



# Land Mobility and Succession in Ireland



**Research Report**  
*Prepared by Dr. Pat Bogue, Broadmore Research*



## TABLE OF CONTENTS

	Page No.
Table of Contents	i
Foreword	ii
Executive Summary	iii
Introduction	1
Background to the Land Mobility and Succession Problem	1
Research Issues and Objectives	3
Methodology	3
Research Findings	4
Research Survey	4
Personal and Farming Profile	4
Farmers with Identified Farming Successors	8
Farmers without Identified Farming Successors	11
Research Focus Groups	18
Research Conclusions	23
Recommendations	27
Appendix 1	31
Appendix 2	36

## FOREWORD

Access to land or “Land Mobility” has always been an issue for young farmers and the agricultural industry. CSO figures show that only 6.2% of farmers are under 35 and 26.3% over 65. That is a decline of 52.8% in numbers under 35 years from the 2000 to the 2010 census. These figures are in contrast to our agricultural colleges which are at full capacity with young farmers looking for a career as farmers. We have continued to see growth in our exports over the last number of years. Coupled with the opportunities of Food Harvest 2020 and the abolition of milk quotas in 2015, this will bring more prospects to us as Irish farmers.

Macra na Feirme identified the issue of land mobility as a key factor to increase agricultural output whilst also getting more young farmers established. To get an indication of the issues which surround land mobility we commissioned a study into this area. The aim of the study was to get an insight into what barriers, problems or options that currently exist and how these can be overcome.

This study would not have been possible without the support of the IFA, the Agricultural Trust and the Department of Agriculture, Food and the Marine, to whom we are very grateful. Thank you also to Dr. Pat Bogue, of Broadmore Research, for conducting the study in a very professional manner and all the staff of Macra na Feirme for their continued hard work.

This study is only the first part of this process. Further consultation will be needed amongst all the stakeholders in the industry. Many of the economic and social problems have been highlighted within this report and these also need to be addressed. This is an opportunity for the industry to work together so that the future of Irish farming will be bright and positive.

*Alan Jagoe*

**Macra na Feirme National President**

Macra na Feirme

## **EXECUTIVE SUMMARY**

### **Background**

Land is the core asset for productive agriculture and in Ireland the majority of land is owned by the farm operator. Land ownership and transfer is therefore a sensitive issue for farm families. However, the lack of land mobility can stifle development and specifically prevent younger farmers from gaining access to productive assets (which is important in achieving the Food Harvest 2020 targets). The level of land transfer by sale is minimal (estimated that 0.3% of the total land area was put on the market in 2011) and from a young farmer access perspective, the purchase of land generally remains prohibitive. The predominant system of rental is the 11 month system or other short-term informal arrangements which provide little security for farmers who are developing on the strength of non-owned land. In 2010, half of the land owners in the country were aged over 55 years and only 6.2% were aged less than 35 years. The age imbalance is compounded by the fact that many older farmers do not have a farming successor. This research report was undertaken in order to establish the facts on '*land mobility and succession*' and in doing so, to inform possible new policies.

### **Research Issue and Objectives**

The research was commissioned by Macra na Feirme in partnership with the Irish Farmers Association, The Agricultural Trust and the Department of Agriculture, Food and the Marine. The research was undertaken by Broadmore Research by way of a combination of a telephone survey (with a random sample of 421 IFA members aged over 50 years) and a series of focus groups involving IFA and Macra na Feirme members. The primary aim of this research was to determine the future plans (short and long term) relating to farming and land ownership for those who did not have an identified farming successor. The information serves to inform future policies and services and ultimately assist in the framing of measures, awareness/information programmes and incentives.

The objectives of the research include:

- To gain an insight into the extent of farmers without farming successors;
- To determine the views of farmers on their future plans and intentions in farming;
- To determine the fears and concerns of farmers about succession and the future;
- To determine the desires and needs of farmers for the future;
- To explore ideas which may appeal to older farmers to reduce the level of input and options to transfer land (temporarily or permanently); and
- To explore the supports required to encourage changes in land usage.

### **Key Research Findings**

#### **Personal and Farming Profile**

- 64% aged 50-60 years, 32% aged 60-70 years;
- 95% male, 85% married & 84% had children;
- Main enterprise: 32% in dairying, 24% drystock, 25% sucklers, 8% sheep;
- Average area owned was 100 acres and farmed was 123 acres; and
- 48% of households (operator and/or spouse) had another source of income.



### **Pension Changes & Wills**

- Half were unaware of the recent changes in the state pension age; and
- 62% had made a will (highest for those who were older, married and had children).

### **Succession/Inheritance**

- 48% did not have a farming successor identified;
- 47% of those aged less than 60 years had a farming successor, compared to 62% of those aged over 60 years;
- Identification of a successor was not influenced by enterprise or area farmed;
- Late transfer carries over from one generation to the next and is related to the short timespan of ownership of the family farm; and
- Uncertainty over the future CAP payments is impacting on succession decisions.

### **Farmers with Identified Farming Successor**

- 77% of successors were aware of intentions of older farmer;
- Average age of successors was 25 years and 89% were male;
- 45% of identified farming successors either had an agricultural qualification or were undertaking a course;
- 77% of farmers with an identified farming successor had no concerns about transfer, while the main concern was a lack of interest in the farm among their sons'; and
- 37% intended to make a life-time transfer and 27% intended to transfer in their will.

### **Farmers with No Farming Successor**

- Main reasons for a lack of a farming successor were no children (29%), no decision on which child to transfer to (24%) and family not interested (20%).

### **Future Desires for Farm**

- Two thirds stated that it was important for the farm to stay in family ownership;
- 40% stated that it was important for the farm to stay farmed by the family; and
- 23% stated that it was important for the farm to stay in their family name;

### **Future Farming Activity**

- 18% believed that they would need to earn an income from the farm when they could no longer farm it themselves and a further 32% might need an income from it;
- The main sources of income identified post-retirement included: state pension (82%); private pension (58%); and savings (20%);
- The inability of farms to support two generations is delaying transfer;
- Two out of five farmers without farming successors would like to retire from active farming in the future and a further 45% would possibly like to retire; and
- The concept of a '*retired farmer*' has a low level of acceptance and many farmers cannot perceive a role for themselves if they step-back from full-time active farming.

### **Encouragement of Children to Farm**

- 32% of those without a farming successor had encouraged their children to farm;
- The main reason for not encouraging children to consider farming was that it was their own choice to decide on their career; and
- Generally families remain slow to discuss the future of the family farm.

### **Fears and Concerns about Succession**

- 59% of those with no farming successors stated that they had no concerns about succession/inheritance.

### **Advice/Information on Succession**

- Only 5% had received formal advice/information on succession/inheritance (plus a further 12% informal advice);
- Main sources of information/advice were accountants (52%) and solicitors (24%);
- 44% were possibly interested in a succession planning advisory service; and
- 30% were possibly interested in a pre-retirement or succession/inheritance course;
- Two specific groups emerge as being in need of advice/information: farm families (older and younger); and those with no successors. While broadly similar, the requirements of the two groups are different; and
- Professionals providing information/advice to farmers may need upskilling.

### **Consideration of Future Options**

- The main options that farmers without successors would consider when they could no longer farm themselves included: reducing intensity (98%); changing enterprise (95%); and persuading family/neighbours to help out (94%);
- 78% & 74% would consider short-term renting & long-term leasing respectively; and
- 28% would consider selling the farm, while 27% would consider planting it.

### **Supports to Encourage Land Mobility**

- One fifth of farmers without farming successors were aware of the long-term leasing tax exemptions while a further 28% had heard of the exemption but were not certain of the details;
- 16% had either explored or were interested in exploring the long-term leasing tax exemptions, while a further 39% stated that they were possibly interested in the tax exemption; and
- A level of mistrust and scepticism exists about long-term leasing which is impacting on the uptake among older farmers.

### **Research Conclusions**

- Significant finding for the industry that half of farmers aged over 50 years do not have an identified farming successor.
- Carry-over tradition of late transfer is impacting on current and future transfer patterns.
- Lack of information and advice available on succession, inheritance and retirement options.
- There is still a desire to maintain the farm within the family and in the absence of a farming successor, decisions can be delayed and no action taken.
- Many parents are not encouraging their children to consider farming as a career option and where they are considering farming, many have no agricultural training.
- Relationship breakdown appears to be more of a concern for families in advance of making a decision than at the actual time of transfer. However, it may be delaying the decision making.
- Many of the options being considered by those without successors are short-term coping mechanisms rather than long-term decisions. Therefore, consideration of wider options would be more beneficial to themselves, other farmers and the industry.
- Farm families need to consider other income earning options as a mechanism for involving younger farmers in the family farm.
- There is an unwarranted fear and scepticism about long-term leasing and a lack of awareness of the tax exemptions available which are possibly stifling the uptake of this option.
- Many farmers have not yet accepted the concept of retirement and therefore do not contemplate what they would do if they ceased farming.

Macra na Feirme

## **Recommendations**

The main recommendations relating to land mobility and succession are briefly summarised.

### **Information Provision**

- Develop a comprehensive information guide on succession and land mobility options focused on the opportunities for those who do not have a farming successor.
- Utilise the launch and circulation of the guide as an opportunity to generate discussion on the issue of succession and land mobility. Organise localised events (in conjunction with Teagasc and ACA) as a method of informing farm families.
- Encourage the farming media to include regular features on land mobility and succession.
- Develop a specific and targeted information programme for professionals who provide support, advice and services to farm families.
- Consider the provision of a specific measure for advisory support to farm families at the time of succession/ retirement in the next Rural Development Programme.
- Carry out an information campaign to encourage discussion and consideration of the options for the future and decision making.
- Create greater awareness of current incentives available for land mobility.

### **Maintenance of Existing Supports**

- It is critically important that current measures which support and encourage land mobility are maintained and protected for the future.

### **Diversification of the Income Base**

- Encourage farmers especially those who are trying to actively involve a younger person in the farm business, to explore more options for enhancing the farm income in order to facilitate the supporting of two generations.

### **Promote Long Term Leasing**

- Undertake particular efforts to encourage those without farming successors to consider the merits of long-term leasing including encouraging the uptake of the long-term leasing tax exemption as opposed to persisting with short-term rentals. Confidence needs to be built in the values of long-term leasing.

### **Role of Young Farmers**

- Young farmers need to demonstrate to older land owners that they are worthy of consideration for land transfer by way of leasing, partnerships or other mechanisms. This will involve the building of trust and the proving of their worth as protectors of the valuable land asset that they seek.



