**Identifying Land Availability for Afforestation and Examining Constraints and Incentives to Achieving Afforestation Goals**

**Request for Submissions to COFORD Working Group**

This submission is from John Phelan of Woodland Managers Limited in a personal capacity. I wish it noted that I am a Member of the COFORD Council and as a member of this COFORD working Group attended the first meeting before asking that I be substituted due to other commitments. I believe that we are in an almost uniquely complicated national and European situation and confronting a financial and economic crisis of great magnitude. I believe this requires a focus on effort, productivity, sustainability and efficient us of resources on a hugely determined scale. I believe also that water and energy, and the cost of same, will become major issues over the next ten years and that Ireland faces an unprecedented challenge in addressing indemic unemployment, especially among what might be classed as construction / agricultural labour. Therefore very serious choices have to be made about use of capital. My understanding is that this Group is to focus primarily on the medium to longer term and the quantum leap now required to more than double annual planting. I understand the many concerns about the short term situation and there is much to be learned from looking at the downward trend but the solutions almost certainly need to be bolder than just a wishful rolling back the years.

1. **What are the main issues affecting the availability of land for afforestation?**

The question can be addressed on three levels – physical, economic and social.

1. Physical – as with other land based crops productive forestry requires reasonably fertile soils which when combined with our climate can achieve the high production necessary to sustain and grow the processing sector with the appropriate species. It appears from research and economic studies that unless the owner foregoes premium and / or contributes substantially to the planting costs that Yield Classes below 14 (for Sitka Spruce) cannot justify the level of grant and premium levels currently paid.

There is a case for looking at lower productivity soils on a catchment basis; it is unlikely, given statutory environmental requirements, and the evidence from lower productivity sites on the Western peats many of which, as I understand it, are not being reforested, that forestry on such sites would contribute significantly to production and to the forecast deficit in wood supply over the next forty years. That is not to rule these areas out as valid candidate forestry areas with appropriate objectives (understood by land owners) but I understand that the land availability study is primarily in the context of national targets which are not just hectare based but also relate to timber production volumes – in other words the hectares to be planted would have to increase very substantially if the average Yield Class dropped significantly.

It is my understanding that there is at least 500,000 hectares that is in low intensity agriculture which is capable of achieving at least Yield Class 16 (Sitka spruce) in forestry. Average farm income on much of that land is low to negative and return on capital is almost certainly universally negative.

The forecast increase in agricultural output, particularly in the dairy sector, may impact somewhat on that figure although much of the increase can come from more intensive stocking and increased yields on existing dairy units. Presumably also there will also be a focus in geographical terms in expansion of dairy output to ensure that significant fragmentation does not recur. So in relation to the physical availability of land my view is:

1. this study should, based on existing research and data, identify the land areas capable of producing Yield Class 14 or more (all Yield Class references are to Sitka Spruce) and
2. identify the area of such land likely to be impacted by statutory environmental requirements.

That “physically suitable land” (a) – (b) will then need to be adjusted for areas that are clearly advantageous in production agriculture – I presume that this can be done on the basis of Teagasc data on farm incomes / returns and so exclude, for instance, profitable dairy land.

There are, of course, other constraints at an individual holding level, such as access or even location. It should be possible to apply a factor to reduce the part of potentially available, physically suitable land to land that could be afforested. If the land has been farmed it is very likely that it can be put into forestry production. Based on experience of land acquisition I estimate that no more than 10% of land would be rejected on the basis of issues such as poor access or doubtful Rights of Way.

Having identified, to say the neared 50,000 hectares, the pool of physically suitable, and potentially available, afforestation land then it becomes necessary to consider the economic factors that would determine whether such land would indeed be afforested and then to consider social factors which might further impact on availability.

