

## The Pros & Cons for Landowners of Joint Ventures

### Pros

#### 1. Retains Your Capital & Time for Farming

Predominantly you are a stock or crop farmer, not a tree farmer. Therefore you will want to devote most of your time and money to the former. So forestry may often 'lose out' to farming. This is natural but a forestry joint venture solves the problem. You get to enjoy someone else's capital employed on your land and very little of your time then needs to be devoted to forestry.

#### 2. Get More Planted

You may like to get 30 to 300ha planted but only have capital to do 10ha. So in a joint venture you could use the capital you were going to spend on trees on the extra fencing required to plant the full area of land you would ideally like to have in trees.

#### 3. Get it Done Professionally (Properly & On Time)

This is the key advantage of joint ventures for some farmers. It gets done. Right on time and 'state of the art'. Especially if the deal involves a professional third party manager. If farming has a bad year the silviculture still gets done. Also there is no 'late-one-hit-medium-height' pruning or 500 pruned stems per ha. No thinning pruned regimes to 500 instead of 300 or forgetting to thin at all (No offence!)



### Cons or Supposed Cons

#### 1. No Longer In Charge of Everything?

Kiwi farmers like, to various degrees, to be in charge of their whole domain and do everything themselves, their way. In a joint venture you hand over a large degree of responsibility for part of your land to a non farmer outsider. Our advice is to involve a professional third party manager so you are unlikely to fall out with the investor.

#### 2. Risk of Partner or Partnership Failure

Sometimes enthusiasm can ebb away after a few years or when the large pruning or thinning bills come around. Or a wealthy townie may not remain wealthy or married or sane or alive! This may cause the landowner some problems too, although he will own the entire forest in the case of major default. Again, having a third party manager is highly recommended.

#### 3. Could Hinder a Farm Sale?

When selling a farm with joint venture forests on it some buyers may see it as a negative for the above two concerns. Most well informed, serious buyers will not, especially if they realize the advantages managed joint ventures bring. Good information on the JV terms & investor should be given to prospective buyers.