' net assets their use of advisors on succession and governance matters. It is clear that more affluent respondents tended to use professional advisors to a far greater extent than those with less net wealth. Of note is the very high use of the trusted person by respondents with net assets in the \$10 million to \$15 million asset range, at over three times the use by respondents in other ranges.

**Table 16: Use of various advisor types on succession/governance matters according to farm's net asset investment – average hours per annum used on each type**

| Asset range<br>\$ million | Farm<br>consultant | Accountant | Lawyer | Business<br>consultant | Banker | Company<br>representative | Trusted<br>person |
|---------------------------|--------------------|------------|--------|------------------------|--------|---------------------------|-------------------|
| <5 m                      | 7.46               | 4.20       | 2.41   | 1.23                   | 1.67   | 11.33                     | 8.17              |
| 5–10 m                    | 6.78               | 4.55       | 5.19   | 11.43                  | 4.67   | 1.50                      | 79.50             |
| 10–15 m                   | 5.45               | 7.60       | 6.61   | 1.80                   | 10.00  | n/a                       | 26.00             |
| 15–20 m                   | 3.50               | 5.40       | 3.14   | n/a                    | n/a    | n/a                       | 8.00              |
| 20–25 m                   | 6.67               | 23.17      | 9.33   | 5.00                   | n/a    | n/a                       | 10.00             |
| >25 m                     | 12.20              | 12.43      | 11.43  | 9.33                   | 0.50   | n/a                       | 20.00             |

Note: Where n/a is given this usually means no answer has been provided by the small number of farmers falling into the category or no farmers are in the category.

#### Satisfaction with current succession plans

Both farmers with formal succession plans and those without still feel relatively happy about the current situation. Over 70 per cent of respondents with zero to three children are either very happy or reasonably happy with their succession plans. Even those with four or five children mainly rate being reasonably or very happy with their plans. However, those who are very happy tend to drop as the number of children increases. Those with greater than five children are perhaps understandably far more ambivalent about their succession plans compared to those with less children. It is also clear the number of respondents who are most unhappy with their succession plans rises with the number of children.

**Table 17: Degree of happiness with succession plans with respect to the number of children in the family – column percentages**

| Happiness with<br>succession<br>plans* | 0<br>children | 1<br>child | 2<br>children | 3<br>children | 4<br>children | 5<br>children | > than 5<br>children |
|--|---------------|------------|---------------|---------------|---------------|---------------|----------------------|
| Very happy                             | 52.71         | 52.00      | 42.50         | 35.40         | 36.14         | 32.00         | 22.22                |
| Reasonably<br>happy                    | 17.83         | 24.00      | 28.12         | 24.78         | 19.28         | 32.00         | 11.11                |
| Ambivalent                             | 22.48         | 16.00      | 18.12         | 25.22         | 26.51         | 20.00         | 55.55                |
| Unhappy                                | 4.65          | 0          | 5.00          | 7.96          | 12.05         | 8.00          | 0                    |
| Most unhappy                           | 2.33          | 8.00       | 6.25          | 6.64          | 6.02          | 8.00          | 11.11                |

\* The row descriptions are paraphrases of the originally rated statement – see F10 of the questionnaire available from the author.

**The data shows most farmers do not have a formal succession plan, but it does appear they are not worried about this situation. Is this a head in the sand approach, and if so why?**

Perhaps unsurprisingly it appears that both younger (less than 35-year-old) and older (greater than 65-year-old) farmers are happier with their plans than those in the middle age groups. Nevertheless, across all age groups the vast majority of respondents are either very or reasonably happy with their succession plans. Indeed, the highest percentage of those in the unhappy or most unhappy group amounted to less than 18 per cent, with only just over five per cent of those over 65 years old falling into these two categories, as shown in **Table 18**.

**Table 18: Degree of happiness with succession plans according to the farmer's age – column percentages**

| Happiness with succession plans* | <35 years | 36–45 years | 46–55 years | 56–65 years | >65 years |
|----------------------------------|-----------|-------------|-------------|-------------|-----------|
| Very happy                       | 46.15     | 28.85       | 28.71       | 42.36       | 57.30     |
| Reasonably happy                 | 23.08     | 34.61       | 23.92       | 24.14       | 19.66     |
| Ambivalent                       | 23.08     | 19.23       | 29.66       | 21.18       | 17.98     |
| Unhappy                          | 0         | 7.69        | 10.53       | 5.91        | 2.81      |
| Most unhappy                     | 7.69      | 9.61        | 7.18        | 6.40        | 2.25      |

\* The row descriptions are paraphrases of the originally rated statements – see F10 of the questionnaire.

The data shows most farmers do not have a formal succession plan, but it does appear they are not worried about this situation. Is this a head in the sand approach, and if so why? Or are they genuinely content with the status quo? Anecdotally, it is apparent that not all succession arrangements work out to the satisfaction of the participants. Indeed, the authors were contacted by a number of people after the survey was sent outlining the (often quite sad) outcomes of their succession stories.

**Concluding comments**

The data and analysis clearly show that although New Zealand farmers are on the whole happy with their succession arrangements they are not actively planning and/or taking much professional advice. If farmers do share their assets equally among children, many of their heirs will not receive an adequate farm-based income or be able to continue farming. Farmers appear reluctant to engage in succession planning. Somehow farmers need to be shocked into considering succession and making plans. Associated ownership arrangements also need to be carefully organised. Currently, most farmers have simple sole owner or partnership arrangements.

Anecdotal evidence suggests that any plans made must be flexible enough to allow for changing circumstances and wishes. Some horror stories exist where, despite earlier family conferences providing agreement, feelings have changed causing plans to become inappropriate. In some cases it was not possible to make changes, leading to results that did not seem to suit any of the participants and certainly were not the wishes of the farmers passing their assets on.

Most farms in New Zealand continue to be family operations. It is important that a great deal of early thought is put into their succession planning. The wants and desires of all those involved need to be understood and it is likely that every situation will be different. These plans should also remain flexible as people's thinking changes over time and circumstances change – children change their minds on careers, most get married, some divorce and there are sometimes family rifts. These and other problems may undermine the plans put in place. Consequently, in most cases professional assistance is likely to assist both with mediation and with setting up appropriate financial and legal systems.

The information for this article comes from a farm survey carried out over the latter part of 2013, with the questionnaire being first mailed in June of that year. The New Zealand wide survey was sent to a random stratified sample of over 2,200 commercial farmers across regions, farm types and sizes. Follow-up mailings were sent to non-respondents resulting in a good response rate of 36.1 per cent, highlighting the farmers' interest in the topics covered. Comparison to Statistics NZ data suggests that the distribution of respondents was reasonably representative by farm type and size.

**KEVIN OLD is a Senior Lecturer in Farm Management Research at the Department of Agricultural Management and Property Studies at Lincoln.**

**PETER NUTHALL is a Research Fellow at the Faculty of Commerce at Lincoln, also lecturing in farm management.**