Land availability is not a new area of study but most studies have (in my view) tended to avoid or skirt around an obvious issue – the relativity between forestry income / subsidies and agricultural income / subsidies. The planting pattern illustrates it very well. From 1993 for three or four years there was a dramatic and sustained lift in afforestation levels which slowed and then reversed as soon as the REPS scheme provided a substantial income supplement for agriculture. The interaction between, and the perception about, agricultural “schemes” and forestry support remains at the heart of afforestation levels. Land owners understandably seek to maximise short term (say one to seven years) income and many farmers need the agricultural schemes just to have a basic income. At a macro level subsidies exceeded 100% of farm gate income even in recent years and even now in many cases subsidies form the greater part of, if not the entire, of farm income on many holdings. [This could come into very sharp focus sooner than anyone would wish with poor harvest, rising prices and expensive stock] I believe that there is adequate data available from a number of sources for this COFORD Working Group to be able to drill down somewhat to quantify the areas of land that are farmed at a loss or at a very small income before the subsidies – effectively social subsidies - that generate essential family income.

Agricultural and forestry schemes have competed rather than complemented each other. Is that economically valid? It is in no way the fault of individual land owners, or indeed groups of land owners, that they would seek to bring about or exploit such “competition”. It is, in fact, very logical. It is for policy makers to analyse such situations and consider whether resources could be better deployed for the benefit of all. It is clear that current forestry incentives are not delivering targeted planting levels. It should also be clear to any reasonable observer that the current incentives could not be increased in any significant way (although some re-configuration might be possible). It is much more likely that there will be downward pressure from national and European budgetary constraints and CAP reform.

At a time when the future of the Euro is in some doubt and, by extension, the survival of the European Union is also in doubt, certainly in its current form, it behoves us as a country to look at scenarios where the broader EU may not be able to, or may not want to, fund the current level of agricultural subsidies.

Unless policy prioritises resource uses and provides complimentary rather than competing policy measures and then proceeds on a planned implementation programme we will not see any significant upward movement in afforestation. To what extent any of this can be addressed within the CAP negotiations is a major issue. There is a danger that those discussions and negotiations are proceeding, right across Europe, on a basis that is not considering the fundamental issue for every State within the Union – that is the need to use resources productively to generate the necessary indigenous employment to address the very high levels of current unemployment, particularly for people with agricultural / construction backgrounds, which will not be significantly impacted by the much lower levels of growth which will be a feature of the future or even by a rapid expansion of exports valuable, and all as that would be. Therefore policy makers need to be aware of and have the opportunity to make reasoned choices that can ensure that a further 500,000 hectares of Irish land (or whatever the above suggested exercise would identify), could be put into fibre production of scale to complement our scaled grass based agricultural outputs.

There is a further win-win on that approach in that the rapid expansion of the dairy sector will lead to environmental pressures which can be mitigated by a corresponding expansion in afforestation.

The third issue in relation to land availability is social – the myriad of factors which can influence an individual decision as to whether to plant or not. Many such issues have been identified over the years ranging from fears about pensions and medical cards to fears of being the person who gave up on farming and so on.

If the strategic policy focus is clear – that we need to bring about a significant change in land use on a large scale, that there is a clear plan for that, and that individual owners will benefit from a more productive use of their land – then many of the social factors will be far less important. Basically we need an “enabling” mentality – we only have to look at age structure of land ownership to see some of the issues that prevent those least productive in agriculture from converting to forestry. At a national level clearly there should not be artificial constraints for something as vital for our future as getting real expansion of a rural based land enterprise.

I believe that with refocusing of resources an expansion of over 100,000 hectares over the next six or seven years could be achieved at a lower cost than the last 100,000 hectares (this also assumes more focus on species selection). If the focus is clear a national enabling programme that tackles red and green tape while adhering to high standards would drive implementation.

1. **What are the main constraints to achieving afforestation goals?**

To considerable extent I have addressed that under the above. The main constraint in my view is the relativity with farming income / subsidies and the traditional lack of policy coordination regarding resource use at a national level. To bring about the substantive change (from say 6,000 hectares to say 15,000 hectares per annum) will require an initial focus on the macro issues rather than just the myriad of smaller issues that can impact on individual decisions.