### **New Models of Collaboration**

- Develop and consider models of collaboration where the older farmer retains a certain level of farming activity while involving a younger farmer.

### **Encourage Farming as a Career**

- Provide encouragement (especially parents) to young people (children and others) to consider a career in agriculture by making them aware of the opportunities.

### **Promote Concept of Retirement**

- Develop and promote a culture (all stakeholders) within the sector which accepts, embraces and encourages the concept of a '*retired farmer*'.

### **Retirement Planning**

- Encourage farmers to plan for retirement or for '*winding down*' from high level farming activity. Models on retirement planning could be adopted from other sectors.

### **Brokerage Service**

- A brokerage type service may be worthwhile to match those farmers who are considering '*winding down*' or '*retiring*' with those who are '*scaling up*' or '*entering*'.

### **Future Policies**

- If policies which more forcibly encourage the movement of land to a younger more productive generation are desired, then steps may need to be taken to pursue this such as: higher minimum stocking rates for the retention of direct payments; or restriction of state pension payments to those who have transferred the land or ceased active farming (as is the case in some EU member states).

### **Working Group**

- In order to ensure that the recommendations are addressed, a working group should be established to seek buy-in (from stakeholders), implementation and review progress. Macra na Feirme should initiate and lead the working group.

## 1. INTRODUCTION

Land is the core asset for productive agriculture, in Ireland the majority of land is owned by the farm operator. Land ownership and transfer is therefore a sensitive issue for farm families. There is respect for the desire to '*keep the land in the family*' and for older farmers to hold onto land as they themselves may only have actual ownership for a short period. However, the lack of land mobility can stifle development and specifically prevent younger farmers from gaining access to productive assets. In a national context, with the desire to achieve the Food Harvest 2020 production targets, there may be an opportunity cost if land assets are not utilised to their potential. This research report was undertaken in order to establish the facts on '*land mobility and succession*' and in doing so, to inform possible new policies.

## 2. BACKGROUND TO THE LAND MOBILITY AND SUCCESSION PROBLEM

Land ownership and access to land are values ingrained in Irish farmers and tend to be sensitive, contentious and secretive. Even within families, decisions on land transfer are generally addressed quietly or indeed not addressed until totally necessary or forced due to a family crisis. The primary concern has traditionally been to keep the land in the '*family name*' and to ensure that it remains '*actively farmed*'.

The level of land transfer by sale is minimal (estimated that 0.3% of the total land area was put on the market in 2011 (Irish Farmers Journal<sup>1</sup>, 2012)) and from a young farmer access perspective, the purchase of land generally remains prohibitive. While incentives have been introduced to encourage long term leasing, the predominant system of rental is the 11 month system or other short-term informal arrangements. This system provides little security for farmers who are expanding or developing on the strength of non-owned land. In 2010, 29.6% of Irish farmers rented in an average of 18.9 hectares of farm land (CSO, 2012<sup>2</sup>)

In 2010 (CSO<sup>3</sup>), 51.4% of the land owners in the country were aged over 55 years and only 6.2% were aged less than 35 years. Those aged over 65 years increased by 31% between 2000-2010, with a 26% increase in those aged between 55 and 64 years. While there was a 52.8% decrease in the number of farmers aged less than 35 years in the same period. Many of these older farmers may have farming successors/potential successors, however, there is a likely to be a significant proportion of farmers that do not have an identified successor (family or other).

The lack of farming successors and an aging farm population provides challenges but also potential opportunities. Challenges in terms of what farmers can do with their farm when they can no longer farm it on their own or when they wish to retire from farming. The options can appear quite limited when it comes to making decisions about their own farm. However, there are opportunities because farm land is a valuable asset and there are other farmers (new entrants, young farmers and developing farmers) who are eager to gain access to additional land. Nonetheless a difficulty remains in successfully balancing the needs of landowners who wish to reduce their active involvement in farming and developing farmers

---

<sup>1</sup> Irish Farmers Journal, 2012 – Agricultural Land Price Report 2011.

<sup>2</sup> Central Statistics Office, 2012 – Census of Agriculture 2010 – Final Results.

<sup>3</sup> Central Statistics Office, 2012 – Census of Agriculture 2010 – Final Results.

who seek access to more land. Ambitious targets have been set in the Food Harvest 2020 Report (2010)<sup>4</sup> and these targets will only be achieved if production efficiency is maximised, which may not be possible if the farming population continues to age.

Landowners must be respected for their right to make decisions on the current and future use of their farms. Despite, the eagerness and enthusiasm of younger farmers, landowners, cannot be forced to provide access to their land assets. However, targeted incentives, measures and clearly considered and explained options could provide the key to unlocking the potential of land assets for the benefit of all farmers, agriculture overall and the national economy.

Recent years have seen considerable focus and debate around the issue of farm partnerships and other collaborative mechanisms with reports prepared by the Department of Agriculture, Food and the Marine<sup>5</sup>, Teagasc<sup>6</sup>, National Rural Network<sup>7</sup> and Deise 1250 Discussion Group<sup>8</sup>. These reports highlighted the need to encourage more farmers to consider new options/mechanisms of utilising farm assets. However, there is a lack of understanding of the views of older landowners, on their needs, fears, concerns and future plans.



---

<sup>4</sup> Department of Agriculture, Fisheries and Food, 2010 – Food Harvest 2020: A Vision for Irish Agri-Food and Fisheries.

<sup>5</sup> Department of Agriculture, Food and the Marine, 2011. Farm Partnerships Reference Paper.

<sup>6</sup> Teagasc, 2012. Facilitating Farmers' Establishment of Farm Partnerships: A Participatory Template.

<sup>7</sup> National Rural Network, 2012. Potential of Farm Partnerships: to Facilitate Entry into and Establishment in Farming.

<sup>8</sup> Deise 1250 Discussion Group, 2011. Ladders of Opportunity – Deise 1250 Research Project.

### **3. RESEARCH ISSUE AND OBJECTIVES**

In order to gain an understanding of the views of landowners on the issue of land usage and transfer, a targeted research project was undertaken. While there are many issues relating to succession and inheritance worthy of consideration, it was decided that it was most appropriate to focus on farmers over 50 years without an identified farming successor.

The primary aim of the research was to determine the future plans (short and long term) relating to farming and land ownership for those who did not have an identified farming successor. Information was also collected on those who had an identified farming successor.

The purpose of this research was to inform all interested stakeholders (including farmers, farm organisations, Teagasc, Department of Agriculture, Food and the Marine, service providers, policy makers) of the plans, views, needs and concerns of this cohort of farmers. The information serves to inform future policies and services and ultimately assist in the framing of measures, awareness/information programmes and incentives.

The objectives of the research include:

- To gain an insight into the extent of farmers without farming successors;
- To determine the views of farmers on their future plans and intentions in farming;
- To determine the fears and concerns of farmers about succession and the future;
- To determine the desires and needs of farmers for the future;
- To explore ideas which may appeal to older farmers to reduce the level of input and options to transfer land (temporarily or permanently); and
- To explore the supports required to encourage changes in land usage.

The research was commissioned by Macra na Feirme in partnership with the Irish Farmers Association, The Agricultural Trust and the Department of Agriculture, Food and the Marine.

### **4. METHODOLOGY**

The research was undertaken by way of a combination of a survey questionnaire and focus groups. The survey questionnaire provided quantitative data, while the focus groups complemented this statistical data with qualitative information. The survey was undertaken with a random sample of 421 IFA members aged over 50 years of age (who had identified themselves as farming) (geographically balanced across the country). The survey was completed by telephone by experienced interviewers. The primary screening question related to whether the respondent was farming and had an identified farming successor. The survey data was analysed using the SPSS package. The questionnaire (Appendix 1) was developed by the research consultants (Broadmore Research) in conjunction with the project partners.

A series of focus groups were undertaken to complement the questionnaire data and to provide more depth on certain issues and explore possible future options. The focus groups with IFA members were undertaken in four regional areas (Kilkenny, Navan, Mallow and Claremorris). A further focus group was undertaken with members of the IFA Farm Family Committee in Co. Meath. To gain the perspective of younger farmers, a focus group was undertaken with Macra na Feirme members.

## 5. RESEARCH FINDINGS

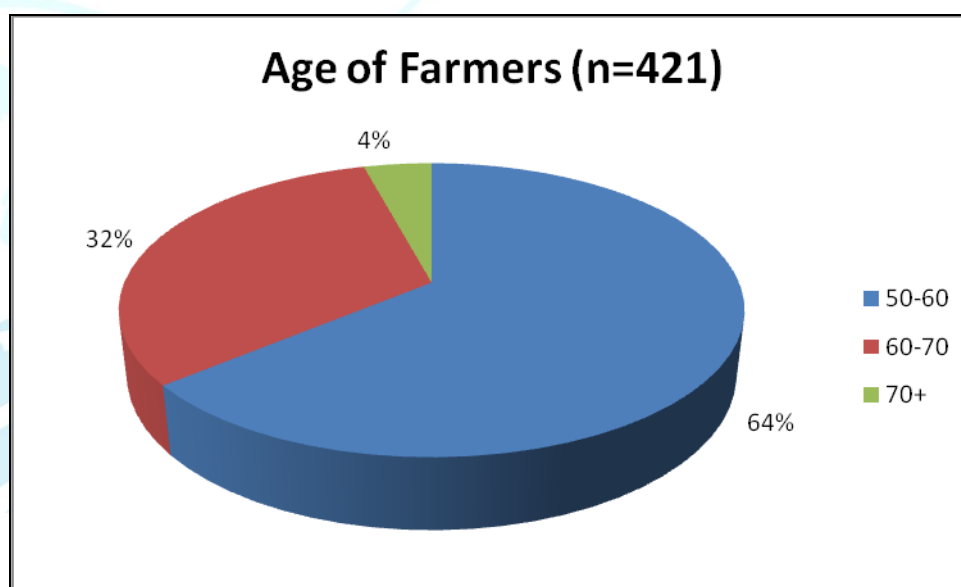
The findings from the survey and the focus groups are presented in this section.

### 5.1 Research Survey

A total of 421 farmers were interviewed across all 26 counties (all members of IFA, aged over 50 years and farming) (details provided in Appendix 2).

