



Land Mobility

Working Towards
a Shared Future



FBD

An FBD Trust
funded initiative

End of Pilot Programme Report 2014 – 2016



Macra na Feirme



Teagasc
Agriculture and Food Development Authority



Dairygold
Golden Value. Growing Mobility.



Glanbia



Department of
Agriculture,
Food and the Marine



Aurivo



3

Year Pilot Programme Completed A Need Demonstrated

Making a Difference

Approximately

25,000 ACRES

Industry Wide Support

282 arrangements

Greater Understanding and Acceptance of Collaborative Farming and its Benefits

Foreword by Michael McBennett



This year marks the completion of the initial and very successful three year pilot program of the Land Mobility Service. The 282 arrangements resulting in 25,000 acres being now farmed by younger, trained farmers is ample evidence of the success of this pilot programme, conceived, championed and promoted by Macra na Feirme.

Now that the service is going Nationwide, greater resources, both human and financial, will be required. To date most of the financial support has come from FBD Trust, Aurivo, Dairygold, Glanbia Co-ops, Macra na Feirme, Irish Farmers Journal and the Department of Agriculture with human and moral support coming from Teagasc, IFAC, IFA, Macra, IFJ, and many other organisations. Without this support this service would never have come into existence and the future of Irish Agriculture and the country would be the poorer for that.

Given the challenges that the country and agriculture in particular, is facing, such as Brexit, isolationist nationalism, climate change etc., and that we export the vast amount of our agricultural production it is essential we become as competitive as possible by getting as much of our farm assets as possible under the management and care of younger, trained and ambitious farmers. The continuation and the expansion of the Land Mobility Service is crucial in this regard.

In conclusion I would like to thank Austin Finn for his Trojan efforts with the Service to date, his commitment, enthusiasm and belief in what the service is about shines through. I would also like to thank Kieran O'Dowd for his efforts while he was on the team and to welcome Conor Carty who has joined within the last year. Lastly I would like to thank the members of the Advisory Committee for their input and all their contributions, be that financial and/or advisory.

Michael A. McBennett
Chairman, Advisory Group

Foreword by Seán Finan, President Macra na Feirme



I'm delighted to introduce this report which contains full details of the Land Mobility Service and its achievements during the pilot programme from 2014 - 2016. The service has expanded year on year, surpassing all targets and expectations since its initiation. 2016, saw the service really bed-in with 144 arrangements out of a total of 282 collaborative arrangements facilitated over the last 3 years. This initiative would not be possible without the continued

financial support of FBD Trust. I would like to thank FBD Trust under the chairmanship of Michael Berkery for the ongoing support for this ground breaking initiative. I would also like to acknowledge the financial support of the three pilot area Co-ops Aurivo, Dairygold and Glanbia, along with support from the Department of Agriculture, Food and the Marine. The Land Mobility Service is developing arrangements and opportunities which enable young farmers to access land more easily and take the next steps in their farming careers. The Land Mobility Service ensures older farmers retain ownership of their land while also see it farmed to its full potential by getting involved with an enthusiastic, energetic, educated young farmer in a collaborative arrangement. This report included interesting profiles some of the arrangements in place.

I would like to thank Austin Finn, Land Mobility Programme Manager and Conor Carty, Land Mobility Facilitator for their continued hard work. I would also like to acknowledge the advisory group chaired by Michael Mc Bennett for all their support and guidance to the service over the last three years. At the end of the three year pilot programme, I would like to recognise past Macra na Feirme National Presidents Alan Jagoe who initiated the Land Mobility and Succession report in 2013 which set out the need for the service and Kieran O'Dowd on the roll out of the pilot programme during his term in office. Also thanks to former CEO Edmond Connolly for his work in establishing the service and current CEO Denis Duggan, whom I have worked closely with, in recent months in preparation for the roll out of a national service this year.

Finally, I would like to acknowledge all the stakeholders in the industry who have helped us to grow the service over the past three years and we look forward to working with you all, alongside others, in the rollout of a national land mobility service in 2017.

Seán Finan
Macra na Feirme
National President 2015 - 2017

Section A: The Service Background

The Land Mobility Service was established by Macra Na Feirme with the financial support of FBD Trust, and subsequently Aurivo, Dairygold and Glanbia as well as the Department of Agriculture.

The overriding aim of the service has been the delivery of land mobility and access to land through collaborative farming arrangements. Since its inception the service has demonstrated that with dedicated independent expertise, farmers can be facilitated to enter into new collaborative arrangements leading to a better return for both the farmer and the landowner.

The service has three key functions

1. Create awareness and provide information
2. Deliver arrangements
3. Support operating arrangements

The genesis to the service was a 2012 Macra na Feirme study on Land Mobility and Succession in Ireland which delivered many key findings. Two statistics which stood out were:

- 26% of farmers are over the age of 65
- 48% of full time farmers have no identified farming successor

This hasn't changed, presently there are 140,000 farms in Ireland, a recent AIB Survey indicated that 25% of farms will make a significant change in the next ten

years. That represents 35,000 farms.

The service is responding to a need and is delivering. Key to this success has been the independent and expert facilitation provided by the service. The service works for a sustainable arrangement that delivers for all parties, rather than representing individual parties.

