The Australian dairy industry has developed the **Share Dairy Farming in Australia - Model Code of Practice with guidelines and tools** for assessing and establishing share farming arrangements.

The best agreements are always the ones that are prepared to suit each farm situation.

1. Check if the arrangement is fair and affordable for all parties, using the Fairness and Affordability **Calculator**
2. Assess the arrangement from a legal perspective, using the **Test Guide** tool
3. Use this **Checklist** to discuss the key factors in the arrangement
4. Then prepare a draft with the Model share dairy farming **Agreement**

This **Checklist** can be used as a starting point for discussion of the elements that should be considered in a share farming arrangement. It can be used to review a current arrangement or to build a new one.

The basis of all good share dairy farming arrangements is mutual trust, respect and an understanding of each other’s responsibilities with incentive to develop the total enterprise. Good communication and a common ‘farming philosophy’ are very important.

It is recommended that the parties **work with a dairy adviser** for these steps to develop their Agreement and then get it checked by an accountant and solicitor.

For more information and to download the latest version of the Code and this **Checklist**, visit [www.thepeopleindairy.org.au/sharefarming](http://www.thepeopleindairy.org.au/sharefarming)

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| --- |
| **PARTIES TO THE AGREEMENT** |
| **Owner** |  |
| ABN |  |
| ACN *(if relevant)* |  |
| **Share farmer** |  |
| ABN |  |
| ACN *(if relevant)* |  |

| ISSUE TO BE ADDRESSED | DETAILS / WHAT WE AGREE |
| --- | --- |
| 1. **Area to be farmed**

**Description of Land**. Is there clear identification of the land in the share farming agreement? Have you agreed on the availability of farm buildings, structure and improvements on the property? | Property name is: Location is: Land Titles identification numbers and areas: Dairy area (includes dairy, sheds and house) is hectares *(or acres)* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Non-milking area is \_\_\_\_\_\_\_\_\_\_ hectares (acres).Turnout area is \_\_\_\_\_\_\_\_\_ hectares (acres) Excluded structures  |
| 1. **Water Assets**

**Description of Water Assets.** Is there clear identification of the water in the share farming agreement?*Note: various water products are available in different regions. Discuss the products relevant to your region / situation.* | Delivery Shares attached to the property are MLThe Annual Use Limit for the property (as outlined in the Water Use Licence) is MLThe Annual Delivery Allowance (entitlement before incurring higher delivery charges) for the property is MLHigh Reliability Water Shares included in this arrangement are MLLow Reliability Water Shares included in this arrangement are MLRiver Diversion Water included in this arrangement is MLDeep Lead Bore Water included in this arrangement is MLShallow Bore Water included in this arrangement is MLDrainage Diversion Water included in this arrangement is ML |
| 1. **Term of the agreement**

Have you fixed the **term of the agreement?**Have you set a time frame for removal of sharefarmer’s stock, plant and equipment at expiration of the agreement?Have you discussed a reasonable time period for the sharefarmer to relocate if the agreement terminates before the completion date? | Starting date:Completion date:Date for each party to indicate their intentions re a further period:Removal date*(if the agreement is not renewed*):Time to relocate *(if the agreement terminates before completion date)*:  |
| 1. **Property income & expenses**

Have you calculated anticipated returns jointly?Have you jointly completed a table of projected income and expenses?Have you modelled the effect of extremes in price and seasonal variation?Have you agreed on cost sharing arrangements?Have you agreed on accounting responsibilities, including accounts reconciliations, and payments to suppliers, including credit terms?Which businesses do you each usually deal with?Who decides which dairy company you will supply milk to?*It is usual for the dairy company to pay the share farmer direct for their agreed percentage of the gross milk proceeds.* | Historical farm profit & loss figures reviewed *(date)* Table of projected income & expenses prepared *(date)* % share of income agreed *(date)* Owner share \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_% Sharefarmer share \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_%*Ensure returns on labour and capital are fair.*Modelling viewed and agreed *(date)* % share of costs table prepared *(date)* Credit terms for creditorsList of business (and contractors) Whose decision? Dairy company / factory to be supplied Milk factory deduction authority completed *(date)*  |
| 1. **Joint inspection.**