#### 5.1.1 Personal and Farming Profile

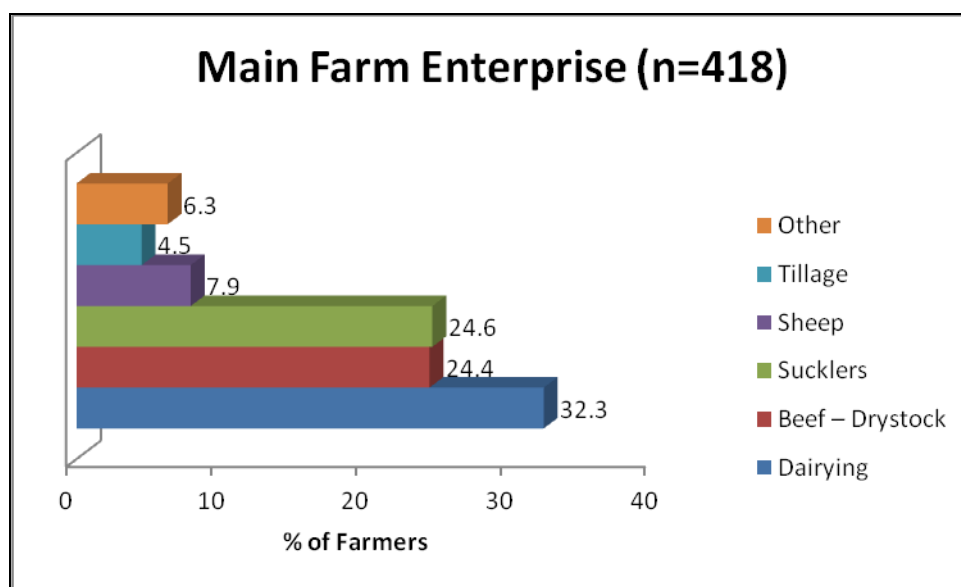
Some 64% of respondents were aged between 50 and 60 years (Figure 1) and 95% of respondents were male. The vast majority of respondents (85%) were married, 11% single and 2% widowed. Overall, 84% had children (68% had adult children and 29% had children aged less than 18 years).



**Figure 1** Age of Farmers in the Land Mobility Survey (n=421)

One third (32.3%) of farmers were mainly involved in dairying, while 24.4% were involved in drystock and 24.6% in sucklers (Figure 2). While 39% of farmers aged less than 60 years were involved in dairying, only 19% of the older farmers were in dairying. As could be expected, beef farming was the most popular enterprise for the older farmers. Dairying was more prominent in Munster (53%) and Leinster (33%) while beef was more prominent in Connaught/Ulster (65%).





**Figure 2 Main Farm Enterprise of Survey Respondents (n=418)**

The average area owned was 100 acres and farmed was 123 acres. As could be expected the young farmers were more likely to be farming the larger areas (54% of those aged less than 60 years were farming more than 100 acres in contrast to 40% of older farmers). Those who were married were more likely to be farming the larger areas, 52% of married farmers were farming more than 100 acres compared to 34% of others. While one third of the farmers in Connaught/Ulster were farming more than 100 acres, it was in the region of 60% in Leinster and Munster.

The survey respondents were primarily the main farm operator (94%). In 12% of households the spouse/partner was the main worker on the farm and it was the successor for 13% (the figures include scenarios where the respondent and another family member were considered as being jointly the main farm worker).

#### **5.1.1.1 Sources of Household Income**

Almost half (47.9%) of households (respondent and/or spouse/partner) had another source of income (off-farm employment/another enterprise) (Table 1). Some 7.1% of respondents had another source of income while 31.9% of spouses/partners had.

**Table 1 Extent of Off-Farm Sources of Income for Survey Respondents (n=421)**

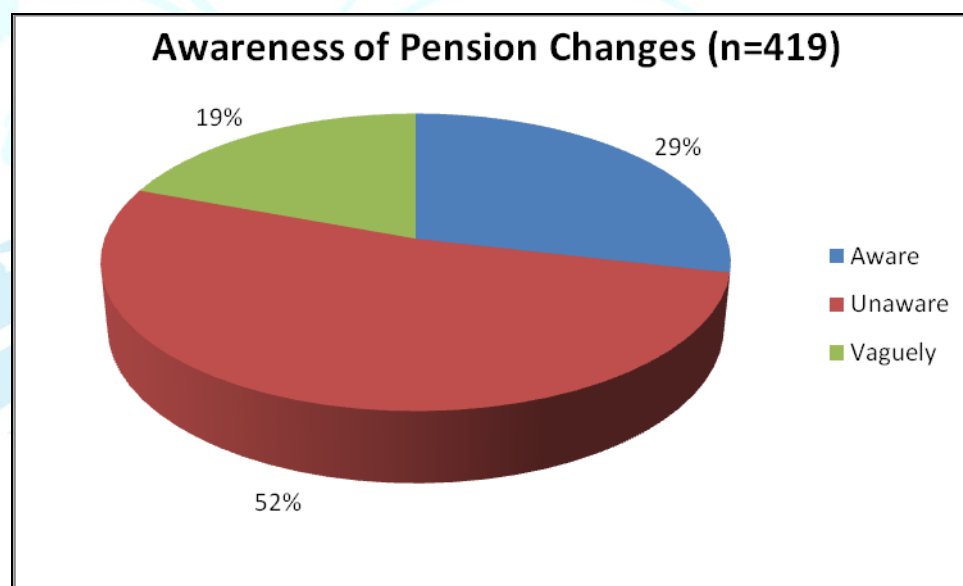
Off-Farm Employment/Run Another Enterprise	%
Respondent	7.1
Spouse/Partner	31.9
Both	8.8
None	52.1

While 58% of those aged less than 60 years either had an off-farm source of income themselves (and/or their spouse), this declines to 31% of those aged over 60 years. Those who were married were more likely to have an off-farm source of income (significant even

when presence of a partner is controlled for). Over half (53%) of farmers who were married had an off-farm source of income (including spouse) in contrast to 13% of non-married farmers. When the income for the farm operator alone is examined, 27% of married operators had a job in contrast to 10% of non-married. Two-thirds (66%) of those with successors aged under 25 years had an off-farm source of income, compared to one third (32%) of those with successors aged over 25 years.

#### **5.1.1.2 Awareness of Changes in Pensions**

Over half (52%) of farmers were unaware of the recent changes in the state pension age<sup>9</sup>. A further 19% only had a vague awareness of the changes (Figure 3). Those with children had a greater awareness of the changes, 31% were aware compared to 19% of those with no children. Similarly 20% of those with children had a vague awareness of the changes in contrast to 15% of those without children. Farmers in Connaught/Ulster were most likely to be unaware of changes in pensions (62%) and those in Munster were most aware (45%). Some 76% of sheep farmers were unaware of the changes in pensions compared to 42% of dairy farmers.



**Figure 3** Level of Awareness among Survey Respondents of Changes in State Pensions (n=419)

#### **5.1.1.3 Presence of a Will**

Three out of every five (62%) farmers in the survey had made a will. Some 72% of farmers aged over 60 years had made a will, while 56% of those aged under 60 years had done so. Married farmers were more likely to have made a will than non-married (64% compared to 46%). The proportions were similar to those for marriage for farmers with children and without. Some 75% of farmers in Leinster had made a will compared to 55% in Munster. Similarly 67% of farmers farming over 100 acres had made a will compared to 56% of those farming less than 100 acres.

<sup>9</sup> Those born after 1 January 1955, the minimum age for a state pension will be 67 years and for those born after 1 January 1961, it will be 68 years.

#### **5.1.1.4 Succession/Inheritance**

Almost half (48%) of respondents did not have a farming successor identified. As one could expect, age has an impact on the identification of a successor, some 53% of those aged less than 60 years did not have a farming successor identified, in contrast to 38% of those aged over 60 years. While 43% of married farmers did not have a farming successor identified, this proportion increased to 76% for those who were not married. Some 41% of those with children had no farming successor in contrast to 84% of those with no children.

In Leinster, 37% of farmers had no farming successor identified compared to 57% in Connaught/Ulster (46% in Munster). The presence of a farming successor was not significantly influenced by farm enterprise or area farmed.



### 5.1.2 Farmers With Identified Farming Successors

It is indicated that three quarters (77%) of successors were aware of the intentions of the older farmers for them to inherit the farm. Two-thirds (65%) of the successors of farmers aged less than 60 years were aware of their intentions, this proportion increased to 93% for the successors of those aged over 60 years. The average age of successors was 25 years and 89% of successors were male. The vast majority (95%) of successors were the children of the land owners, while 3.6% were nephews or nieces.

Some 28% of respondents expected their farming successor to farm full-time, while 53% expected them to farm part-time (Figure 4), a further 19% were uncertain. Two out of every five (41%) farmers (with a farming successor) farming over 100 acres expected their successor to farm full-time in contrast to only 14% of those farming less than 100 acres.