Contributing to the services' success has been the active support of farmers, the IFA, the Minister for Agriculture and his department, the Irish Farmers Journal, Teagasc and the three pilot area co-ops Dairygold, Aurivo and Glanbia.



The Macra na Feirme Land Mobility Service was established with the generous financial support of FBD Trust. The provision of core funding by FBD Trust has been the single most important factor in getting this service off the ground and ensuring the delivery of a successful pilot programme.



The Future

During the pilot programme the focus was to encourage new thinking and to stimulate activity. This has been achieved and a need for a service demonstrated. Looking to the future it's all about delivery of

- Sustainability at farm level
- Supply security and supply enhancement at processor level
- Food Wise 2025

The service was established to stimulate and deliver land mobility and land access via workable, sustainable collaborative farming arrangements.

Positive change requires targeted effort. Leaving the market completely to its own devices can have unsatisfactory outcomes including:

- Abandonment
- Conglomeration
- Demise of the family farm

Pilot programme outcomes

- In Ireland the need for a dedicated, confidential, expert service has been demonstrated
- It has been shown that farmers and land owners can be facilitated to enter into new collaborative arrangements
- Arrangement delivery has been best where effort was focused
- Independent Expert Facilitation has probably being the most important element of the service
- Facilitation and independence key
 - The service works for the arrangement ensuring that it is appropriate, fair and sustainable
 - The arrangement must work for all parties

Information and Awareness

The service has without doubt increased awareness and acceptance of more progressive land use models hence stimulating land mobility.

The provision of correct and relevant information has been very important. Land owners, new entrants, and expanding operators alike benefit from knowing and understanding the available options.

In particular young farmer training and awareness is vital so that they understand what they are getting into and know how to work with land owners.

Client Profile



Delivery of Arrangements

In 2016 the service helped facilitate 144 arrangements delivering a cumulative total of 282 arrangements during the pilot. This has exceeded all expectations many times over.

When thinking about the arrangement type, remember that the suitability and sustainability of the arrangement are the most important factors to consider. The arrangement must be properly facilitated and a proper farm plan is put in place that works for all parties. The legal form will be what suits the parties best, based on input



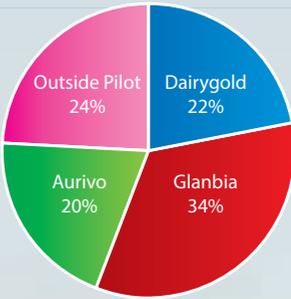
from their tax and legal advisors.

The Service has helped facilitate 282 arrangements

Arrangement Type	No.
Farm to Farm (contract rearing, cow leasing, contract production)	38
Share Farming	51
Partnerships	57
Long Leases	128
2017 to be a transition year, exact arrangement type not yet determined	8
	282

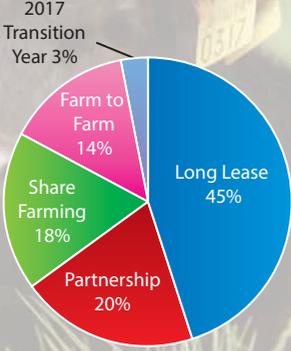
The average farm size was 91 acres. Long term leasing has proven to be the most popular arrangement. The good spread of other arrangement types illustrates the importance of options and how different arrangements suit different farms.

Arrangement by Pilot Programme Region

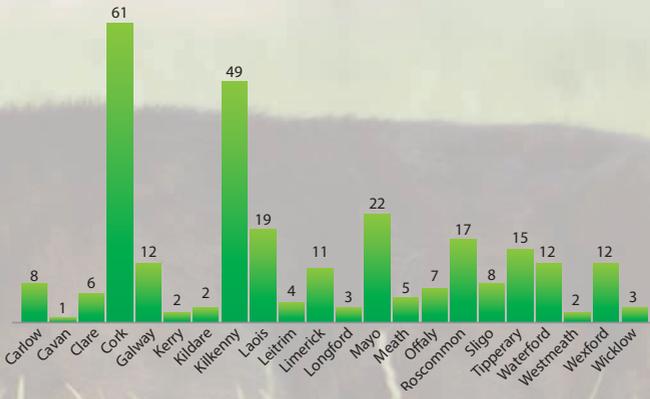


The delivery by county demonstrates that where support was most available the level of delivery was highest.

Arrangements Facilitated by Type



Arrangements Facilitated by County



The pilot programme was focused in the catchment areas of the three supporting co-ops.

How does the Service Work

The Land Mobility Service engagement process is as follows :

- A land owner, farm family, young farmer or other contacts the Service having obtained the Service's contact details via referral, the web site, the Farmers Journal page, a workshop/seminar or other.
- Following the initial contact should a need be identified and/or it be apparent that the Service can be of benefit a consultation is arranged, otherwise information is exchanged for possible future follow up. All information exchange is without obligation and is confidential.
- At the initial consultation meeting preferences, plans, history, farm details , and the like are ascertained. The Service is explained. Various options and scenarios are outlined together with related implications.
- Should a family option exist this is explored.
- Outside the family, should a preferred collaborator already be identified this is explored and a subsequent meeting, in conjunction with this collaborator, is set up with a view to facilitating a solution that works for all parties.
- If no potential collaborator is known or none exists the Service helps in trying to identify potential collaborators.
- As part of the facilitation, matching, and solution finding process all parties are encouraged and advised to consult with their own advisors (family, friends, agri consultant, accountant, solicitor, other). If requested the Service will attend such meetings.

