New Opportunities for Farmer Collaboration in Farming

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Summary
Collaborative arrangements offer a great opportunity for farmers to come together with others to achieve scale, share facilities and improve lifestyle or to become involved in a new and alterative farm enterprise. Registered farm partnerships will be open to all mainstream farm enterprises from 2015 onwards. When quotas are removed in March 2015, Share farming will offer a new avenue to dairy farming for young trained people who choose a career in dairy farming and who have built up experience on Irish dairy farms. When these arrangements are managed well, they have the ability to deliver greater income to the farm family. For farming families, collaborative arrangements have the potential to make farming more sustainable into the next generation.

Introduction
Farmer collaboration has existed in Ireland for generations. There are many historic examples such as threshing, and sharing farm machinery. Put simply, farmer collaboration is where two or more farmers come together in an arrangement that is to the benefit of all those involved. Since the early 2000's, Teagasc has played a leading role in the development of formal collaborative arrangements such as milk production partnerships. Information including template agreements on all the collaborative arrangements is available on www.teagasc.ie. Support for collaborative arrangements has become government policy and this is reflected making provision for them in the supports to the agricultural sector. These arrangements include registered farm partnerships, share farming, cow leasing and contract rearing.

Benefits of Farmer Collaboration
Social benefits include greater ability to take time off for family events, holidays, hobbies and community involvement. Many successful partnerships operate on a week-on, week-off basis and the arrangement can be set up so that all partners can take time off. Farming can be a lonely way of life even for the most enthusiastic farmers. Having the company of another person to work with you on daily basis makes the job easier.

Skills benefits come from the bringing together of two or more people with varying skill sets. This gives the benefit of having a wider skillset to cover the farming and management operations. There is also the benefit having more than one person to carry out routine tasks and therefore many of these can be completed in a more timely fashion. In a share farming situation, the young trained share farmer is bringing a new skill set to the arrangement

Economic benefits arise from the ability to increase scale and a potential to do it at a lower development cost. When a partnership is formed there are facilities on both farms that may avoid facilities having to be constructed. From a dairy perspective milking facilities may have to be constructed to deal with larger herd size. Social and skills benefits also contribute to the economic benefits through better decision making, better work life balance and lower dependency on hired in expertise due to a broader skill set between the partners.

QR CODE FOR COLLABORATIVE WEBSITE (Scan with iPhone)

Policy benefits are those that are put in place by government to increase the uptake of collaborative farming in Irish agriculture. Some of the benefits proposed under the new CAP agreement for registered farm partnerships include: the 25% young farmer to-up on the basic payment scheme, increased level of grant aid for young trained farmers and a trebling up of any grant investment ceilings where three partners are involved. Another benefit of entering into a registered farm partnership is enhanced stock relief.

Registered Farm Partnerships

A partnership is where two or more farmers combine their farming operations into one business. The partners share the profit that the farm makes on an agreed basis. Registered partnerships in the form of milk production partnerships have been in operating in Ireland since 2002. Initially they were quite restrictive but progress has been made over the years as people and organisations began to see the benefit of them to farmers. There are currently over 700 active milk production partnerships on the register. Approximately two thirds of these are within family and one third are where neighbouring farmers came together to form a partnership.   This highlights the two key roles that registered partnerships play within the agricultural industry. Firstly: bringing a son or daughter into the farming business in a formal way, as a stepping stone to full succession. Secondly: registered farm partnerships facilitate the joining together of two separate farming operations into one business.

Registered farm partnerships will soon be open to all mainstream farm enterprises. The Department of Agriculture Food and the Marine will take over the responsibility for the maintenance of a new partnership register from March 2015 onwards. The current milk production partnerships will be migrated across onto this new register from then on.

Benefits of Registered Farm Partnerships

The key benefits of registered farm partnerships can be summed up in four areas.

Registered Farm Partnerships present a new opportunity for all farmers to pool their resources such as land, labour, facilities, machinery etc. to the mutual benefit of all the people involved. Improved lifestyle comes from greater labour availability where there is two farmers working together. This means that there is another person there to help with bigger jobs and someone there to keep things running when a partner needs to take time off. Other benefits include the ability to bring a son or daughter into the farming business in a formal way as a stepping stone to full succession. The partnership allows the young farmer in the arrangement to benefit from any available EU government supports. Partnerships also provide a gateway for a beef farmer to enter dairying through partnership with an existing dairy farmer.

Contract Rearing

Contract rearing is an alternative to traditional beef enterprises such as dry cattle or suckling systems. It is where a farmer enters into contract where he or she gets paid to rear heifers for a dairy farmer. It is critical that the rearer gets paid adequately to cover direct costs and make a margin on the enterprise. The advantages to the rearer are that cash flow is more favourable as payment is generally paid by direct debit on a monthly basis. Another advantage to the rearer is that there is no money tied up in stock, as ownership does not transfer to the rearer. Essentially the rearing period can be broken down into five stages: Calf Rearing; First Grazing Season; First Winter; Second Grazing Season and Second Winter. The rearing periods need to be borne in mind when planning a rate of payment. Rearing the calves to twelve weeks of age and keeping the animals over the winter periods are the most expensive. The grazing seasons are by far the least expensive rearing periods. In setting up these arrangements the parties need to agree the start and finish of the term of rearing. If this is to be extended, then the payment rate needs to be increased, especially where this leads further into the second winter when the heifers are approaching eighty per cent of maturity. Each party should draw up a budget to plan and monitor their own finances. Agreement must be reached at the start on which costs are to be incurred by each party. This will determine the rate of payment per head per day.

The priority for the rearer is to cover costs and get adequately paid for his or her labour, but this comes with responsibilities. The heifers must reach their targets weights at housing after the first grazing season, at mating and approaching calving after the second grazing season. This is the dairy farmers' priority. It is critical to them that the heifers reach these weights. The rearer also needs to be aware of the average starting weight for the group of heifers and have realistic expectations for weight gain during the rearing period. Regular weighing of heifers is a recommended practice.

Share Farming

Share farming is not widely practiced in beef enterprises. It is growing in popularity in the tillage sector and there is also an opportunity for it develop in the dairy sector once milk quotas are removed in 2015. The concept remains the same across all enterprises. Share farming is where two completely separate businesses operate on the one farm. In a share farming agreement, the farm produce, in this case beef cattle are sold and each person gets an agreed proportion of the sale proceeds. In addition to this, each person in the agreement pays a proportion of the variable costs such as feed, fertiliser, veterinary. Some of the fixed costs may also be divided such as machinery running. The starting point for this venture is again a financial budget to cover potential income and expenditure from the enterprise. The share farmer generally provides the labour and in many cases the machinery. The landowner often provides the inputs such as feed, fertiliser and veterinary. How this is approached is up to the parties involved to agree on.