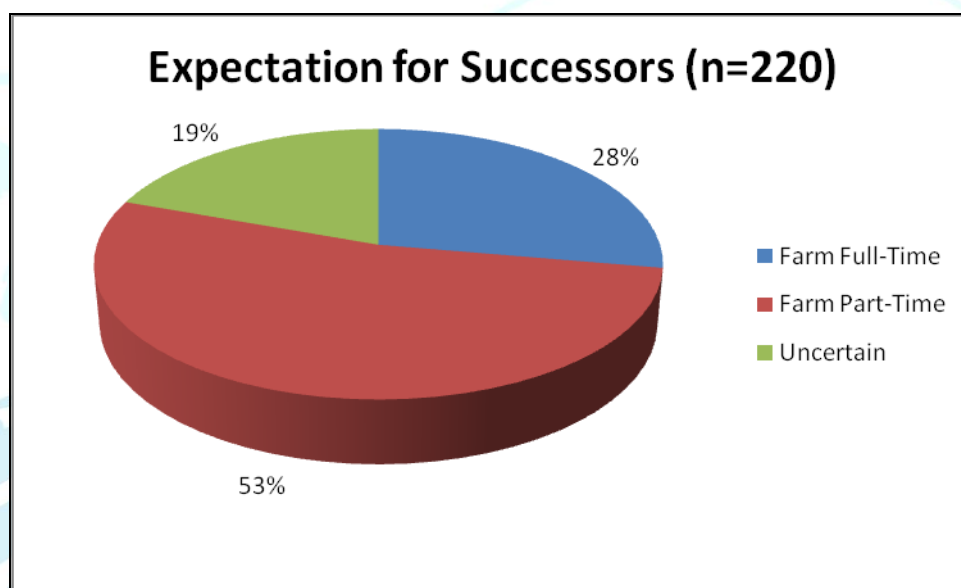
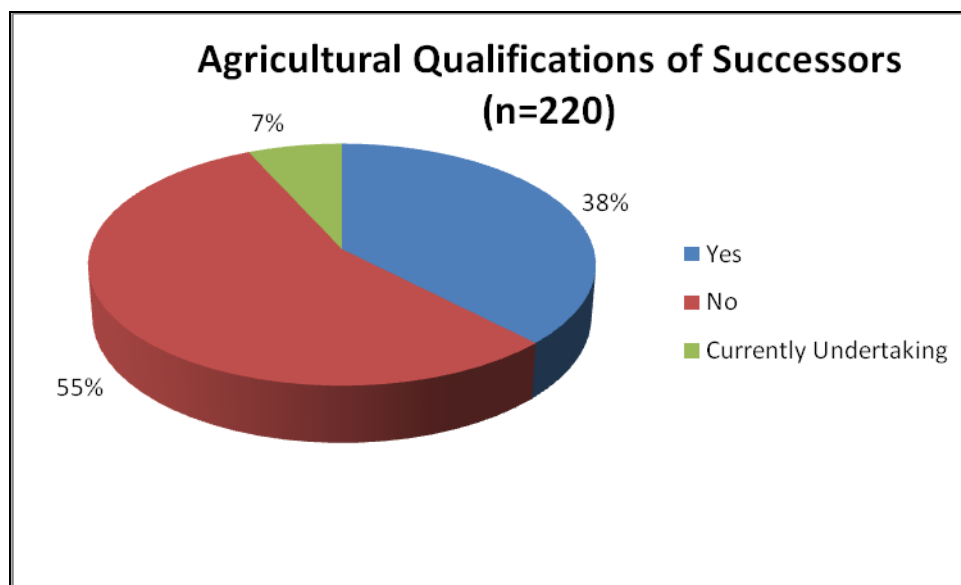


Figure 4 Expectation of Farming for Successors of Survey Respondents (n=220)

#### 5.1.2.1 Agricultural Training of Farming Successors

Some 38% of identified farming successors had a formal agricultural qualification and a further 7% were undertaking an agricultural course (lower than the CSO<sup>10</sup> figure of 51.5% of farmers aged under 35 years who had completed an agricultural course). However, over half (55%) of farming successors had no qualifications or were not undertaking any courses (Figure 5). Some 55% of successors on farms of more than 100 acres either had an agricultural qualification or were undertaking a course at the time of the survey, in contrast to 33% on farms of less than 100 acres. For those farmers aged over 60 years, 52% of successors had an agricultural qualification or were undertaking one, compared to 40% of the successors of those aged less than 60 years. However, some 43% of farming successors aged over 25 years did not have an agricultural qualification.

<sup>10</sup> Central Statistics Office, 2012 – Census of Agriculture 2010 – Final Results.



**Figure 5** Extent of Formal Agricultural Qualifications for Successors of Survey Respondents (n=220)

#### **5.1.2.2 Concerns About Succession**

Three-quarters (76.5%) of those farmers who had an identified farming successor had no concerns or fears about transfer to the successor, while one in ten (9.6%) were concerned that their sons did not have adequate interest in the farm and 6% were concerned about relationships breaking down and the impact on the farm (Table 2).

**Table 2** Main Concerns/Fears About Transfer to Successors for Survey Respondents (n=217)

Main Concerns/Fears About Transfer	%
No concerns	76.5
Sons don't have much interest in farm	9.6
Loss of farm if relationship breakup	6
Cost/fees involved in transfer	5.1

#### **5.1.2.3 Timing of Succession**

Some 37% of farmers intended to make a life-time transfer to their successor, while 27.4% intended to transfer their farm in their will (Table 3).

**Table 3** Timing When Survey Respondents Envisaged Succession Occurring (n=219)

Envisage Succession Occurring	%
Life-time transfer in the future	37
Transfer in will	27.4
Part transfer followed by remainder at a later stage	16.9
Uncertain at moment	12.4
Formal partnership arrangement followed by full succession	8.2



Almost three-quarters (73%) of respondents without children intended to transfer the farm in their will, while for those who had children, only 25% intended to transfer the farm in their will. For those farmers with children, 38% envisaged a life-time transfer compared to 27% of those with no children. Some 69% of the single farmers intended to transfer in their will, compared to 25% of married farmers.

Those farming over 100 acres were more likely to transfer the farm in their lifetime (40% versus 34%), while those farming less than 100 acres were more likely to transfer in their will (36% versus 20%). Also those with over 100 acres were twice as likely to consider a partial transfer (22% compared to 11%). Farmers aged over 60 years were more likely to consider transferring the farm in their will than younger farmers (38% compared to 20%). In households where the farming successor was aged under 25 years, farmers were more likely to consider life-time transfer (42%) than where the successor was older (31%). Where the successor was aged over 25 years, 35% of farmers intended to transfer in their will, the proportion was 21% for successors aged under 25 years.



### 5.1.3 Farmers With No Farming Successors

Not having any children was the main reason (29.4%) suggested for not having an identified farming successor (Table 4). While 23.9% stated that they had not decided which child to transfer the farm to, one fifth stated that their family were not interested and 14.7% said that their family are too young to have made a decision on succession. Some 8.6% of farmers stated that they had not identified a farming successor because they only had daughters.

**Table 4 Main Reasons Suggested by Survey Respondents for Not Identifying a Farming Successor (n=163)**

Main Reasons for Not Identifying a Farming Successor	%
No children	29.4
No decision on which child to transfer to	23.9
Family not interested	20.2
Family are too young	14.7
Not given it much thought yet	9.8
Only have daughters	8.6

#### 5.1.3.1 Future Desires and Needs

Two-thirds (65%) of farmers without farming successors stated that it was important for them that their farm stayed in family ownership, while 40% stated that it was important that the land stayed farmed by the family (Table 5). Interestingly 22.8% stated that it was important that the land stayed in their own family name (indicating some reluctance to transfer to married daughters who no longer have the family name).

**Table 5 Views of Survey Respondents on the Future Ownership of the Farm (n=197)**

Future Ownership	Not important	Neither Unimportant/Important	Important
	%		
Stays in family ownership	11.2	23.6	65
Stays farmed by the family	15.7	44.2	40.1
Stays in your family name	24.4	52.8	22.8

Some 71% of farmers with children stated that it was important that the farm stayed in family ownership compared to 49% of those without children. Almost half (48%) of farmers with children stated that it was important that the farm stayed farmed by the family in contrast to 20% of those with no children.

Over one quarter (27%) of married farmers stated that it was important for them that the farm stayed in the family name compared to 5% of those who were unmarried. Similarly, 29% of farmers with children stated that it was important that the farm stayed in the family name compared to 7% of those with no children.

### **5.1.3.2 Income After Retirement**

Some 18% of respondents stated that they would need to earn an income from the farm when they could no longer farm it themselves and a further 32% might possibly need an income from it (50% would not need an income from it). Farmers in Leinster were most likely to state that they needed to continue to earn an income from the farm when they could no longer farm themselves (33%), while 12% of farmers in Connaught/Ulster expected to need to earn income from the farm.

Four out of five (81.7%) farmers without successors stated that the state pension would be a source of income for them when they retire from farming, while 58.4% stated that they would have an income from a private pension (no indication of the scale of income was determined) (Table 6). One in five (19.8%) of respondents indicated that they would have an income from savings.

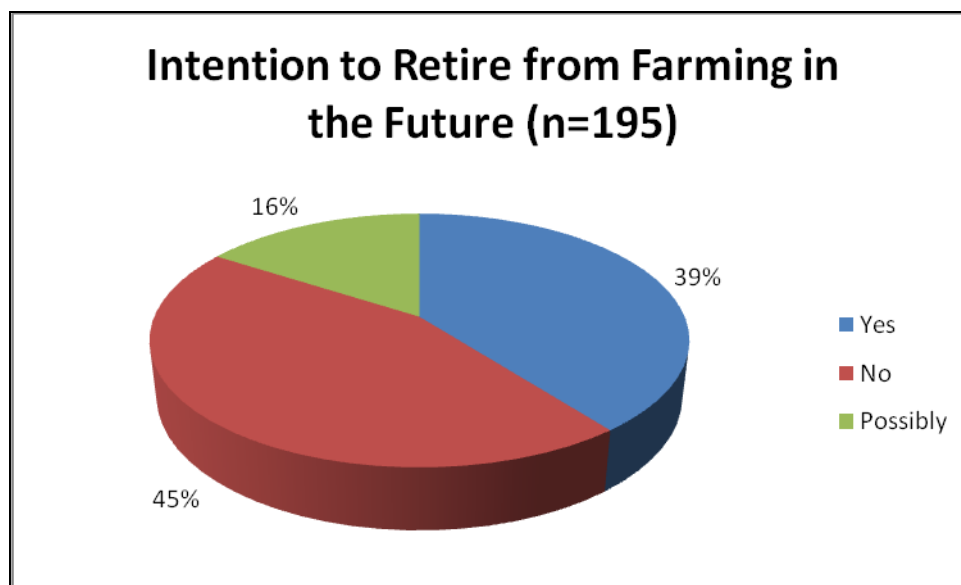
**Table 6 Main Sources of Income After Retirement for Survey Respondents (n=197)**

Main Sources of Income After Retirement	%
State Pension	81.7
Private Pension	58.4
Savings	19.8
Other Financial Investments	8.1
Farm Rental Income	7.6

Almost two-thirds (64%) of married farmers had a private pension compared to 35% of unmarried farmers. While 30% of unmarried farmers expected to depend on savings for income, it was 17% for married farmers. Some 6% of married farmers expected to depend on farm rental income in contrast to 15% of unmarried farmers. While only 41% of sheep farmers had a private pension, the proportion was 71% for tillage/other farmers. Two-thirds (65%) of those aged less than 60 years had a private pension to provide income after retirement in contrast to 43% of those aged over 60 years.

### **5.1.3.3 Future Farming Activity**

Two out of every five (39%) farmers (without farming successors) stated that they would like to totally retire from '*active farming*' at some stage in the future, while a further 16% stated that they possibly would retire (Figure 6). Farmers with children were more likely to intend to totally retire (or possibly) from '*active farming*' at some stage in the future (49% compared to 29% of those with no children). The main reason identified for not wanting to retire from '*active farming*' in the future was an inability to stop farming (88%) while 9% said that farming was their hobby/pastime.