- The Service works for the potential agreement, is confidential, independent, expert and without obligation.
- The agreement must be sustainable and fair (budgets, farm plans, etc), it must work for all parties (family, tax, BPS, security, realistic, etc). The final agreement type, terms, price/share, form, etc falls out of this process. The Service using approved templates can help draft up the final agreement.

Where no potential collaborator is known or exists The Land Mobility Service uses its data base as well as the Land Mobility Page in the Irish Farmers Journal as tools that help source potential interested parties.. Expressions of interest are collected and discussed with the land owners. The land owners will then invite preferred collaborators to visit the farm after which farm plans and proposals are submitted. The potential collaborator who best suits the land owner is identified and the service helps to facilitate an arrangement. In practice this process works very well.

In 55% of cases land owners had no known or potential collaborator in mind.



Teagasc

The Land Mobility Service works very closely with Teagasc and complements their land mobility efforts. Teagasc templates, budgets and guidance are used when developing and facilitating arrangements.

The service also takes referrals from Teagasc clients and supports Teagasc farm walks, discussion groups, and information events.

The Land Mobility Service has a very strong working relationship with Teagasc.



Section B: Young Farmers

Exciting times for Young Farmers

This is an exciting time for young farmers, probably for the first time in thirty years real opportunities exist for young people interested in farming whether they own land or not. Macra na Feirme works tirelessly through lobbying and advocacy at a local, national and European level on behalf of young farmers.

Changes Macra has campaigned for include:

1. Abolition of Milk Quotas
2. Securing an EU Direct payment Top-up, National Reserve, and enhanced TAMS for Young Trained Farmers. Campaigned for Farm Family succession partnership
3. Support structures like The Land Mobility Service Skillnet and Macra na Feirme young farmers skillnet



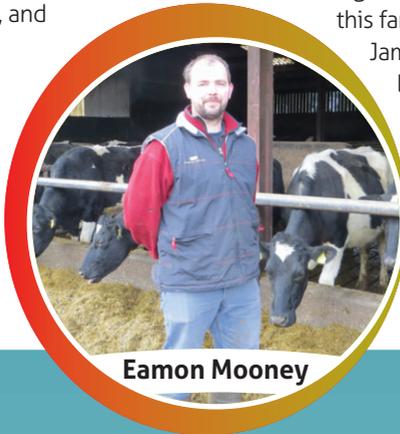


Progressive young trained farmers are vital to the agricultural industry and to rural communities. The service supports young farmers by providing a ladder of opportunities to increase scale. Young farmers provide options for retiring farmers, so in effect supporting young farmers supports all farmers.

Young farmers who have succeeded through the Land Mobility Service

1. Have wanted to farm and have a love for farming
2. Have farming skills and good farming experience, mobility and good people skills have been added bonuses
3. Have equity or financial support
4. Have a documented personal profile and long term vision.

Larger operators usually have an advantage over new entrants under traditional market forces, traditional leases and accessing credit. However skills, enthusiasm, energy, and reputation are big selling points for young trained farmers.



Eamon Mooney

Developing the next generation

A number of high calibre potential young farmers are emerging, many of these have no land or have insufficient land. All want to farm and have a desire to develop a career in farming.

Eamon Mooney

Eamon Mooney is one such young farmer who has progressed through the Land Mobility Service. Eamon has a love for farming and is an excellent farmer. Eamon developed his home farm to the maximum but scale was always a constraint forcing him to work off farm. Eamon looked at a number of opportunities through the service, the ideal scenario for him was something he could operate in conjunction with the home farm. In 2016 the opportunity arose, Eamon outlined his farm plan to the land owner who felt it was sustainable and realistic, and they entered into an arrangement. Eamon is now farming 170 acres, 60 at home and 110 on the collaborative farm. He is now milking 120 cows using the home farm for support and heifers.

James Moloney

James Moloney is another such person. James grew up on a small dairy farm in Cork, this farm is presently being run by James father and brother. James learned his basic farming knowledge from his father and neighbours.

James now aged 25 sat his leaving cert in 2010 and then studied Dairy Business in UCD. During this period he developed lasting friendships,

spent a semester in Moorepark and six months in New Zealand. The whole college experience really broadened his horizons and helped develop broader perspectives.

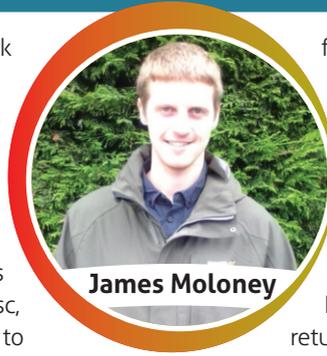
Following graduation James took up a position with Teagasc, but realising he really wanted to farm and apply his skills to dairy farming. James looked for a position where he could develop his dairy farming and business skills while at the same time have a good degree of responsibility. He was also conscious of building up his credit rating and some equity.