Have you conducted a **joint inspection** of the property and infrastructure?What is the condition of the land assets, including roads, tracks, fences, water, irrigation channels, all infrastructure, weeds and general state of pastures?Have you agreed on **provision of assets** by the two parties? Including vehicles, major plant items, age and condition?Have you noted **any WH&S issues**?Have you reached agreement on adequate (industry-agreed requirements) for water supply and reticulation for household, stock and dairy use. This includes all necessary motors, pumps, piping and ball floats?Has the **milking plant** been recently tested and approved by a competent technician? Have you checked the hot water supply, effluent system, feeding system, computer system and capacity of refrigerated vat(s)?Are any **capital works** required?*Note: Photographs can be a useful record.**Reference to the Food Safety Plan may assist as many of these issues are detailed there. A checklist for Work Health & Safety issues can be found at* [*www.thepeopleindairy.org.au*](http://www.thepeopleindairy.org.au) | Date first inspected Final inspection date *(prior to signing agreement)* List of major plant items, age and condition Land assets & infrastructure condition report (date) Infrastructure condition report completed (date)Asset register completed – landowner (date)Asset register completed – share farmer (date)OH&S report completed (date)Water sources report and allocation thereof completed (date) Milking plant report sighted (date)Hot water supply details Refrigerated vat capacity Capital works to be undertaken by owner prior to and during the agreement period Capital works to be undertaken by share farmer during the agreement period  |
| 1. **Livestock**

Have you looked at historical production data?Have you discussed **herd numbers?**Have you agreed on the numbers and breed of livestock to be provided solely for this agreement? Have you ensured the livestock to be provided by the parties are in good health and their notifiable disease status is declared?Have you discussed your approach to **animal handling** and the industry animal welfare code?How will dead stock be managed? | Farm productivity and milk production history reviewed *(date)* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_The Share Farmer acknowledges that the farm has been developed to milk \_\_\_\_\_\_\_\_\_\_ cows of\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ breed.Owner numbers: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ OR \_\_\_\_\_\_\_(min) \_\_\_\_\_\_\_(max)Share Farmer numbers: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ OR \_\_\_\_\_\_\_(min) \_\_\_\_\_\_\_(max)Owner’s livestock inspected (date) Notification sighted (date) Share Farmer’s livestock inspected (date) Notification sighted (date) Animal handling and dead stock management discussed (date) |
| 1. **Termination provisions.**

Have you agreed on **termination provisions?***Your adviser/s can provide standard clauses which protect both parties.* | Termination in the event of death or permanent disability.If the Share Farmer is a partnership, can the remaining partner continue?Sale of the farm.Termination for breach.  |
| 1. **House.**

Does the agreement provide a house for the Share Farmer? *In some States, residential tenancy laws will apply.* | Date of residential tenancy agreement: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ORDate house inspected:Condition report agreed & completed : |
| 1. **Fertiliser application.**

Have you looked at historical soil test data?Have you reached agreement on **fertiliser type and minimum spread?**What evidence does the owner require of fertiliser application? | Farm soil fertility test history reviewed *(date)* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_The sharefarmer will apply a minimum application of fertiliser annually as follows:Milking area (\_\_\_ ha): N \_\_\_P \_\_\_K \_\_\_S (or equivalent of approved super potash mix)Non-milking area (\_\_\_ ha): N\_\_\_P \_\_\_K \_\_\_S (or equivalent of approved super potash mix)Evidence to be provided  |
| 1. **Repairs and Maintenance.**

Have you agreed on responsibility for general repairs and maintenance?Who’s responsible for repairs to major plant and equipment?Have you reached agreement for repair and / or replacement of major plant & equipment?*If an item is deemed beyond repair by an independent technician, and if there has been no negligence by the share farmer, it is generally the responsibility of the farm owner to replace this item to enable normal farm operations.* | Who will be responsible for general repairs and maintenance to infrastructure?Milking equipment, plant, utensils, appliances, dairy and yardsChannels, drains and irrigation structures (including all motors, pumps, piping, troughs and ball floats) Roads, tracks, fences Effluent storage and disposal system, particularly with regard to avoiding overflow of effluent intro streams Maintain buildings, structures and improvements Major plant and equipment  |
| 1. **Fodder Reserves**

