

ITLUS Conference 2015

Panel discussion on land mobility

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Teagasc Tillage Advisor, Teagasc, Naas (November 1996)

“40 growing seasons - finding hope in a hungry world...Howard Buffett”

“It takes 20 years to build a reputation and 5 minutes to ruin it”

“Concerned about soil fertility, future BPS linked to carbon credits and the viability of tillage farming in Ireland”

Size of farms and profile of Irish farmers an issue

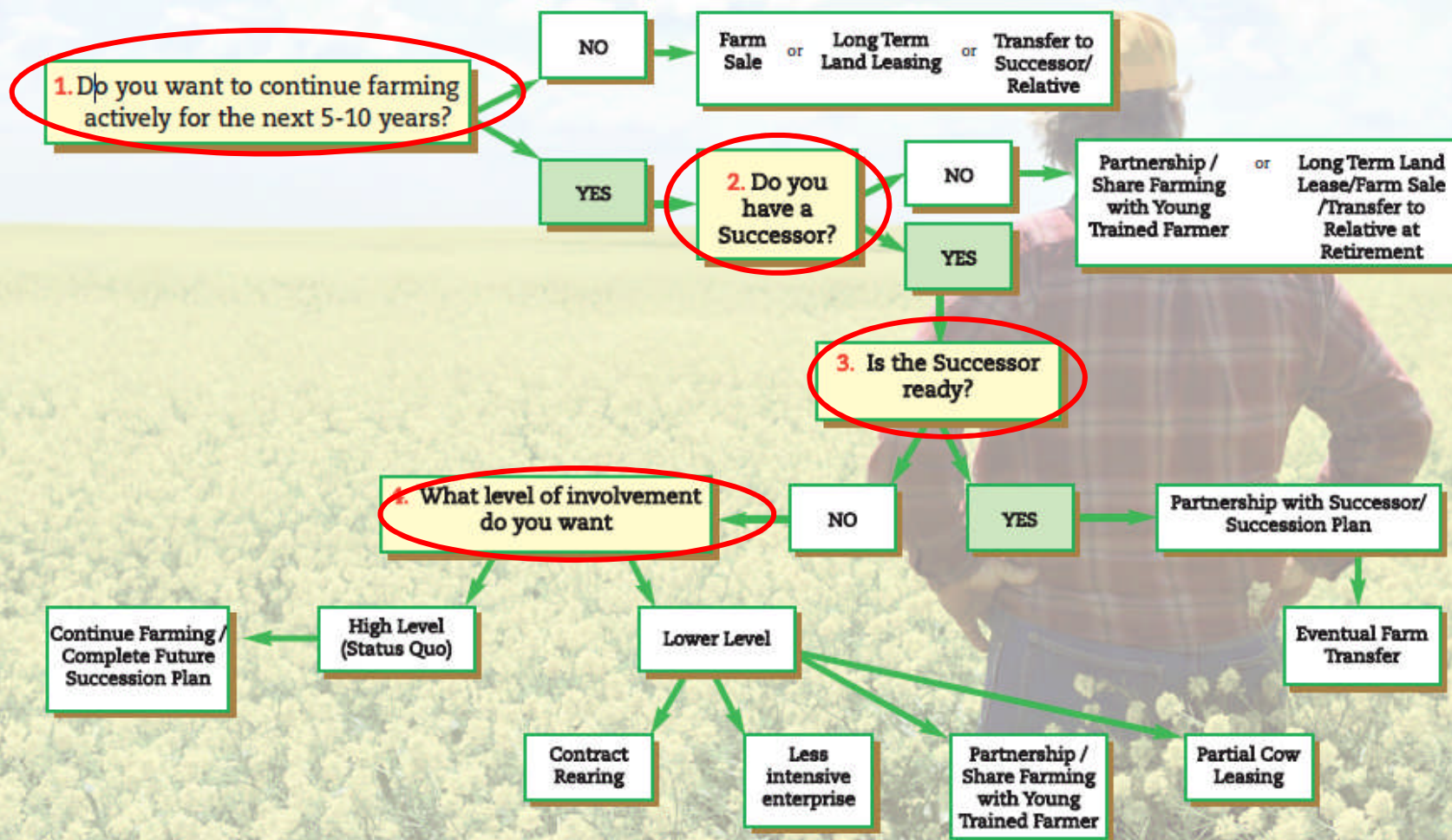
- Small farm size – 42% of farms are less than 20ha.
- Farm fragmentation – 47% of all farms are fragmented into three or more parcels.
- Ageing profile – 51% of farmers are 55 years of age or older with 25% over 65 years of age.
- Young farmers - The number of owners less than 35 years of age has halved since 2000.
- Formal education – over 40% of farmers have only received primary education.

