

Share Farming, an Option

Share Farming is where two or more people come together to operate the same piece of ground. Share Farming has many names and guises including share cropping, share milking, contract production, and production partnerships.

Share Farming is best known in tillage and dairying but it can and does operate in beef and sheep also.

Shared arrangements can be really attractive to land owners who have good blocks of land and/or good infrastructure who are looking to step back but are not yet ready to fully retire. On the other side these type of arrangements can be a really good option for a young or expanding farmer with the farming skills but insufficient equity to buy or lease more land.

Share Farming offers a real alternative option for people who are happy to work with others who have a real interest in farming. Shared arrangements can work within the family and between non connected persons.

Shared arrangements offer Land Owners;

1. The opportunity to step back while still having a real input into the farm business.
2. A mechanism where by they retain their active farmer status.
3. A strategy where they can exit from farming in stages allowing equity release in a tax efficient manner and a gradual move towards full retirement.
4. An alternative to hired labour.

Shared arrangements offer Farmers;

1. A more sustainable and secure route to expansion
2. Land and infrastructure costs linked to farm performance and product/system returns
3. A mechanism where by they can share the risk and the rewards
4. Less resources locked up in infrastructure and land
5. An opportunity to develop an arrangement with a land owner where everyone wins.

Fundamental to these shared arrangements is transparency and the sharing of information. There has to be an agreed plan and mechanisms to review and monitor performance. Expectations need to be realistic and management performance needs to be good.

An example of a shared arrangement operating in beef is working as follows. The Land Owner is providing land, machinery and infrastructure. He also provides herding and does some livestock purchases. The Farmer is responsible for livestock care, feed management, sales and most purchases. A dedicated farm bank account operates for the business. The Land Owners Herd Number is used as the Farmer also has another farming operation. Both parties provide working capital to the bank account for livestock, feed, veterinary and

fertiliser purchases. All sale income is lodged to the bank account. The Land Owner receives a daily per head land, infrastructure and machinery charge for all cattle on the farm, paid each month from the farm bank account. A mini profit and loss is done up for each batch of cattle post sale with the margin divided between the Farmer and the Land Owner, this is then paid from the farm bank account. At the end of the year a full reconciliation is done by the farms external accountant with any balances due/owed to any party paid. Each party looks after their own tax and other non shared costs.

The Land Mobility Service established by Macra na Feirme and FBD Trust and supported by food processors including Dairygold, Glanbia, Lakeland, Aurivo, Kerry and North Cork is an expert support service for farmers and farm families. This service will assist farmers in formulating share farms or exploring options for their farm.

The service has templates of on farm agreements and share farm agreements.

For more information the Land Mobility Service can be contacted at info@landmobility.ie

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