**Figure 6 Views of Survey Respondents on Their Intentions to Totally Retire from Active Farming in the Future (n=195)**

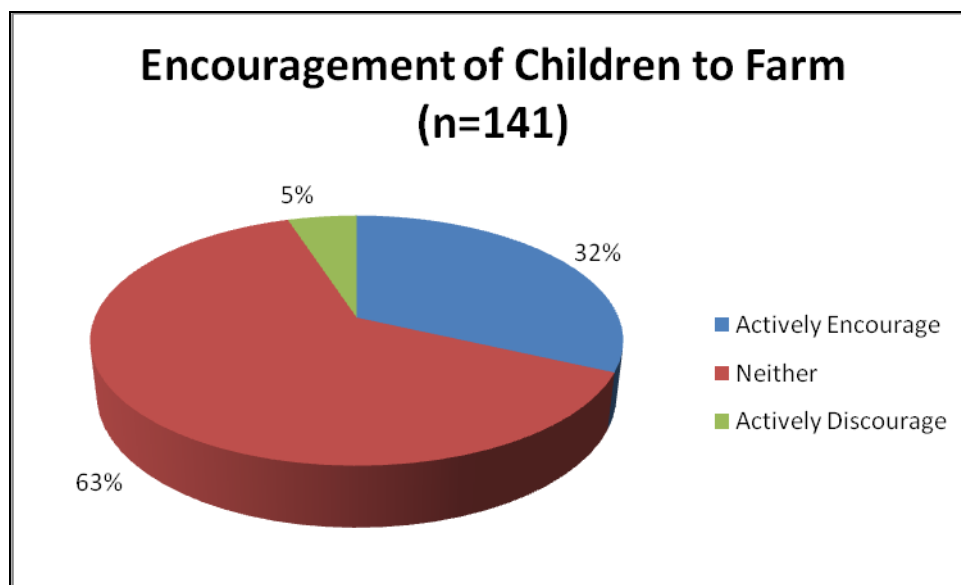
For those respondents who would like to retire from '*active farming*' in the future, some 21.6% needed to identify a successor to allow them to do so and 20.5% needed other income sources to replace the farm income (Table 7).

**Table 7 Aspects Identified by Survey Respondents That Need to Happen to Facilitate Retirement from 'Active Farming' in the Future (n=88)**

Main Things That Need to Happen to Facilitate Retirement from ' <i>Active Farming</i> '	%
Identify a successor	21.6
Have some other income	20.5
Decision on future of farm	11.4
Decision to sell farm	9.1
Pension received	8
When the time is right	6.8
Decision on when to take things easier	5.7

#### **5.1.3.4 Encouragement of Children To Farm**

Only 32% of respondents (without a farming successor) had actively encouraged their children to take over the farm (Figure 7).



**Figure 7** Extent of Encouragement to Farm Provided to Children of Survey Respondents (n=141)

The main reason identified for not encouraging children to take over the farm was the view that it was up to the children themselves to make up their own minds (23.6%) (Table 8). Some 17.6% stated that the farm was too small or the land too poor. One in ten stated that they had not encouraged their children to farm because they only had daughters.

**Table 8 Main Reasons Identified by Survey Respondents for Not Encouraging Children to Take Over Farm (n=85)**

Main Reasons for Not Encouraging Children to Take Over Farm	%
Need to make up own minds	23.6
Farm too small/poor land	17.6
Better career than farming	11.8
Tough life	10.6
Only have daughters	10.6
Family too young yet	9.4
Poor income from farming	9.4
Need a good education to have options	8.2

#### **5.1.3.5 Fears and Concerns About Succession**

The majority of those (58.9%) with no farming successors had no concerns about succession/inheritance (Table 9), while 13% were afraid that the farm would be sold and 8.4% were concerned that the family may not want the farm.



**Table 9 Main Concerns/Fears About Succession/Inheritance Identified by Survey Respondents (n=192)**

Main Concerns/Fears About Succession/Inheritance	%
None	58.9
Farm might be sold	13
Family may not want farm	8.4
Not thought about it yet	5.7
Cost/fees involved in transfer	5.7
Loss of farm if relationship breakup	3.1

#### **5.1.3.6 Advice/Information on Succession**

Only 5% of farmers without farming successors had received advice/information on succession/inheritance and 12% got advice informally. For those who sought advice/information on succession/inheritance, the main sources were accountants (51.5%) solicitors (24.2%) (Table 10).

**Table 10 Main Sources of Advice/Information on Succession/Inheritance for Survey Respondents (without farming successors) (n=33)**

Main Sources of Advice/Information on Succession/Inheritance	%
Accountant	51.5
Solicitor	24.2
Public meetings	21.2
Friends/other family	12.1
Advisor/consultant	12.1
Family members	6.1

Some 7% of respondents who had not identified a farming successor were interested in a succession/inheritance planning advisory service and a further 37% were possibly interested in such a service. Farmers aged less than 60 years were more likely to be interested/possibly interested in a succession/inheritance planning advisory service (48%) than those aged over 60 years (32%).

Some 7% of respondents who had not identified a farming successor were interested in a pre-retirement or succession/inheritance course and a further 23% were possibly interested. Married farmers were more interested in a pre-retirement or succession/inheritance course than unmarried (34% compared to 15%). Similarly, those with children were more interested in such a course than those with no children (36% compared to 14%).

#### **5.1.3.7 Consideration of Future Options**

Farmers with no identified farming successor were asked the extent to which they would consider specific options when they were unable to farm at their current level. Therefore the results presented in Table 11 should be taken as aspects which would be considered by farmers rather than specific planned actions. It is evident that the main options which those without farming successors would consider relate to reducing intensity and activity (98%),

changing enterprise type (95%) (e.g. ceasing dairying, changing from sucklers to drystock, purchasing rather than rearing) and persuading family/neighbours to help (94%) (Table 11). These could be described as short-term coping mechanisms rather than long-term solutions. In the region of three-quarters of farmers without successors would consider short-term renting (78%) and long term leasing (74%). Over one quarter (28%) would consider selling some or the entire farm and a similar proportion (27%) would consider planting with forestry.

**Table 11 Options that Survey Respondents (without farming successors) Would Consider When Unable to Farm at Current Level (n=198)**

Would Consider Option	%
Reduce intensity and activity	98
Change enterprise type	95
Persuade family/neighbours to help out	94
Stop farming & rent short-term	78
Stop farming & lease long-term	74
Pay labour/contractors to farm	59
Explore partnership/sharefarming	36
Stop farming & sell	28
Plant – forestry	27
Employ farm manager	19

- While 71% of those farming over 100 acres would consider hiring labour/contractors, some 49% of those farming less than 100 acres would consider it.
- Those with no children were twice as likely to consider selling their farm than those with children (44% compared to 22%).
- Those farming more than 100 acres were more likely to consider short-term renting (88%) than those farming less than 100 acres (71%). Similarly, 82% of the larger farmers would consider long-term leasing compared to 71% of the smaller farmers.
- While 40% of married farmers would consider exploring partnerships/sharefarming, only 22% of single farmers would do so.
- Over half (55%) of tillage/other farmers would consider planting with forestry in contrast to 12% of sheep farmers (20% of dairy farmers and 29% of beef farmers).

#### **5.1.3.8 Supports to Encourage Land Mobility**

One fifth (19%) of farmers without farming successors were aware of the tax exemption available for long-term leasing and a further 28% had heard of the exemption but were not fully aware of the details. Farmers in Leinster were three times more likely to be aware of the tax exemption available for long-term leasing than those in Connaught/Ulster (31% compared to 9%), one quarter of farmers in Munster were aware of the tax exemption. While 38% of tillage/other farmers were aware of the exemption, only 6% of sheep farmers were aware, 22% of dairy farmers were aware and 16% of beef farmers were aware. Large farmers (over 100 acres) were more aware of the tax exemption than those farming less than 100 acres (32% compared to 9%).

Some 16% had either explored or were interested in exploring the long-term leasing tax exemption, while a further 39% stated that they were possibly interested in the tax exemption. Three quarters of farmers in Munster had explored or were interested in exploring long-term leasing exemption compared to 44% of farmers in Connaught/Ulster. Dairy farmers were most likely to have explored or were interesting in exploring long-term leasing exemption (67%) and sheep farmers were least likely (29%).

The main reason identified by respondents for not availing of or considering the tax exemptions for long-term leasing was that it was not of interest to them at the present time (35.4%) (Table 12).

**Table 12 Main Reasons Identified by Survey Respondents for Not Availing of or Considering Tax Exemptions for Long-Term Leasing (n=96)**

Main Reason	%
Not interested at the moment	35.4
Nothing	11.5
Not thought about it	10.4
Land is very poor – not suitable	8.3
Hope sons will farm it	7.3

The main suggestion made by farmers (with no farming successors) for measures which could encourage/promote succession/inheritance was the introduction of a farm retirement scheme (34.3%) (Table 13). While 13.9% stated that there needed to be incentives for both younger and older farmers.

**Table 13 Main Suggestions Made by Survey Respondents for Measures Which Could Encourage/Promote Succession/Inheritance (n=137)**

Main Suggestions	%
Farm Retirement Scheme	34.3
Tax incentives for young and old	13.9
Reduction in stamp duty/inheritance tax	9.5
Reducing costs of transfer/fees	8.5

There were limited ideas as to measures which could encourage greater land mobility/consolidation and 23.8% did not think that measures would work as it was difficult to break the attachment of farmers to land in Ireland (Table 14).

**Table 14 Main Suggestions Made by Survey Respondents for Measures Which Could Encourage Greater Land Mobility/Land Consolidation (n=151)**

Main Suggestions	%
Don't know	33.1
Difficult to break attachment to land/No measures will work	23.8
Reduced fees/costs for transfer	17.2
Incentive schemes	13.9
Cheaper land prices/rents	6.6

## **5.2 Research Focus Groups**

The focus group meetings were undertaken to complement the survey data. In particular, these meetings were intended to get a further insight into the thinking of older farmers and those who represent them. Some of the key issues raised are presented in this section. The information provided is an account of the consultations and therefore some of the comments may be contradictory and equally may not be considered realistic or practical (particularly in the current economic climate). However, it provides an insight into the views of farm families. An overall assessment of the comments will be made in the conclusions section.

