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Forestry in a changing policy environment

PROJECT TEAM

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COMPLETION DATE: June 2011

BACKGROUND

The government's forest strategy, *Growing for the Future*, laid out afforestation targets of 25,000 ha per annum to the year 2000 and 20,000 ha per annum thereafter to the year 2030, with the ratio of private to public planting to be 70:30. These targets have not been met, and planting rates have fallen since 1996, reaching only 6,249 ha in 2008. Since its publication, a number of reviews of the success of the strategy have been carried out and the policy environment in which forestry operates has changed substantially. Continued reforms of the Common Agricultural Policy (CAP) resulting in the introduction of the Single Payment Scheme, changes in rural development policy and climate change measures all influence afforestation policy and practices. There is a need therefore to explore the influences of these policy measures for forestry as well as a need to understand better the decision-making environment of farmers and more specifically to influence it.

OBJECTIVES

- Compare the relative returns from forestry and a number of different agricultural systems in the light of the introduction of the Single Payment Scheme (SPS) and analyse the impact at the level of the individual farmer and the wider economy.
- Examine the implications of the forestry-related measures to be introduced under the Rural Development Regulation (RDR) in Ireland for both the sector itself (including Coillte) and the wider economy, including, inter alia, the impact of revised payment rates for afforestation and the introduction of more specific 'forest-environment' payments.
- Explore the factors influencing a farmer's decision to plant using a combination of quantitative and qualitative research methods.
- Determine the impact of these reforms and farmers attitudes on land availability for forestry.
- Identify strategies to encourage afforestation by farmers in the context of the changing policy environment.

PROGRESS

Preliminary economic comparisons of the returns from a number of agricultural systems and a forestry enterprise taking account of the introduction of the Single Payment Scheme (SFP) have been carried out. A comparison of the net present value (NPV) for cattle rearing and sheep with the NPV for Sitka spruce (YC 16, clearfell system) showed that the NPV for forestry is higher only if the farm does not participate in REPS and only 50% of farmland is afforested (stacking of the SFP). This work will be extended to examine the gross margins from various agricultural systems and the cash flows from a number of forestry enterprises and will account for changes arising from the introduction of the SPS, the Rural Development Strategy and other policy developments.

An extensive review of policies that influence land use, but specifically forestry, continues. This has included, to date, the Rural Development Programme, the Single Payment Scheme and the National Climate Change Strategy. This will continue to take into account recent economic changes in the country.

Work continued on the production of a detailed literature review of decision-making regarding land use, specifically focusing on the decision to afforest land. This had focused

on the two groups of decision-makers: group 1: public forest owners and forest companies, and group 2: farm forest owners and private estate owners. The review has shown that the former group is likely to be organisations/bureaucracies who act on a rational choice, utility maximisation basis, while for the latter group non-economic factors can be important during the decision-making process. Thus for group 1 the economic rational choice model is appropriate and factors such as land prices, timber prices, infrastructure, market development and the policy framework are important.

ACTIVITIES PLANNED

- Examine farmers' decision-making process. Using a qualitative method like for example semi-structured interviews farmers shall be asked about the reasons for their land use decisions with regard to forestry. Both farmers with and without forests will be approached as will be farmers of different farming enterprises.
- Explore the impact of these factors. With the results of the interviews, a questionnaire will be designed and issued to farmers of all farming enterprises and to farmers with and without forests. With the help of this quantitative study, structural patterns underlying the decision-making process of farmers can also be revealed.
- Examine the decision-making process of state forestry bodies and forestry companies and the factors influencing it. Meetings of discussion groups comprising a cross-section of decision-makers in state bodies and companies will be held.