James took on dairy herd manager position in a 230 cow spring calving herd in Somerset in South West England. He had sole responsibility for the day to day management of the herd. As part of developing his skills he completed AI and foot trimming courses and a business course on planning and budgeting. James strives to be a top performer, in 2015 the farm grew 14.9 tonne of DM per Ha and produced 490 kg of milk solids per cow.

James has now returned to Ireland to progress his farming career. He has entered into a share milking arrangement with a progressive land owner from Limerick.

Breffni Daly

Breffni Daly who started his agricultural training in Teagasc Clonakilty was introduced to the service by a former employer. This employer an expert and established grass based dairy



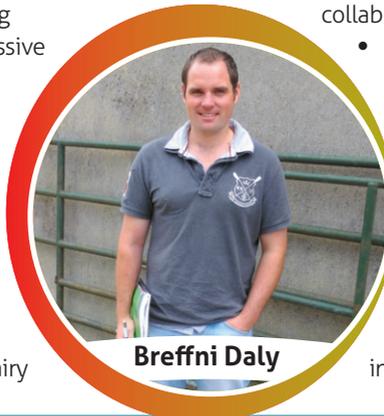
James Moloney

farmer was prepared to support Breffni should the service be able to find him a suitable opportunity. Breffni having completed Advanced Dairy Management in Teagasc then worked for Alaister Rayne in New Zealand before returning to work in Ireland. In

order to enhance his experience further, Breffni encouraged by his employer went to work for a large dairy business in the UK.

Breffni has huge ability and ambition, he is confident, self motivated and a good communicator. Breffni with his mentor and supporter visited a number of opportunities through the Land Mobility Service. The availability of this mentor opened up a wider range of opportunities for Breffni, also having support in the background provided an assurance for land owners. This type of approach has worked very well in practice, the service has facilitated a number of arrangements where the young farmer has outside support. This support is usually family or a former employer. This support is in the form of equity, stock and backup. This is collaboration at its best

- It opens up more opportunities for a young farmer and levels the field visa via established operators
- It allows an established operator to get involved in expansion but in a safer, more sustainable and less involved way



Breffni Daly

Section C: Land Owners

Options for Land Owners

Land Owner's farms fall into one of three categories

1. A working farm with scale and infrastructure, with the owners looking to step back.
2. A farm with loads of potential but requiring investment and/or conversion, the owner is not in a position to do this alone.
3. The farm or land block that lacks sufficient scale to be a stand alone operation.

The options to be looked at by land owners including:

- The Family Option
- Long Lease
- Partnerships
- Share Farming
- Farm to Farm

What is important is that there is a range of options that can be explored. Much of this represents new thinking a new approach and new templates.



The finalists at the 2016 FBD/Macra Young Farmer of the Year at the ceremony in Drogheda. Pictured are back row - Mattie John Kelly, Thomas Duffy, Macra President Seán Finan, Michael Kenny, Stephen Robb and Brian Keegan. Front row - Fiona Muldoon of FBD, overall winner Kevin Moran and IFA President Joe Healy.

- It provides land owners with the perfect mix of youth, ability and enthusiasm plus a security safeguard.

Breffni supported by this mentor is now in the first year of a dairy partnership milking 250 cows and potential to grow further.

Kevin Moran

Kevin Moran Macra na Feirme FBD Young Farmer of the Year availed of Land Mobility Service support in pulling together his land platform. Kevin was initially a young farmer with no land and is now milking over 200 cows on leased and shared land.



Picking the Right Person is crucial

What has emerged is that the most important factor when considering an arrangement is identifying the right person.

The Right person will

- Look to form a realistic fair agreement that works for all parties
- Honour the agreement
- Make sure things are done right
- Respect the wishes and concerns of all parties

The Land Mobility Service does its utmost to ensure all parties comply with their obligations to each other. However it can happen that people can come along who will agree to anything, knowing that they will not pay what was agreed or will not comply with their obligations.

There is nothing wrong with checking a person's track record, looking at their current operations, or asking them to explain their farm plan. The right person will be open and have nothing to hide, in fact they will appreciate this engagement.

Examples of the consequences of the wrong person are all too evident and are an unfortunate deterrent to land mobility

- Broken promises
- Failed payments
- Poor land care
- Damage to facilities

The right person and the right arrangement will work for all parties, providing security and good farming practice.

Look at the photo below, this is what can happen when land is left in the care of the wrong person.



Indiscriminate foddering and leaving plastic in fields

The Land Owner

Many land owners have successfully explored and progressed options through the service.

Andrew Desmond

Andrew Desmond entered into a contract rearing arrangement, facilitated by The Land Mobility Service, with Michael and Jerry Murphy in the spring of 2015.

Andrew farms 80 acres and was a dairy farmer before converting to suckling. Andrew wanted to stay farming but wanted a more manageable operation and was frustrated by the uncertain returns in beef.

With the help of The Land Mobility Service Andrew explored the various options open to him, to see what best suited him.

Andrew met up with dairy farmers Michael and Jerry Murphy to see how a contract





rearing arrangement might work. Father and son Michael and Jerry were looking to expand their dairy operation. Key to them was maximising cow

numbers on the milking platform. They had been building up heifer numbers but wanted to release land for milking cows.