### **5.2.1 General Succession Challenges**

A challenge in addressing the issue of succession is the long pattern of later transfer of land in Ireland, traditionally only passing on death. However, while many farms transfer before death, the age at which farmers received management control and ownership of the family farm has generally been late. This impacts on current transfer decisions as the owners may themselves only have owned the farm for a short period. Typically even in progressive and forward thinking farm households, the farm may at the earliest be transferred at or around the time of marriage (of successors) and hence the average span of ownership may be loosely correlated to the age at which farmers have their first child (e.g. possibly 25 years or in the range of 20-30 years). While this may be a crude and inaccurate measure, it serves to explain somewhat the reluctance to transfer land early. It highlights the reality that the majority of young farmers who are seeking land as an access point into farming or as a development route, may need to look beyond the family farm (initially at least). However, it was considered that if farmers wait until aged 66 or over to transfer the farm (increasing to 68 years in the future), then it would be too late for many of the next generation who would already be in their 40's before gaining management control and ownership of the farm.

### **5.2.2 CAP Payments and Reforms**

The introduction of the CAP direct payments was perceived as having both a positive and negative impact on land mobility. Some farmers activated their entitlements and subsequently ceased farming and transferred their farm to family or entered long-term leases. However, the prospect of future payments are also a deterrent to transfer at the moment as many farmers are awaiting the outcomes of the next CAP reform negotiations and the impact on direct payments before they make decisions on the future. There is a fear of taking any action which may impact on the receipt of future payments. Within families, it was considered that if the proposed 25% additional payments for young farmers were implemented, it may encourage earlier transfer. Some focus group participants suggested that setting minimum levels of farming activity for the receipt of direct payments could encourage older farmers to consider their options more closely.



### **5.2.3 Income Pressures**

The land ownership issue and transfer are compounded by the inability of the majority of farms to support two families (different generations). Indeed the majority of farms are not generating adequate income for one family. Coupled with the fact that grandparents may also require support, it highlights a significant income problem. Therefore, in the absence of other sources of income (for one or both generations), it is becoming impossible to contemplate farm transfer in advance of the older farmer reaching retirement age (qualification for state pension) and even then, it may depend on the extent to which they can survive financially independent of the farm. The fear of marriage breakdown and separation and the possible impact on the family farm are also of concern to farm families.

Another factor which was identified as impacting on farm transfer was the decline in the value of private pensions which may be deterring older farmers from retiring at an earlier age. The scale of income to be potentially derived from private pensions may not be as significant as expected and therefore, farm families may have less financial security. The Farm Retirement Scheme was considered as very worthwhile in encouraging land mobility and in bridging the income gap within farm families. A similar scheme was considered as having benefits in the current climate of delayed transfer. If older farmers are to be encouraged to transfer earlier, there was a need to bridge the gap until they were entitled to the state pension.

As a result, farm families need to be encouraged to consider new or diversified enterprises to increase the income earning potential of the farm and facilitate the entry of a young person/family. Farm partnerships may provide a mechanism for transition within families but are dependent on the income earning potential being sufficient to support more than one family. If young farmers were able to gain access to other assets by way of partnerships outside the family, it could provide them with the opportunity to develop their own enterprises prior to taking control of the family farm.

### **5.2.3 Current Transfer Incentives**

While there is a focus on seeking possible new measures to encourage earlier transfer, it was considered as critically important to secure those currently in existence (long term leasing tax exemption and agricultural relief for Capital Acquisitions Tax). The loss of both the Scheme of Early Retirement and the Scheme of Installation Aid were perceived as not only having a financial impact but also they were very often the incentive to initiate discussion on transfer within farm families and equally for those with no successors to consider their options.

### **5.2.4 Information/Advice**

Two specific groups were identified as needing to be provided with information and advice on inheritance/succession: farm families (older and younger people); and those with no farming successors. Farm families require information and advice on their options, best practices and mechanisms to facilitate transfer. Essentially they need impartial advice on all the issues facing them from the perspective of both the younger and the older parties.



Those with no farming successors need a different type of advice on the options open to them. This would involve both explaining the options and also exploring the best options for their own situations - information on the implications of possible actions and the consequences of not taking action. If farmers without successors are to make land available for younger farmers, they need impartial advice and also an opportunity to explore their concerns.

The dearth of information and advice available on this issue has led to a reliance on solicitors and accountants for information. It was recognised that these professionals provide important guidance and service in these areas but many are not sufficiently experienced to explore all the issues around succession/inheritance (exceptions were identified such as within IFAC and other individuals/practices). There was potential for upskilling of professionals in this area.

Many older farmers are not in contact with advisory services and do not attend public meetings, therefore other efforts will have to be pursued. Suggestions included:

- Regular features in the *Irish Farmers Journal* and other publications on land mobility;
- Information circulated through IFA branch network/meetings;
- Production of a guide to succession and inheritance (IFA/Macra na Feirme);
  - Provide farmers with information but also a guide to the issues they need to address and the questions that they need to ask of themselves, others and professionals;
- Information to professionals (solicitors and accountants) to upskill them on the issues (possible Skillnets type programme); and
- A series of public meetings with follow-up advice.

#### **5.2.5 Tax Exemption for Long Term Leasing**

The tax exemption for long term leasing was considered to be very worthwhile and an important incentive. However, the perception was that the level of uptake on long-term leasing tax exemption was low. Some of the farmers considered that the benefit should be applied to internal family leasing arrangements, however, others disagreed and believed that such a move could ultimately result in later transfers to young farmers.

One of the challenges in encouraging greater uptake of long term leasing is convincing older farmers of the merits of long-term leasing. There is a high level of mistrust and scepticism about entering into long-term leasing arrangements which is compounded by the attachment to short-term 11 month agreements. There is a belief that short-term renting provides the opportunity to benefit from higher rental levels if the market increases and also less fear that the farmer leasing the land can cause damage or default on payment. Generally, the rate of payment for short-term rentals and the price fluctuations have deterred older farmers from entering long term leases. The scepticism about leasing could be addressed by young farmers demonstrating and proving to older farmers that they are worthy of consideration for long-term leases. The benefits of having a proper lease agreement (e.g. IFA Masterlease) need to be highlighted and explained including the protections that can be built in for the land owner such as rent reviews and mediation.

Many farmers have simply not compared the financial benefits of leasing compared to continuing to farm at a low level of intensity and claiming the CAP payments. Leasing may be more financially rewarding and certainly less demanding.

Leasing was also considered as having potential as a transitional arrangement between generations within families which would allow for the building of trust and confidence between generations and also allow time for the addressing of social issues that parents have concerns about i.e. separation and marriage breakdown. However, there were concerns about: the ability of young people to afford to take on leases; the consequences for young people in accessing finance in the absence of owned land; and the possibility that it could further delay actual transfer.

#### **5.2.6 Communication Within The Farm Family**

The first step in farm transfer, inheritance and succession within a farm family is getting the older and younger generations to actually start the discussion about the issues. In the past this would just have involved the parent(s) and the successor but now is also likely to involve other family members. Generally there is no succession plan within the family and the issue is addressed at some critical stage in the family cycle, sometimes planned at a particular age or point in time (parent reaching retirement, marriage of younger person) but often it can be at a point of crisis (illness, death). Very often, it can be difficult for the young person to raise the issue if the parent is not receptive to discussion or planning for the future. Equally where there is no obvious successor, the younger generation may be happy to postpone decisions, therefore it can be a source of irritation, concern and worry for one or both generations. Issues such as emotional attachment to the land, concerns about future direction of the farm, possible relationship breakdown/separation, income insecurities and other issues need to be openly discussed. The retirement and installation aid schemes provided an opportunity to stimulate discussion on options in the past, even if only because critical dates for application were nearing (retirement age or limit for receipt of installation aid).

There is a need to encourage farmers and the wider family to start thinking about retirement, transfer and inheritance long in advance of it actually happening in order for an opportunity to consider all options and to decide on the best option for themselves, the potential (successor if any) and other family members. Farm families need to be encouraged to make provision for retirement earlier in life, greater financial planning for retirement will facilitate easier transitions. Once communication starts it is important that adequate information and advice is available to families on all the issues relating to succession and inheritance, however at the moment, this is lacking.

#### **5.2.7 Concept of Retired Farmer**

A further challenge in encouraging older farmers to consider their options is the fact that the concept of a '*retired farmer*' has a low level of acceptance within the farming community. Therefore, many farmers cannot envisage what they might do if they '*step back*' from full-time active farming and cannot perceive a role for themselves. In all other careers, people step back (even if they do not fully retire) from their job at some stage, this

concept needs to be promoted among farmers, not just as a mechanism to get them to transfer to younger farmers but as an opportunity for them to *'take stock'* and consider if they need to continue to work as hard. Other careers also prepare for retirement and encourage people to engage in retirement planning, however, there is no such preparation for farmers and therefore the advent of retirement or transfer of ownership and management control can be a *'culture shock'*. While there is a natural gradual progression and transition in roles within some families, this is not always the case. For many farmers, farming is not only their profession, it is their lifestyle, past-time and social outlet. Therefore, some can feel reluctant to let that go.

Many older farmers are now *'fit and active'* despite advancing years and are not ready for full retirement as they may have *'nothing else to do'*. Within families this can be addressed by an ongoing involvement in the family farm, however for those without family successors, it may be the factor which is hampering land mobility as farmers stay farming until they are physically unable to continue because they don't know what else they could do. There is a need to develop social networks and activities for older and retired farmers which can help to fill the void of active farming and involve them in other activities.



# Macra na Feirme

## **6. RESEARCH CONCLUSIONS**

The research collated the views of a wide cross section of farmers aged over 50 years with and without identified farming successors. The information presented in this report provides an insight into their plans and concerns regarding succession and inheritance. This section contains some of the key conclusions to be drawn from the research findings.

### **Lack of Successors**

The fact that almost half of the farmers aged over 50 years did not have a farming successor is a significant finding and an issue of concern not only for those farmers but for the agricultural sector in general. While there is an argument that 50 years is a quite young for a base figure and that decisions may not yet be made, it is nonetheless significant. It highlights a number of issues which need to be addressed: information and advice is required on succession/inheritance/transfer; options need to be explored for those without farming successors; and information may also need to be targeted at non-farmers who inherit land and are uncertain of their options.

