

Pathway For Young Farmers Into Dairying

Meeting of Chairpersons of the Agriculture
and Fisheries Committee

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Background



- Grew up on a beef and sheep farm
- Studied Agricultural Science for 4 years in UCD
- Picked up a keen interest for dairy farming during my college work placement.
- Spent my last 7 months in New Zealand

Personal Aim

- To get into farm ownership by working my way up through the career ladder.
- Is this possible in Ireland?
 - Previous generations have found it difficult to get past the role of farm manager
 - New structures need to be put in place



Ireland's Opportunities

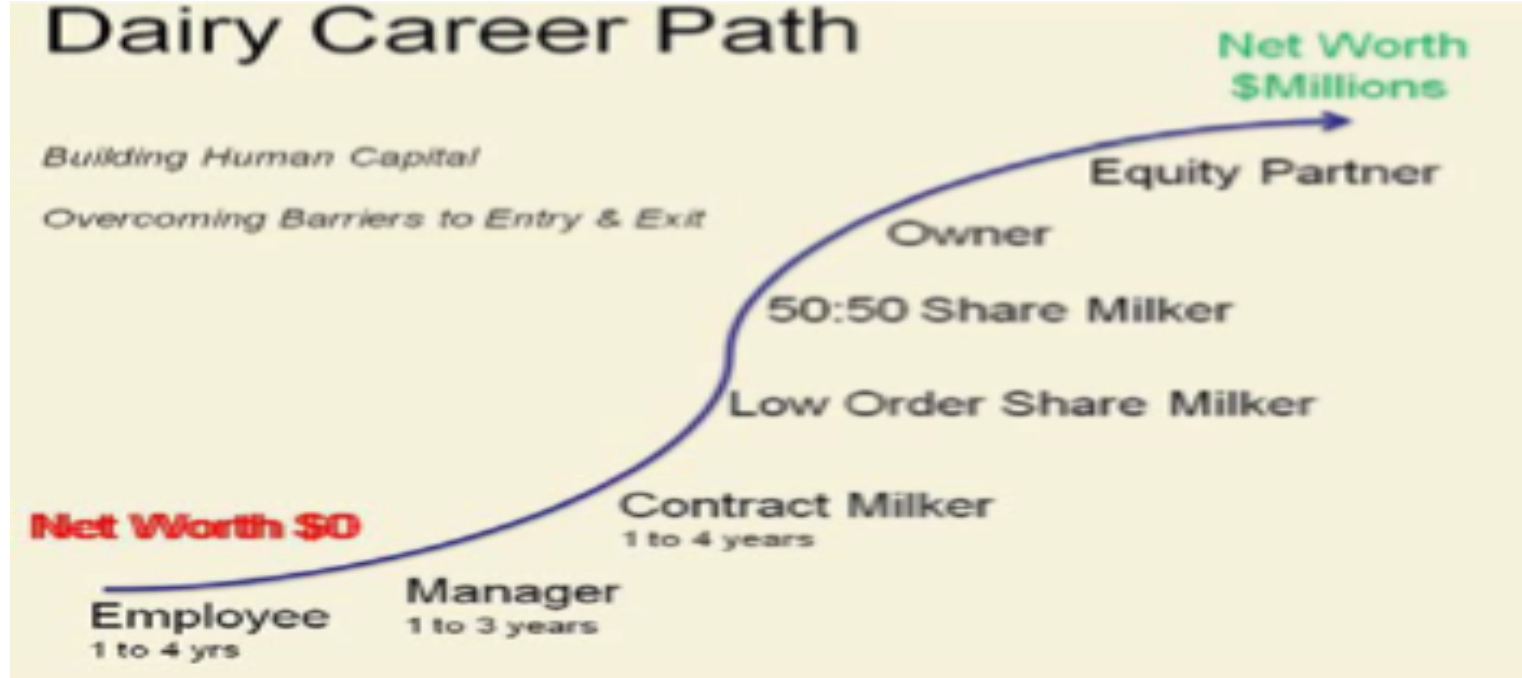


- Milk quota abolition paving the way for expansion in the dairy industry
- Ambitious production targets set in the FH2020 report
- Increasing world demand for dairy products
- Sustainable and profitable milk production system
- Young well educated farmers entering the industry

Weaknesses in Irish System

- **Age profile of farmers**
 - 6.2% of farmers under 35
 - 26.3% of farmers are over 65
 - Need for reform to address imbalance
 - Undermine the EU family farm model
- **Access to land**
 - Structure of single farm payment
 - Family attachment to land

New Zealand



Lower Order Sharemilking

Landowner	LOSM
Land & farm infrastructure	All labour
Most of the variable costs	Equipment and machinery
Cows	Milking shed running expenses

- LOSM receives 17–23% of the milk cheque
- Excellent incentives to farm efficiently and profitably

50:50 Sharemilking

Landowner	50:50 sharemilker
Land	Cows
Farm infrastructure	Labour & machinery
50% of any imported feed	Most of the variable costs

- Milk cheque is split 50:50
- Building equity – step closer to farm ownership

50:50 sharemilking

Landowner	50:50 sharemilker
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Could the New Zealand sharemilking structure work in Ireland?

- Milk cheque is split 50:50
- Building equity– step to farm ownership

Evidence from New Zealand

Herd size	50/50 sharemilking	Lower order sharemilking
1–199	17%	13%
200–499	61%	58%
500–749	15%	20%
750–1000	5%	6%

- Approx. 60% of lower order SM and 50:50 SM in New Zealand are farming between 200 and 499 cows

Benefits of Sharemilking

- Provides an entry path for progressive young farmers
- Equitable to both parties
- Allows landowners to protect their asset base while generating a positive cash flow
- Scale is necessary to be successful
- Must be tax efficient for both parties

Recommendations

1. **A structure** needs to be set up to map career paths
 - Sharemilking could be used as a model and adapted to Irish circumstances.
 - R&D support is needed to maximise its potential
2. **Proactive regulations** with regard to young farmers
 - Focus placed on helping young farmers build equity, i.e.
 - Stock supports should be prioritised
3. **Access to land** is crucial
 - Unique structures which accommodate both parties

Thank you

