

Cultivate



CREDIT UNION Farm Finance

Cultivate Review 2019

Farmer Friendly Finance



Highlights

- ✓ Average loan amount of €23,554 over a 5.5 year period
- ✓ Stocking and working capital is the most popular loan purpose
- ✓ 64% of loans to beef farmers compared to 26% to dairy farmers
- ✓ 84% of all farms had off-farm income

The overall story

The average Cultivate loan application in 2019 was for €23,554 given to a farmer over 5.5 years who owned a farm of circa 36 hectares and had €110,151 debt on their farm. Beef farmers were the dominant sector which accessed Cultivate loans in 2019, with dairy farmers a clear second. The most popular loans were for stocking and working capital, followed by farm buildings. The Cultivate loan is ideal for farmers who wish to:

- ✓ Buy stock in the Spring or Autumn
- ✓ Build extra bays onto their existing cattle accommodation
- ✓ Develop pasture infrastructure from reseeded to roadways and water systems
- ✓ Build a calving house
- ✓ Invest in new milking parlour equipment e.g. bulk tank
- ✓ Build a machinery shed
- ✓ Invest in an upgrade of their tractor or machinery
- ✓ Access working capital for periods when cashflow is under pressure

Overall picture

€	Average loan €23,554
€	Median loan €20,000
🕒	Average loan length 66 months
🕒	Median loan length 60 months
🏡	Average HA owned 36
🏡	Median HA owned 28
📊	Average debt €110,151
📊	Median debt €61,000
€	Off-farm income 84%

Top 7 reasons for a loan

🐄	Stocking and working capital 26%
🏠	Farm buildings 19%
🚜	Tractor 14%
🌱	Land improvements 13%
🛠️	Equipment 11%
🏡	Farm land 6%
🚗	Car/Jeep 5%

Who accessed Cultivate loans?

	Sector:
🐄	Beef 64%
🥛	Dairy 26%
🐑	Sheep 6%
🐷	Other (pigs, tillage) 4%



How do the dairy and beef sectors compare?

The average loan to a dairy farmer was €27,873 in 2019 in comparison to €21,767 for a beef farmer. This reflects the buoyancy in the dairy sector and the investment that is currently taking place on farm. Dairy farmers were also bigger land owners than beef farmers with average owned holdings of 43 HA in comparison to 33 HA for beef farmers. Dairy however had more debt, with the average debt on a dairy farm being 77% higher at €159,377 versus €90,234. The difference between dairy and beef farmers was even greater, at 98%, in relation to their most common debt level (€107,000 v €54,000). In terms of off-farm income, 90% of beef farmers have off-farm income as opposed to 67% of dairy farmers.

	Dairy 	Beef 
Average loan	€27,873	€21,767
Median loan	€25,000	€19,189
Average loan length (months)	70	64
Median loan length (months)	84	60
Average HA owned	43	33
Median HA owned	40	25
Average debt	€159,377	€90,234
Median debt	€107,000	€54,000
Dairy cows (average)	75	N/A
Suckler cows (average)	N/A	15
Off farm income (yes)	67%	90%

Loan purpose

While the top 5 uses of loans on farm are the same for both dairy and beef farmers, there is a different weighting for each type of farm. Farm buildings, equipment and land improvement account for 56% of use of funds for dairy farmers. For beef farmers it is only 37%, showing a different emphasis on farm development. Stocking loans and working capital account for a larger proportion of beef farmer requirements at 29% versus 20% for dairy farmers, highlighting the challenge of cashflow on many suckler and beef enterprises with many suckler beef businesses receiving most of their income in the last quarter of the year.

Top 5 loan purposes for dairy farmers



-  Farm buildings **22%**
-  Stocking and working capital **20%**
-  Equipment **18%**
-  Land improvements **16%**
-  Tractor **13%**

Top 5 loan purposes for beef farmers



-  Stocking and working capital **29%**
-  Farm buildings **18%**
-  Tractor **16%**
-  Land improvements **11%**
-  Equipment **8%**

About Cultivate

Cultivate is an initiative of a group of 26 Credit Unions that provides short to medium term loans built specifically for the growing needs of our farming members.



What our farmer members say?



Contact us www.cultivate-CU.ie 1800 839 999

Participating Cultivate Credit Unions

County Clare: Derg Credit Union (Scariff, Killaloe) | Ennistymon & District Credit Union (Ennistymon, Miltown Malbay, Lisdoonvarna) | Kilrush Credit Union (Kilrush, Quilty) | St Francis Credit Union (Ennis, Clarecastle, Kildysart, Kilmihil, Lissycasey, Newmarket on Fergus, Sixmilebridge, Tulla) **County Cork:** Ballincollig Credit Union | Bantry Credit Union (Bantry, Castletownbere) | Kanturk Credit Union | Mallow Credit Union (Mallow, Ballydaheen, Buttevant, Charleville, Doneraile, Millstreet) | Mitchelstown Credit Union | Synergy Credit Union (Fermoy, St Patrick's (Lower Glanmire Road, Cork), Watergrasshill) | Youghal Credit Union (Youghal, Killeagh) **County Galway:** Ballinasloe Credit Union | Gort Credit Union | Naomh Breandan Credit Union (Loughrea, Woodford) | St Jarlath's Credit Union (Tuam, Abbeyknockmoy, Corrandula, Dunmore, Headford, Mountbellew, Moylough, Turloughmore) **County Kerry:** Cara Credit Union (Tralee, Castleisland, Killorglin) | Listowel Credit Union (Listowel, Ballybunion) | Killarney Credit Union (Killarney, Cahersiveen, Kenmare) | Cois Sionna Credit Union (Tarbert) **County Kilkenny:** Thurles Credit Union (Urlingford) **County Limerick:** Cois Sionna Credit Union (Askeaton, Glin, Foynes, Kildimo, Pallaskenry, Shanagolden) | Mallow Credit Union (Broadford and Dromcollogher) | Mitchelstown Credit Union (Ballylanders, Knocklong) **County Offaly:** Birr Credit Union | Tullamore Credit Union **County Tipperary:** Borrisokane Credit Union (Borrisokane, Cloughjordan) | Nenagh Credit Union | Templemore Credit Union | Thurles Credit Union (Thurles, Killenaule) **County Waterford:** Youghal Credit Union (Ardmore) **County Westmeath:** Mullingar Credit Union (Mullingar, Castlepollard, Kinnegad, Rochfortbridge)