### **Late Transfer**

There is a carry-over tradition of late transfer (following on from transfers mainly at the time of death in the past) within farm families which impacts on current and future transfer patterns. The difficulty within farm families is that young people are eager to gain access to the family farm while the landowners may only have ownership for a short period themselves and therefore wish to hold onto land for a longer period. It may be necessary for young people to look outside the family farm for their initial entry point into farming (renting, leasing, partnerships etc.).

### **Information and Advice**

There appears to be a significant void in the provision of advice and information on succession and inheritance and decisions are being made without a wide range of supports. The issue is not the actual professional services provided by solicitors, accountants and consultants/advisors but the gap is most critical in the step before the services provided by solicitors or accountants, it is in the general discussion on options and approaches. Farm families are generally not good at discussing the future intentions for the farm and they need to be encouraged to do so. The retirement and installation aid schemes provided an incentive to start the discussion and explore transfer in the past. However, farmers themselves are not aware of the necessity for supports in this area and consider that they can sort it out themselves. The decline in the number of Teagasc advisors and the demands on advisors time may have resulted in the focus being placed on day-to-day farm management issues and less opportunity for farmers to seek and receive guidance on long-term issues (succession, inheritance and retirement planning). Enhanced information and support services could lead to better decision making, more timely decisions and ultimately better results for everyone both within the family (landowner, successor and other family members) and without (potential farmers accessing land).



Information needs not only to be provided to those contemplating and in the process of organising a transfer but also to those who have not yet started to consider their options. General information could make them aware of the options for them and give them time to consider what might be best for them now and for the future.

### **Succession Decisions**

There is still a desire for the land to primarily remain in the family and if possible farmed by the family. This indicates that the attachment to the farm and the importance of '*handing it on*' to the next generation remain important for farm families. However, there is still a very low level of anticipated transfer to daughters. While some may take this as an indication of a continuing of old attitudes towards the son inheriting the farm, it may also reflect the reality that parents are concerned about the suitability of farming as a career for their daughters (especially due to the physical nature of the work).

Farm families appear to generally leave the decision with regard to considering farming as a career to their children to make with twice as many remaining neutral than those who were providing encouragement. While it would not be fair to provide children with unfair expectations about the farm, if families want their children to be interested in the farm, they need to encourage them to consider farming as a career option (even if that option is part-time).

There is also a significant proportion of those identified as farming successors who have no agricultural training indicating a large proportion of future landowners who will not have important training and education.

### **Succession Concerns**

Concerns about the impact on the farm if the marriages/relationships of children (successors) break down appear to be a considerable issue when talking to farmers but the evidence from the survey does not support this view. Therefore, it is possible that the issue is a general concern for farm families and a fear for them, but when they actually come to a stage of making decisions on succession/inheritance, it is not an actual deterrent to transfer. The fear probably remains for parents but they also realise that they will need to transfer to the next generation at some stage.

However, this issue may be part of the reason why land owners may hold onto the farm longer, ultimately delaying transfer which can have a significant impact on the younger farmer. The fact that a significant proportion of farmers who have a farming successor identified intend to transfer their farm in their will indicates that potential inheritors are uncertain about their future as farmers. These farmers will need encouragement to consider the best options for both themselves and the next generation. In the absence of an actual transfer, farmers who intend to hold onto ownership until death should be encouraged to consider options which would give management control to the successor at an earlier stage.



### **Consideration of Options for Retirement**

It is obvious that many farmers without farming successors are most likely to consider changing enterprises, reducing the intensity or persuading family/neighbours to help out which essentially are short-term coping mechanisms rather than long-term decisions. However, significant proportions would consider long and short-term renting. Therefore these are viable options for them, however, they need to be convinced about these options and see that they could work for them. It is interesting to note that despite the attachment to the land, 28% of those without farming successors would consider selling some or part of the farm in the future.

### **Impact of CAP Payments on Land Mobility**

While CAP payments focus on active farmers, this can be both a positive and negative factor for land mobility. By limiting the payments to active farmers, this can provide access for young farmers to payments, however, it can also serve to deter older farmers from ceasing farming as it could result in a loss of payments. Currently with the negotiations ongoing on the next phase of CAP reform and agreement on future payments, many older farmers appear to be cautious about making decisions which may impact on their future income potential. It is important that once the payment regime is agreed that the options for older farmers are clearly outlined and the arguments for stepping back from full-time farming presented to them so that they can make informed decisions which would benefit both them and younger farmers.

### **Income Concerns**

Farm families need to consider other income earning options as a mechanism for involving younger farmers in the farm business. On the small number of farms which have the income capacity to support more than one family, this is not a problem but for the majority of farm families, this is not possible and therefore income is a deterrent to earlier involvement and transfer. Families should be exploring collectively how another income earning enterprise could bridge the financial gap.

### **Maintenance of Supports for Succession**

While the loss of the Installation Aid and Farm Retirement schemes was a negative development, other measures contribute to encouraging and supporting farm families in succession and it is important that these are maintained. Farm families would like to see the re-introduction of a retirement type scheme but this would appear unrealistic in the current climate.

### **Awareness of Leasing Tax Exemption**

There is a low level of awareness of the tax exemption for long-term leasing. While the exemption is only available outside of the immediate family, it offers considerable potential to farmers particularly those without farming successors. An information campaign in this area could have a benefit to encouraging greater uptake.

### **Concept of Retirement**

Many farmers have not endorsed the concept of retirement and therefore do not contemplate what they would do if they ceased farming. There are benefits to older farmers, younger farmers, other family members (especially spouses) and the wider agricultural sector and the economy from retirement. It is not about telling farmers that they must stop farming at a particular age or stage but encouraging them to look at their options and giving them the opportunity to wind down if they wish.

While the issue of having adequate income is critically important in the succession decision, many farmers will not require an income from the farm once they decide to actually retire. However, possibly a big issue for them regarding the decision on when to stop farming is the social and activity issue, farming is their main activity/hobby and social interaction. Therefore, it is a major concern for many farmers, that they will have nothing else to do once they stop farming. However, there remains a significant proportion who do not want to retire. This needs to be considered in the development of options for those older farmers who wish to retain a level of farming activity (both within families and without).

### **Pensions and Wills**

There is a considerable information gap among farmers on the recent changes in pensions. While these changes are not immediately impacting on the farmers, it is important that provision is made for the fact that the minimum state pension age is increasing in the future.

While a significant proportion of farmers had made a will and considered their intentions for the future, it is important to encourage all farmers to consider their options and set out their intentions in a will. Farmers need to seek advice on all aspects to be considered for inclusion in the will especially issues such as payment entitlements which traditionally would not have been a feature of the farm but are now a key element of the farm asset.

Macra na Feirme

## 7. RECOMMENDATIONS

The issues and challenges regarding land mobility and succession have been documented in this report. This section contains recommendations which could help to address the issues identified. The recommendations will require actions at a number of levels and buy-in from a wide range of stakeholders. Macra na Feirme and the other partners may develop further recommendations from their own review of the research findings and their perspective on addressing the challenges. However, the most important recommendation is that action is taken to address the issues identified in the report.

### Information Provision

The most critical area that needs to be addressed in order to promote land mobility and succession is that of information provision (at a number of levels). A range of recommendations are made:

- Develop a comprehensive information guide on succession and land mobility options which addresses general succession issues but focuses primarily on the options for those who do not have a farming successor. The guide should include information on the relevant regulations, incentives and taxation measures which apply at this time. It should also describe the steps involved in making decisions on the future and the support services available to assist in decision making. In order to ensure that the guide conveys the information in a practical format which appeals to as wide a range of farmers as possible, a selection of real farm case studies should be included to highlight the options being pursued and also the process followed in making a decision and implementing their plans. This guide should be made widely available to farm families.
- Utilise the launch and circulation of the guide as an opportunity to generate discussion on the issue of succession and land mobility. Localised events could be organised (in conjunction with Teagasc and the ACA) as a method of informing farm families (e.g. debate on the issues from a young and older farmer perspective) and allowing for interactive discussion. These should be small scale meetings which encourage discussion rather than large scale seminars. The farm organisations, Teagasc and agricultural consultants should play a key role in the circulation of the information guide.
- Encourage the farming media to include regular or ongoing features on land mobility and succession including: awareness articles on different scenarios; highlighting problems and addressing solutions; highlighting the costs involved; exploring tax scenarios; and highlighting real family case studies. The farming media plays an important information provision role for farm families, the importance of which increases for those farmers who are not actively involved in farm organisations or in regular contact with advisory services.
- Develop a specific and targeted information programme for professionals who provide support, advice and services to farm families (e.g. solicitors, accountants, advisors/consultants). The programme should provide up-to-date information to the

professionals and create a wider awareness of the range of options available to farm families. A more intensive upskilling programme should also be considered for those who require a greater level of skills and knowledge in this area. Such a programme would require the participation of a wide range of stakeholders both within and without the agricultural sector.

- Consider for inclusion in the next Rural Development Programme, the provision of a specific measure for advisory support to farm families at and around the time of transfer/retirement from active farming. The focus of the support should be on encouraging and promoting land mobility and the timely transfer of farm land to the next generation (both within and without the immediate family). The support should be specifically targeted at advisory and information support and not addressing the costs of transfer. (Similar in concept to the DEP programme which was aimed at encouraging dairy farmers to adopt the best practices for efficient production, this support is aimed at encouraging best practice in land transfer).
- Focus an information strategy and campaign on encouraging discussion (and in particular more timely discussion) and consideration of the options for the future and decision making. Particular effort will be required to reach farmers who may not have family successors and who may not have regular contact with advisory services. These farmers may not seek out information and in the absence of advice may feel they have no other option but to continue as they are. A further group to target are non-farming inheritors who may not be aware of the options open to them and in particular of the most profitable options available and how to access them.
- Create greater awareness of the incentives which are currently available e.g. tax exemption on leasing, CAT reliefs etc. and the benefits and implications of availing of them. Similarly greater awareness is required on the changes in state pensions and the implications for farmers in the future.

#### **Maintenance of Existing Supports**

- The restoration of retirement and installation aid schemes would be worthy of consideration as mechanisms to encourage land mobility, however, in the current economic climate they are unlikely but should be considered for the future. It is critically important that the current measures which support and encourage succession and land mobility are maintained and protected for the future.

#### **Diversification of the Income Base**

- Encourage farmers especially those who are trying to actively involve a younger person in the farm business, to explore more options for enhancing the farm income in order to facilitate the supporting of two generations from the farm business. Rather than viewed as an alternative, diversification of the income base should be seen as a mechanism to facilitate entry into, establishment and progressive transfer.