Michael Bateman

Dairygold supplier Michael Bateman operates a share milking arrangement on his dairy farm to provide greater resilience and security for his business and at the same time provide a real opportunity for two progressive young farmers. Diarmuid O'Scanaill and Breige Corkery started share milking with Michael in 2016. Michael supplies the land, infrastructure and family labour. Diarmuid and Breige are responsible for all labour management and supply. Most of the cows are owned by Michael with some owned by Diarmuid and Breige, a clear path exists whereby Diarmuid and Breige can increase their cow numbers. Farm revenues and operating costs are split on an agreed basis with a mechanism in place to provide Diarmuid and Breige a guaranteed minimum return in a very bad year. All this is documented in a straight forward Share Milking Agreement the basis of which is the annual farm plan.

The farm plan is key, the plan is fully agreed and it is all about growing everyone's business. The farm plan states how many cows, how

much available land, how much grass, milk volume and solids, and meal usage. Performance is easily benchmarked off this and everyone is clear.

This arrangement is working very well and even in a difficult year like 2016 all parties have grown their businesses.

John Kehoe

John Kehoe has been farming in Carlow for over forty years operating a 145 acre mixed farm. John has always been a progressive farmer aiming to maximise return from his holding. In recent years he has focused on beef and tillage.

John decided to step back from farming and with the help of The Land Mobility Service he has been looking at his options.

He has two adult children with successful careers away from the farm. The 145 acre farm is of good quality and in one block with reasonable facilities.

The scenario and dilemmas faced by him are quite common.

The two most important things for John are income security and ensuring that the farm is properly looked after. John and his family looked at the merits and implications of a range of options including leasing, share farming and contract rearing. For them a long lease was the preferred option providing certainty and tax relief, but for John the most important thing was finding the right person.

Following some investigation and fact finding John entered into discussions, facilitated by The Land Mobility Service, with a progressive farmer. This farmer was known to John and has a good reputation.

There is a good working relationship and both have a



John Kehoe

similar vision for the farm, the important thing for both was then formulating an agreement that worked for all parties. A 15 year lease commenced in January 2016.

Pat O'Rourke

Pat O'Rourke in Longford had been an active dairy farmer for 40 years, all his children worked on the farm but have since progressed their own careers and while all have an interest in the farm none are presently interested in going farming themselves. In recent years Pat had stepped back and was now milking 90 cows off 200 acres and had also stopped producing beef.

Pat looked to explore his options and contacted the service. Pat and his family became very clear as to what they wanted focused around the right person, a good farmer, sustainability, Single Farm Payment protection and income security.

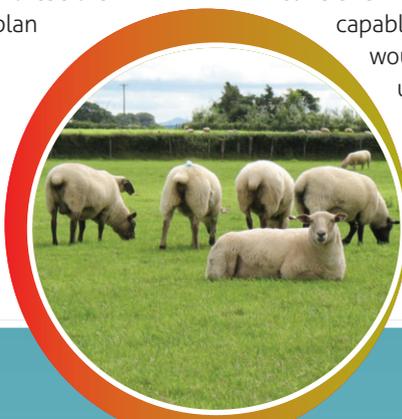
The Irish Farmer's Journal land mobility page was used to get expressions of interest, the family reviewed these expressions and invited eight parties to view the farm. After seeing the farm and chatting with Pat these parties were asked to submit a farm plan/proposal. Of the eight two said the farm didn't suit them, the plans two submitted were not deemed suitable for Pat, while there were four excellent plans. From these the family selected the plan and person they felt best met their aspirations. The service then helped to facilitate an arrangement which commenced in 2016, 170 cows

are calving down this year supplying milk to Aurivo.

Pat and Marie Butler have a large top quality farm, their enterprises were tillage, sheep and beef. Pat wanted to step back but at the same time see the farm develop. Pat saw The Land Mobility Service and the end of milk quotas as an opportunity for him. The farm represented a significant grazing platform and there was plenty of slurry storage. The service helped Pat find someone who could bring cows, dairy expertise, and was prepared to share in conversion costs. Pat wanted to stay involved himself from a well being view point and for BPS security. So in addition to cows, equity and expertise Pat needed someone open to sharing and a good communicator. Pat and Marie established a shared arrangement with an existing dairy operator who met these criteria. The arrangement which is now in its second spring supplies Glanbia and is working very well.

Tim Ryan

Cork farmer Tim Ryan operated an excellent dry grass farm near Bandon milking 60 cows and finishing beef. The farm is capable of carrying 120 cows but would need some infrastructural upgrading. Tim following discussions with his Teagasc advisor felt that stepping back was more appropriate for him than expansion so a consultation was arranged with the Land Mobility



Service. Following on from this and using the Farmers Journal Page a suitable collaborator was found for Tim. This collaborator was a farmers son from the area and a lease has been entered into.



develop a farm plan, and determine income split. Partnerships also work well outside the family, where two like minded individuals come together. The service has facilitated a number of arrangements involving neighbours, typically a dairy operator and a beef farming neighbour.

Section D: Arrangement Options

The Family Option

Family Farm Partnerships are proving to be an excellent progressive mechanism for succession planning and management of the family farm. A government plan to provide enhanced tax relief where partnerships are used as part of a succession plan is now in place.