Have you agreed on a minimum amount of fodder that should be on hand at all times?Have you negotiated terms for stored supplementary feed?What will you do with closing fodder stock at the end of the agreement? *It is often advisable for the share farmer to purchase all fodder at commencement. Current market values provided by independent party*.*Note: bunker stored silage can be difficult to measure.* | The minimum amount of fodder to be on hand will be\_\_\_\_\_\_ tonnes of dry matter of fodder.At the commencement date, owner is providing \_\_\_\_\_\_ tonnes of dry matter of fodder. At the termination of the agreement, the sharefarmer will leave \_\_\_\_\_\_\_\_\_\_\_ tonnes of dry matter of fodder of equivalent quality.ORAt the commencement date, sharefarmer to pay $\_\_\_\_\_\_\_\_\_\_ for \_\_\_\_\_\_\_\_\_\_ tonnes of dry matter of fodder. At termination, the owner agrees to purchase the same quantity at current market value. |
| 1. **Cropping and Sowing**

Have you agreed the maximum areas that can be cultivated and cropped and the re-sowing requirements? | Maximum area to be cultivated: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ha.Is there a requirement to re-sow perennial pasture to equivalent to start date? |
| 1. **Duties & Obligations of Share Farmer**

Has a schedule been prepared listing all the duties and obligations of the share farmer in regard to governance and observance of regulations? | The sharefarmer must (tick all applicable items):* Be responsible for milk quality assurance
* Be responsible for maintaining milking plant in a clean and hygienic condition
* Observe laws & regulations pertaining to dairy farm operations
* Control water practices and flows so as to prevent erosion or water-logging
* Observe any general prohibitions
 |
| 1. **Management & control**

Have you prepared a schedule of duties and obligations? Have you shared expectations about labour provision, especially if the share farmers are a ‘couple’? | Schedule of duties & obligations completed *(date)* *Note: If a Share Farmer has minimal control, they may be deemed to be an employee.*Agreed labour expectation – Owner = -----------------------------------------------------Agreed labour expectation – Share Farmer 1 = ---------------------------------------- Agreed labour expectation – Share Farmer 2 = ---------------------------------------- |
| Have you agreed on responsibility for: | **Owner** | **Share Farmer** | **Shared *(provide details)*** | **Details / Comments** |
| * All day to day management decisions?
 | ❑ | ❑ | ❑ |  |
| * Farm management structure – including setting farming goals & objectives?
 | ❑ | ❑ | ❑ |  |
| * Provision of labour & husbandry for farming operations?
 | ❑ | ❑ | ❑ |  |
| * Management of employed staff?
 | ❑ | ❑ | ❑ |  |
| * Herd records
 | ❑ | ❑ | ❑ |  |
| * Labour associated with farm developmental work?
 | ❑ | ❑ | ❑ |  |
| * Employment of independent contractors (e.g. AI, harvesting)?
 | ❑ | ❑ | ❑ |  |
|  | **Owner** | **Share Farmer** | **Shared *(provide details)*** | **Details / Comments** |
| * Property maintenance – routine repairs & maintenance
 | ❑ | ❑ | ❑ |  |
| * General farm presentation & standards
 | ❑ | ❑ | ❑ |  |
| * Care of land - including trees, weed & pest control, maintenance of channels, drains & irrigation structures, effluent disposal, fodder, supplementary feeding, forage crops & pasture management?
 | ❑ | ❑ | ❑ |  |
| * Herd ownership & size - including herd replacement, removal of surplus stock
 | ❑ | ❑ | ❑ |  |
| * Herd operations - including milking, mating & breeding, animal health.
 | ❑ | ❑ | ❑ |  |
| 1. **Regular meetings**

Have you scheduled regular meetings (drop in or phone) between the parties to discuss problems? These should be held at least monthly to discuss payment of shared expenses.Have you agreed on records to be provided and minute taking? | * Daily
* Weekly
* Monthly
 | Recur every 🞏 week(s) on. Minutes to be taken by Records to be provided  |
|  |  |  |
| 1. **Insurance, dispute resolution**

Have you agreed on each party’s responsibility for **insurance**? Including asset insurance, public liability, workers’ compensation and income protectionHave you included a **Dispute resolution procedure?** *See Tool 4 - Agreement* | Owners’ insurance *(provide certificate/s of currency)* Share farmer’s insurance *(provide certificate/s of currency)* Dispute resolution procedure drawn up (date) ­ |
| 1. **Other issues**
 |  |