### **Promote Long Term Leasing**

- Undertake particular efforts to encourage those without farming successors to consider the merits of long-term leasing. This should involve encouraging the uptake of the long-term leasing tax exemption as opposed to persisting with short-term rentals. Confidence needs to be built in the values of long-term leasing and efforts may also be required from those entering the leases to build the trust of the land owners e.g. more frequent payments, quarterly or monthly direct payments into the owners bank account (if appropriate). Landowners also need education and preparation in advance of renting/leasing out land: establishing their priorities; seeking the correct tenant; considering whether they want an active (ongoing development and maintenance of the farm) or a passive tenant; type of contact with the tenant (limited or high level); and extent to which price is a priority in their decision.

### **Role of Young Farmers**

- Young farmers need to demonstrate to older land owners that they are worthy of consideration for land succession by way of leasing, partnerships or other mechanisms. This will involve the building of trust and the proving of their worth as farmers and most particularly as protectors of the valuable land asset that they seek from older farmers. In the pitching of ideas to older farmers, it is critically important that younger farmers respect the views, desires and concerns of older farmers. In addition young farmers need to explore the options and provide new proposals which address the fears and concerns of older landowners.

### **New Models of Collaboration**

- Develop and consider models of collaboration where the older farmer retains a certain level of farming activity while involving a younger farmer. Partnership type arrangements where the input of the younger farmer increases over time and the input of the older farmer decreases may be worthwhile. There could be a transitional phase which evolves from a partnership to a long-term lease over time. This would allow for the building of trust over time. In particular, there is a need to explore incentives which could encourage farmers to move from short-term informal arrangements into long-term formal leases.

### **Encourage Farming as a Career**

- Provide encouragement (especially from parents) to young people (children and others) to consider a career in agriculture by making them aware of the opportunities and the challenges. In the event of a young person expressing an interest in the farm, they should be encouraged to undertake an agricultural course (even if their intention is to farm part-time) which will better equip them with the necessary information and skills.



### **Promote Concept of Retirement**

- Develop and promote a culture (all stakeholders) within the sector which accepts, embraces and encourages the concept of a '*retired farmer*'. Not all farmers want to retire but for those who are contemplating it, they should be encouraged.

### **Retirement Planning**

- Encourage farmers to plan for retirement or for '*winding down*' from high level farming activity. This may not be accepted by all farmers but for those who intend to cut back on their farming activity at some stage, they need guidance on this. Retirement planning should include the farm, financial and legal aspects as highlighted in earlier recommendations but also the time and social aspects. Farmers need to plan for how they will use their time when they are not farming at the same level, explore social activities and involvement in other aspects of the community. Farm organisations should explore areas/approaches which would encourage older farmers to engage in more social activities and interaction. Models on retirement planning could be adopted from other sectors.

### **Brokerage Service**

- A brokerage type service may be worthwhile to match those farmers who are considering '*winding down*' or '*retiring*' with those who are '*scaling up*' or '*entering*' farming. Such a service is worthy of consideration but could only be successful after an intensive information campaign which generates interest among older farmers in exploring their succession/ land mobility options.

### **Future Policies**

- Stakeholders must consider the extent to which they seek to encourage succession and greater land mobility. If policies which more forcibly encourage the movement of land to a younger more productive generation are desired, then steps may need to be taken to pursue this such as: higher minimum stocking rates for the retention of direct payments; or restriction of state pension payments to those who have transferred the land or ceased active farming (as is the case in some EU member states).

### **Working Group**

- These recommendations are wide ranging and contain both short-term and long-term actions. However, the challenge is to achieve tangible improvements in land mobility. The recommendations will require the active involvement of a range of stakeholders. In order to ensure that the recommendations are addressed, a working group should be established to seek buy-in (from stakeholders), implementation and review progress. Macra na Feirme should initiate and lead the working group.

# Appendix 1

## Macra na Feirme, Irish Farmers Association & Irish Farmers Journal Land Mobility and Succession in Ireland Survey Questionnaire

Survey No: \_\_\_\_\_ Interviewer: \_\_\_\_\_ Date: \_\_\_\_\_

### Preliminary Question:

**Are you the land owner (farming or land rented out but not transferred)?**

**Must be Yes to continue - Spouse/partner of land owner also acceptable**

1. Have you identified a **farming successor** for your farm? Yes ☐ No ☐  
*(possibly or uncertain should be included as no)*  
 a. If no, have you a reason for not doing so yet?

---



---

**IF YES, CONTINUE WITH Q.2 AND END AFTER Q.20,**

**IF NO, GO TO Q. 10**

2. Is the successor aware of your intentions? Yes ☐ No ☐
3. What age is the successor? \_\_\_\_\_
4. Gender of successor? Male ☐ Female ☐
5. Relationship: Child ☐ Spouse/Partner ☐ Brother/Sister ☐  
Nephew/Niece ☐ Other Family ☐ Non-Family ☐
6. Does the successor have a formal agricultural qualification? Yes ☐ No ☐ Currently Undertaking ☐
7. Do you expect them to farm? Full-time ☐ Part-time ☐ Uncertain ☐
8. Have you any concerns/fears about your decision to transfer to your successor in the future?

---



---

9. How do you envisage succession occurring? [✓]
- a. Formal partnership arrangement followed by full succession \_\_\_\_\_
- b. Formal lease with an option to sell at a later stage \_\_\_\_\_
- c. Part transfer followed by remainder at a later stage \_\_\_\_\_
- d. Life-time transfer in the future \_\_\_\_\_
- e. Transfer in your will \_\_\_\_\_
- f. Sale to successor \_\_\_\_\_
- g. Other (specify) \_\_\_\_\_

### Characteristics of the Respondent

10. Gender Male      Female
11. Age 50-60      60-70      70+
12. Marital Status Married      Widowed      Single      Other
13. Children None      Adult      Under 18
14. Do you or your partner/spouse have an off-farm job/run another enterprise?  
You      Spouse/Partner      Both      None
15. Area Owned (acres) \_\_\_\_\_ Area Farmed \_\_\_\_\_
16. Who undertakes the main work on the farm?  
You      Spouse/Partner      Successor  
Other Family      Paid Non-Family      Rented Out
17. Are you aware that if you were born after 1 January 1955, the minimum age for a State Pension will be 67 and if born after 1 January 1961, it will be 68?  
Yes      No      Vaguely
18. Have you made a will? Yes      No

### Available from IFA Database – Include Details from Database

19. County \_\_\_\_\_
20. Main Farm Enterprise \_\_\_\_\_

## ***For those who do not have an identified farming successor***

### ***Future Desires and Needs***

21. How important is it to you personally that your farm: [✓]

	<b>Not important</b>	<b>Neither Unimportant/Important</b>	<b>Important</b>
Stays in family ownership			
Stays farmed by the family			
Stays in your family name			

22. When you can no longer farm yourself, do you need to continue to earn an income from the farm? Yes No Possibly

23. Would you like to totally retire from 'active farming' at some stage in the future? Yes No Possibly

a. If no, why not?

---

---

b. If yes/possibly, what needs to happen to allow you to retire from 'active farming'?

---

---

24. If you have children (Q.13), have you encouraged them to take over the farm?

Actively encourage

Neither

Actively Discourage

a. If discourage or neither, why did you not encourage them?

---

---

### ***Fears and Concerns about Succession and the Future***

25. What concerns/worries have you about the succession/inheritance of your farm?

---

---

26. Have you got advice/information on succession/inheritance?

Yes

No

Informally

a. If yes/informally, who did you get information/advice from? [✓]

Family Members		Friends/Other Family	
Advisor/Consultant		Accountant	
Solicitor		Farm Organisations	

Public Meetings		List any others	
-----------------	--	-----------------	--

27. Would you be interested in:

a. Succession/inheritance planning advisory service?

Yes No Possibly

b. Pre-retirement or succession/inheritance course?

Yes No Possibly

### **Future Plans and Intentions**

28. If you plan to retire in the future, what sources of income will you have? [✓]

State Pension		Private Pension	
Other Financial Investments		Savings	
Farm Rental Income		Other	

### **Ideas which may appeal to older farmers to reduce the level of input and options to transfer land (temporarily or permanently)**

29. As you get older and unable to farm at the same level as now, are you most likely to?

Comment on the options which you would not consider:

Option	Select [✓]	Comment
Pay labour/contractors to farm for you		
Persuade family/neighbours to help out		
Reduce intensity and activity		
Change enterprise type		
Stop Farming & Sell		
Stop Farming & Rent – Short-term		
Stop Farming & Lease – Long-term		
Explore Partnership/ Sharefarming		
Employ Farm Manager		
Plant it – Forestry		
Other		



**Supports to Encourage Land Mobility**

30. Are you aware of the tax exemptions available for long term leasing (max €12,000 for 5-7 year lease, max €20,000 for 10 year lease)?

Yes

No

Heard of but uncertain of details

a. Have you explored or are you interested in this option?

Yes

No

Possibly

b. What prevented you or would prevent you from availing of this incentive?

---

---

31. What measures could be provided to encourage/promote succession/inheritance?

---

---

---

32. How could we encourage greater land mobility/land consolidation?

---

---

---

Record name and contact details, if interested in attending a focus group meeting in October to discuss this issue further?

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Contact No. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Thank You for your Cooperation**

**Appendix 2**  
**Additional Research Findings**

**Table 15 Location of Respondents to the Land Mobility Survey (n=421)**

<b>County</b>	<b>%</b>
<b>Carlow</b>	2.6
<b>Cavan</b>	5.7
<b>Clare</b>	7.1
<b>Cork</b>	8.3
<b>Donegal</b>	4
<b>Dublin</b>	1.7
<b>Galway</b>	9.7
<b>Kerry</b>	6.4
<b>Kildare</b>	0.2
<b>Kilkenny</b>	3.6
<b>Laois</b>	2.1
<b>Leitrim</b>	1.9
<b>Limerick</b>	3.6
<b>Longford</b>	1.9
<b>Louth</b>	2.1
<b>Mayo</b>	7.8
<b>Meath</b>	2.1
<b>Monaghan</b>	2.1
<b>Offaly</b>	1
<b>Roscommon</b>	3.8
<b>Sligo</b>	2.6
<b>Tipperary</b>	6.7
<b>Waterford</b>	3.1
<b>Westmeath</b>	2.4
<b>Wexford</b>	5.7
<b>Wicklow</b>	1.7