Some of the benefits of a partnership arrangement include

- a) Partnerships allow both younger and older generations to be actively involved.
- b) Partnerships can have positive EU payment benefits including Young Trained Farmer Top Ups and TAMS.
- c) Partnerships can offer tax saving opportunities through stock relief and personnel allowances.
- d) Income tax credits of €25,000 will be available to the members of a qualifying registered partnership where at least 80% of the farm will be transferred within ten years.
- e) The partnership helps to define roles,

Share Farming

Share Farming can be an exciting Option if you are

- Looking to Step Back but not yet ready to fully retire, or
- Looking to Expand and take on extra ground but put off by unrealistic market rents.

Share Farming can offer a real alternative option for people who are happy to work with others who have a real interest in farming.

For farmers and land owners who wish to step back some key advantages of Share Farming include

- 1) The farmer/land owner stays involved allowing a real input into the farm business.
- 2) The farmer/land owner remains an active farmer, claiming their own EU payments / BPS.
- 3) The farmer/land owner can gradually step back allowing equity release in a tax efficient manner.

For farmers looking to grow their farming business Share Farming offers

- 1) More sustainable and secure expansion.
- 2) Land costs linked to farm performance and product prices.
- 3) Expansion with lower financial spend on infrastructure and stock.
- 4) Reduced risk from price volatility.
- 5) An opportunity to develop an arrangement with a land owner where everyone wins.

How does Share Farming work

Share Farming has many names including share cropping, share milking, and dairy partnerships. In all cases the key component is an agreed and mutually beneficial farm plan.

The farm plan forms the basis of the agreement with split or return determined by how much each party is bringing to the business. Operating Margins and their contribution determines each parties return. The Land Mobility Service has facilitated quite a number of share farming arrangements to date and in practice they work quite well.

Long Term Leasing

Long term leasing is proving to be an effective and popular land use collaboration.

From the land owners perspective

1. Long term leasing is extremely tax



efficient, the rental income that is annually exempt from Income Tax for qualifying leases taken out on or after 1 January 2015

is

- €18,000 on leases for 5 or 6 years

- €22,500 on leases for 7, 8 or 9 years

- €30,000 on leases for 10 to 15 years
- €40,000 on leases for 15 years or more

2. As with all arrangements it is important to select the right person. With a correct choice, long term leasing provides income security and certainty, and it will also result in the land and facilities being properly maintained or enhanced.
3. Long term leasing agreements tend to be clean and simple.
4. Land owners wishing to step back can opt to lease part of their farm and continue to farm the remainder themselves.
5. Leasing does not suit all land owners as they may not be ready to retire or might want to stay involved.

From the farm operators perspective

1. Long term leasing delivers access to land for a definite period at a known cost, this provides certainty allowing an operator develop his/her farm business.
2. Where, in order to make the best use of leased ground, investment is required;

be that on your own or the leased farm it is important that the lease duration is sufficiently long to justify same. In reality 5 years is too short in most cases.

3. The principal reason why leases break down is if the rent is not realistic, before finalising a price it is important that you do your budgets and know your cost of production.
4. When looking to lease land your record in land and infrastructure care and how you honoured previous agreements is very important, your reputation will follow you.
5. Young farmers, new entrants and small operators can find themselves at a disadvantage when considering a significant lease. Established operators tend to be best positioned to have the finance required to cover stock, investments, inputs and the rent.

In addition to traditional leases more progressive, flexible and collaborative type leases are emerging. These tend to be built around an agreed farm plan and may include

- Rents linked to commodity prices or enterprise margins
- Very long term to accommodate investment
- Stock and/or machinery included in the lease

Developing a Workable and Sustainable Arrangement

For anyone looking at Land Mobility or contemplating Collaborative Farming, two key questions arise;

1. Can I work with this person?
2. Can I make this opportunity work?

There are ten steps to developing a workable arrangements, and remember the arrangement must work for all parties.

1. Define in broad terms your own goals

Where do you want to be in five years time and what do you want from your farm/farming. This is important whether you are considering expansion or stepping back or anything in between.

2. Identify a suitable collaborator

This person should have a similar vision for the land/farm/business, he or she should be someone you can communicate and work with. They must have respect for property, other people, display integrity and have a realistic business plan. Regardless of the final arrangement type, in the long term these things will be far more important than the initial price.

3. Meet to explore options and opportunities:

- Agree a rough plan as to what you jointly want to achieve
- Start the process by exploring the detail

4. Seek independent professional advice:

- Arrangement facilitation (eg The Land Mobility Service)
- Farm planning (eg Teagasc advisor)
- Accountancy, taxation, and legal (eg Accountant/Solicitor)

5. Formulate an agreement:

- a) Decide upon agreement type/form
- b) Define what each party is bringing to the arrangement
- c) Outline duration including a year by year plan, together with budgets
- d) Define responsibilities and how investment (if any) is to be catered for
- e) Define payment terms; be that rent, costs and revenue split, or profit share
- f) Specify review mechanisms and review triggers

6. Draft a formal agreement

7. Arrange a final meeting

Include all participants together with relevant family members and professional advisors

8. Sign the agreement

9. Register or file copies of the agreement with relevant parties (Revenue, Dept. of Agriculture, Agreement Facilitator, Accountant, Solicitor)

10. Implement the agreement



Appendices

APPENDIX 1: An Independent Expert Confidential Service

The service is independent and confidential, and has the expertise and experience to help people properly evaluate their options, and should they so wish will support them in formulating and implementing an arrangement.