An important factor that could be looked at is to consider why actual planting (as judged by Forms 2 submitted for Afforestation, FEPS, and NWS establishment) is running well below 50% of Forms 1 approved for the same scheme.

All figures are in hectares and from Forest Service reports:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2009** | **2010** | **2011** | **TOTAL** |
| Forms 1 Approved | 15,113 | 23,717 | 11,772 | 50,602 |
| Forms 2 Submitted | 6,449 | 8,012 | 6,608 | 21,069 |

These figures refer to Afforestation, FEPS and NWS Establishment.

There may be some difficulties with Forest Service statistics - due to duplication of applications from some owners and a possible issue with 2010 approval figures. Nevertheless there would appear to be at least 20,000 hectares that were approved over the three years 2009 – 2011 which were not planted. Understanding the reasons why perhaps 2,000 applicants, almost certainly mainly farmers, chose not to proceed having received their approvals is important. A lot of anecdotal reasons are cited, and sometimes gain currency through repetition rather than analysis; a more detailed assessment could help to unlock potential land. Afforestation remains a demand-led programme so the lack of demand is significant.

The effect of the ongoing “will there / won’t there” be sufficient funding for forestry probably has an impact on confidence. However the recent introduction that multi-annual budgeting may actually be to the detriment of the sector as the announced levels are not adequate to support even existing levels of afforestation while starving key infrastructural schemes of adequate funds to get a forest into production.

1. **What incentives support the achievement of these goals?**

For the purpose of this section I assume that the goal is at least 15,000 hectares per annum. It is clear that the current incentives are not able to deliver even half of that. It is very difficult to come up with an answer as to what incentives would deliver a further 9,000 hectares per annum – but t it would almost certainly bring the cost of afforestation to an unsustainable level. Again the answer lies in the relativities, in looking at land at a macro level and in utilising resources, including funding, to best effect to achieve optimal resource use.

Does anyone believe that CAP funding at the historical level will continue until 2020? Even if it does, does anyone believe that such a model is sustainable over the next say 40 years? If so it is likely that we are faced with very modest annual expansion of the afforestation resource; that raises an almost unmentionable question – would that modest expansion be justified? Given that say 6,000 hectares probably contains somewhere between 3,500 – 4,000 hectares of productive forestry there are issues around where that should be located to get best value for even that very modest expansion. Could better value be achieved through also looking at the existing forest resource with a view to improving yield (both from growth and through the gate production) and in looking at individual proposals more critically from a production perspective?

I believe that unless we confront the questions at a macro level, as opposed to being absorbed by the minutiae of various issues, many of them relatively minor in their impact – although that is not to say that there is not also death by a thousand cuts – then we are at nothing, except churning the same old issues. There are principles that this country has signed up to – such as the precautionary approach on environmental issues. We need science, informed by experience, to address, where possible, the environmental factors that sterilise what would otherwise be ideal forestry land. We need a dialogue of collaboration, inclusiveness and transparency based on solid principles– and the broader forestry sector (of which I am a part) has to take on board some lessons in that regard rather than look only to others to “mend” their ways.

We have an opportunity, in fact a necessity, to ensure that productive land is put to best use. A large area probably not less than 500,000 hectares could be put into serious fibre production over the next 35 years while only marginally impacting on future agricultural production. I do not underestimate the challenge of implementing such change but unless the basic vision and then the courage is there to even consider such change then afforestation will struggle to be even an option for the poorer parts of poorer agricultural farms as the bureaucratic costs of control and compliance could outweigh the economic benefits of small scale state funded forestry.

Farmers, land owners and rural Ireland need afforestation with a new emphasis on adding value both through the saw mills which have been so successful in delivering export markets and locally based wood-energy and other industries.

The request was for a brief submission and this has already breached that. Therefore I do not discuss how measures might be drafted to implement the policy I have suggested. In any event unless there is clear commitment to that policy everything else is potentially flawed; if there is a clear commitment to a policy of maximising land use to best advantage then the necessary measures would be readily enough identifiable.

John Phelan

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