My situation in County Kildare:

-145 tillage clients;
- Age of growers
 - 10 growers....< 35
 - 40 growers....36-50
 - 70 growers....51-66
 - 25 growers....66 (OAP)
- 40 ha >>>600 ha
- Most commercial full time growers have a significant % con-acre
- 10-15 farmers currently looking at “hub share farming”
- 15-20 farmers looking at long term land leases
- 5 farmers looking at farm partnerships.....”Young Farmer Scheme”????



Collaborative Farming Decision Map for Existing Farmer/Landowner

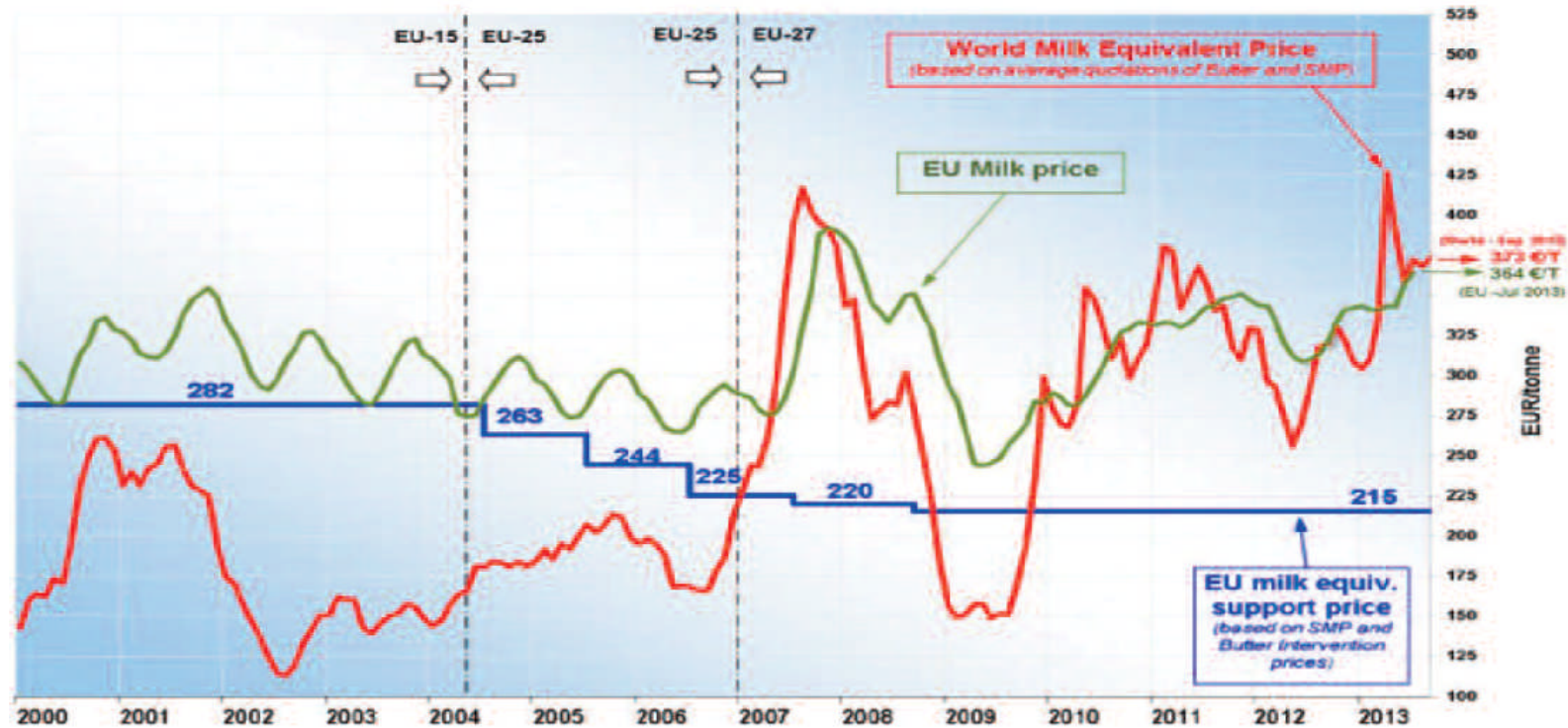


1. Long term leases 2015

Long-Term Leasing Tax Incentives			
2014		2015	
Term of Lease	Max Tax free income/year	Term of Lease	Max Tax free income/year
5 -7 yrs	€12,000	5 -7 yrs	€18,000
7 -10 yrs	€15,000	7 -10 yrs	€22,500
> 10 yrs	€20,000	10 -15 yrs	€30,000
		> 15 yrs	€40,000

Concerns with current rental values.....milk setting the bar!

Figure 1.1: Increasing Volatility in EU Milk Price



EU Commission (2013)

What value do you put on an “acre” of land to rent

Rent / acre	30c/ litre milk	€4.00/kg beef	€150/ton wheat	€1000/ton broccoli	€120/ton potatoes
€125	416 litres	32 kg	830 kg	125 kg	1040 kg
€150	500 litres <small>6c drop=625l</small>	38 kg	1000 kg <small>€30 drop = 1.25t</small>	150 kg	1250 kg
€175	583 litres	44 kg	1166 kg	175 kg	1450 kg
€200	666 litres <small>(13% of 5000l)</small>	50 kg	1333 kg <small>(26% of 5t. crop)</small>	200 kg	1666 kg <small>(12% of 14t crop)</small>
€225	750 litres	56 kg	1500 kg	225 kg	1875 kg
€300	1000 litres	75 kg	2000 kg	300 kg	2500 kg

2. Share Farming – The Concept



**Two Separate
Businesses**

“Division of Profits”

Tillage “hub” Share Farming

- Both parties share the benefits and the risk
- No fixed annual payment for the land
- Place the “Register of share farming arrangement” with DAFM