Austin Finn programme manager for the Land Mobility Service is a chartered accountant and B Ag, he also farms part time. His financial and farming expertise is ideal when it comes to assist people in planning for their future.

Austin Finn
086 2541425 or
info@landmobility.ie



Conor Carty
Land mobility facilitator
with special responsibility
for the North West. Conor
from East Galway has a
B.A, M.A Ag and is in the
process of attaining a PhD.
He has a background in
agriculture and has a strong
interest in ensuring sustainable
collaborations for all clients.



Conor Carty
087 4439434 or info@landmobility.ie

The Land Mobility Service Advisory Group for the pilot programme was chaired by Michael McBennett on behalf of FBD Trust.

The following organisations were represented on the advisory group, those listed below have attended on behalf of these organisations.

Macra na Feirme

The IFA

The Irish Farmers Journal

IFAC Accountants

The Dept. of Agriculture

Aurivo

Glanbia Ingredients Ireland

Dairygold

Teagasc

Sean Finan, Denis Duggan, and Derrie Dillon

Fintan Conway, Gerry Gunning, and James McCarthy

Peter Young and Peter Varley

Willie Fahey and Philip O'Connor

Sinead Mc Philips

Martin Walsh and Roberta McDonald

Pat O'Keefe and Pat Ryan

Paul O'Connell and Seamus O'Mahony

Thomas Curran, Anne Kinsella, and Paidi Kelly

APPENDIX 2: Frequently Asked Questions

What is The Land Mobility Service

The Land Mobility Service is an FBD Trust funded initiative that was established by Macra Na Feirme. The Service is supported by a range of stakeholders including Teagasc, The Department of Agriculture, The Farmers Journal, The IFA and the food industry. In their catchment areas Dairygold, Glanbia and Aurivo provide significant financial and logistical support. The 3 year pilot programme has been completed and was established as an expert, independent, and dedicated support for farmers, farm families and land owners who are thinking about expansion, changing enterprise, or stepping back. The focus is on the delivery of land mobility and access to land through workable and sustainable collaborative farming arrangements.

How does the Service work

The Service has three key elements

1. To create awareness and provide information
2. To deliver sustainable arrangements that work for all parties
3. To support these arrangements on an ongoing basis

All engagement is confidential and without obligation, the Service is an expert facilitator that explores and help find solutions for farmers and farm families taking into account all parameters including EU payments, tax, and farm budgeting.

What triggered the establishment of the Service

Studies had identified the need for dedicated land mobility support, 26% of farmers are over the age of 65 and 48% of full time farmers have no identified farming successor. Opportunities now exist for new thinking for better land use models.

Is the Service delivering

Yes, delivery has exceeded all expectations. Since its inception the service has demonstrated that with dedicated independent expertise, farmers can be facilitated to enter into new collaborative arrangements leading to a better return for both the farmer and the landowner. The Service has facilitated 282 arrangements to date. On the ground it is really making a difference.

Is the Service only available to people in the pilot areas

No, the Service is now going nationwide. The IFJ Land Mobility Page is an important part of nationwide delivery.

Is it all dairy and dairy focused

No, The Service supports all enterprises and has facilitated arrangements across all.

What is the most important thing in developing an arrangement

The most important thing is finding the right person. The arrangement type and price or share will be what works for everyone. This is where the expert independent facilitation of the Land Mobility Service is so important, the arrangement must work for and deliver for all parties.

Who will be farming this farm in 5 years time

If you as a farm family or land owner can not answer this question it is time to explore and evaluate your options.

APPENDIX 3: The Three P's

In any arrangement there are three key considerations

The Person

The Person must be right. It must be someone you can work with, that person's vision for the farm must be compatible with yours. It is important to identify someone who is realistic, has farming ability and has done budgets. Don't be afraid to check out reputations and talk to people they have worked with before, always inspect each others' current / recent businesses.

The Price

The Price must be fair, realistic and sustainable. All parties must make a return and this should be backed up by a proper budget and farm plan. People should be open and be prepared to share this information with confidentiality and respect. Mechanisms and templates exist to link price with farming returns which delivers fairness and avoids complicated price reviews. Chasing the top price or being captivated by price alone is a recipe for disaster.

The Period

The Period or term must be sufficient so that it works for all parties. This is

especially relevant where investment is required, the period must be sufficiently long to deliver an adequate return. A longer agreement also gives more security and provides a degree of certainty.

For anyone looking at land options the key question all parties must ask

1. Can I work with this person?
2. Can I make this opportunity work?

Considerations must include

- How does this fit in with my longer term goals
- Does the farm plan and budgets make sense
- Is the business plan realistic and will this person be able to deliver on the plan
- Has this person respect for property and other people
- What are the tax, legal and other implications

Information and advice is available from The Land Mobility Service www.landmobility.ie

APPENDIX 4: What is a Fair Price

Whether an arrangement is a lease, a partnership, share farming or something like contract rearing agreement on a fair price or fair share/split is critical. Arrangements must work for all parties and there are a range of factors that feed into this including

- The right person
- Good farming practices
- Respect and care for the farm
- A fair price

Where an arrangement does not work for everyone it will eventually break down, so it is important that everyone is clear and fully understands what they are committing to. You need to look at things from the other persons perspective.

