

*Models for non-family and non  
traditional transfers: new ways of  
transferring farms and  
establishing yourself in  
agriculture*

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- *Established the first new CA firm in 35 years on PEI in 1977, Grew the firm to 5 partners and 30 people.*
- *In June 2008 I started a firm, Fitzpatrick and Company, with my son. The first father son CA firm in the history of PEI. Grown this firm to 12.5 people in one year.*
- *Agricultural industry has formed a significant ( 40%) of my business over the last 35 years.*
- *Raised on a mixed farm on PEI, with 6 brothers and sisters*
- *My wife and I have four children, two CA's and two with Masters in social work degrees and 3 grandchildren.*

# *Non-family /non-traditional models*

- **98% of Canadian farms are family owned farms**
  - *This does not mean that the family buying is related to the family selling*
  - *It is believed that Farmers are no longer encouraging their children to farm*
  - *there has been significant increase in transfers of family farms between non related parties.*
- **What are the advantages**
  - *Business like arrangements*
  - *Tax laws allow for cheaper acquisition costs than between related parties.*
  - *Usually well thought out and documented arrangements*
  - *Ease of new entrants and expansion*
- **What are shortfalls**
  - *Lack of cash*
  - *Unsure of the transition method if not an out right purchase*
  - *Concern for the future by the exiting farmer with unknown buyer*
  - *Convincing the exiting farmer to utilize non traditional methods of selling*
  - *Reluctance of new farmer to use methods that do not lead to full control in the short term*

# *Non-Family Options*

- *Joint venture*
  - *Formal ones*
  - *Informal ones*
  
- *Minority shareholder financing*
  - *Preferred share tied to the right to produce*
  
- *Land investors with lease backs*
  - *Success rate*
  - *Impact on ability to obtain financing*
  
- *Friends and non farm relatives*

# *More of the same*

- *Industry lead methods*
  - *Dairy industry*
  
- *Government lead methods*
  - *New farmer program*
  - *Organic initiatives*
  
- *Other methods*
  - *Farm Credit Corporation transition loan*

# *Actual case examples*

- Potato farmer and his farm manager
- Dairy farmer and a complete stranger
- Farm related expansion and other growers
- New dairy farmer
- Land investor and a farmer

# *What is required*

- *The exit rules*
- *The governance rules*
- *The “what if everything goes well” scenario*
- *Timelines*
- *Evaluation methods*

## *What is required(cont'd)*

- *Written agreements vented by professionals - lawyers, accountants, etc.*
- *The use of a farm council of non related individuals*
- *The holding company advantage if the buyer is not related to the seller in a purchase*
- *The advantage of saying no*

# *Discussion*

- *Examples of successful non traditional transactions*
- *Example of non successful transactions*
- *Questions?*

# *My contacts*

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