 - DAFM issue unique share farming number (USFN)
 - DAFM combine all land parcels (including grass) under one application
 - Primary participant
 - Only one on line application using USFN

Tillage “hub” Share Farming

- Each party contributes to the agreement
 - Eg. Land, machinery, labour and expertise
 - Share the costs and returns
- DAFM will access compliance at the share farming level
 - All parties to the share farming arrangement will be inspected
- DAFM will issue separate BPS payments to all parties involved

3. Steps to Forming a Registered Farm Partnership

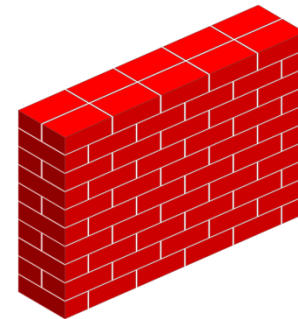
There are 3 key Steps:

- **Consult with;**
 - Accountant
 - Solicitor
 - Teagasc Advisor
 - District Veterinary Office
- **Complete On-farm Agreement**
 - Focus on;
 - Work Structure, Areas of responsibility/Record Keeping,
 - Time off & Holidays, Setting salaries, drawings
- **Complete Template Partnership Agreement**
 - Accountant, Solicitor, Consultant

The Structure of an Agreement

Two Key Elements:

- **Built In Licence (page 15 of template agreement)**
 - Legal permission for use of asset by partnership
 - Permission is revoked on dissolution of agreement
 - Land, Buildings, Entitlements, Shares, Contracts for grain, seed etc.
 - Assets covered are listed on page 18 of agreement
- **Capital Account**
 - Value of:
 - Livestock,
 - Machinery,
 - Working Capital (cash in the bank)
 - Listed on pages 16 & 17 of agreement
 - Updated during partnership
 - Retained capital
 - Further capital invested



Registering the Partnership

- Register Maintained by DAFM

Partnership Registration Office, Agriculture House, Kildare Street, Dublin 2. (01-6072857)

- Legal basis:

 - 1890 Partnership Act

 - SI 247 of 2015

- Follow DAFM checklist for required documentation