While not the most important

consideration a fair price is key. Open engagement including sharing budgets, plans and concerns leads to a win win approach and a clearer understanding of the other persons position. This usually results in the fairest and most sustainable outcome. Things to consider in determining a fair price, in no particular order, include

- Farm size and suitability
- Location
- Available infrastructure
- Available stock, machinery or support
- Soil fertility
- Works to be undertaken
- Duration of the agreement
- Projected operating margin
- Whether or not price is in part linked to national operating margins or commodity prices
- BPS treatment and BPS security
- Payment structure
- Arrangement type
- The people

Every farm and every farmer is different, so what works for one does not necessarily work for all. What is important is that proper consideration is given to all relevant factors. The herd mentality must be avoided at all costs, do something because it works for you.

Arrangements must work for all parties.

APPENDIX 5: Tax Update

1. Young Trained Farmers (green cert Fetaac level 6 or equivalent and under 35) qualify for both 100% stock relief and 0% stamp duty. Half rate stamp duty (1%) may apply on transfers to close relatives over 35, provided they are active farmers and transferor is under 66. Normal Stamp Duty on land transfer is 2%. Stamp Duty does not apply to transfers following a death.
2. Generous tax exemptions apply to land owners who lease. The following exemptions apply to new leases undertaken since 1 January 2015;
 - Lease period 5 to 7 years up to €18,000 rental income exempt from income tax
 - Lease period 7 to 10 years up to €22,500 rental income exempt from income tax
 - Lease period 10 to 15 years up to €30,000 rental income exempt from income tax
 - Lease period greater than 15 years up to €40,000 rental income exempt from income tax

The exemptions are from income tax, USC and RSI are still payable. The rental income can be a combination of land value and Single Farm Payment/Basic Payment. The land owner is also deemed active for up to 25 years for capital tax reliefs.

3. Capital Gains Tax (CGT) is a tax on a person disposing of property whether by way of gift or sale. A qualifying

farmer over the age of 55 will be eligible for Capital Gains Tax Retirement Relief on sale or transfer of land.

This relief exempts cumulative sales up to a value of €750,000 (€500,000 if over 65) and transfers within the family up to a value of €3m (unlimited upper threshold if under 66) from CGT.

This relief is also available to land owners who have leased out their land for up to 25 years in total (provided that prior to leasing they farmed themselves for at least 10 years).

4. To compensate for price and margin volatility farmers can opt for income averaging, a five year averaging period applies.
5. Capital Acquisitions Tax (CAT) is a tax payable by the recipient of a gift or inheritance, under agricultural relief the asset value is reduced by 90%. To qualify the recipients total asset value, excluding in most cases his/her principal private residence, following receipt of the farm must be 80% agricultural and he/she must either actively farm or lease out the land on a long term basis (greater than 6 years) to an active farmer.

The tax free thresholds (cumulative) for receipt of a gift or inheritance is as follows

Relationship to the donor	Tax Free Amount
Husband or Wife	No Limit
Child or Favoured Niece/Nephew	€ 310,000
Brother, Sister, Nieces, Nephews	€ 32,500
Any other person	€ 16,250

After adjusting for Agricultural Relief (should it apply), the Tax Free Threshold, and any annual exemptions the balance remaining is liable for tax at 33%.

6. Partnerships have some additional tax reliefs including
 - a. Enhanced stock relief.
 - b. An annual €5,000 income tax exemption for five years if the partnership is part of an approved succession plan.

Income and inheritance tax planning is very important, tax specialists should be consulted to ensure decisions are tax efficient.

APPENDIX 6: Land Mobility Progress ... Deterrents Identified

Some deterrents to progress that have come up include

- Insufficient young trained farmer engagement
- BPS and entitlement issues that can arise post collaboration
- Low margins in specific sectors
- Restrictions attached to some farmer support schemes like GLAS and Farm Assist.

APPENDIX 7: Future Plans

The Land Mobility Service is an independent expert service focused on facilitating collaborative farming arrangements such as long leases, share farming, partnerships, and contract rearing. The pilot programme phase is over and in response to the clearly identified need the service is now going nationwide. This will involve engaging additional facilitators and having dedicated expert admin support. It is envisaged that expansion will be effected via co-op catchment areas as additional co-ops and processors come on board.

Due to the nature of the service (education and information role, innovative, technical queries, high time input required for delivery) and to encourage engagement the service will continue to be subsidised.

The cost of service provision will be met by a combination of client fees, industry and other support.

Contract Rearing is an area of opportunity and demand. The dairy industry will need contract rearers and contract rearing represents an income and/or alternative enterprise opportunity for other farmers. Farmers best suited to contract rearing are retired dairy farmers and suckler/beef farmers. Matching people up for contract rearing and properly explaining how it should work continues to be a challenge. The service has dedicated effort and time to this and helped facilitate a number of arrangements.

APPENDIX 6: Stakeholders



Macra na Feirme





www.landmobility.ie
info@landmobility.ie

- Land Mobility Programme Manager
Austin Finn, 086 2541425
- The Irish Farm Centre / Macra na Feirme, 01 4268900
- Land Mobility Facilitator for the North West /
Conor Carty 087 4439434

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