

Review of Forests, products and people, Ireland's forest policy – a renewed vision

Macra na Feirme Submission to Department of Agriculture, Food and the Marine

Introduction

Macra na Feirme welcomes the opportunity to provide input into the review of *Forests, products and people, Ireland's forest policy – a renewed vision*. The forestry industry has many important and beneficial roles to the Irish economy, such as job creation in rural Ireland, and contributing to Ireland's ambitions to mitigate climate change.

Macra na Feirme's Afforestation Policy recognises the important role forestry has to the Irish economy and climate mitigation however is concerned about the current rate of afforestation and the level of grants and premiums currently on offer.

Macra would welcome an increase in employment in this sector however employment figures (both direct and indirect) of recent have been in decrease. There has been a marked decline in associated employment from 16,175 in 2002 (Bacon, P. 2004) to 12,000 in 2011 (Forecon, 2011). This is in spite of continued afforestation of land which has been driven by generous state supports.

Macra proposes that a more integrated policy of forestry which takes into account the competition for land of young farmers, particularly those seeking to enter the land market through lower priced agricultural land, the environmental concerns and potential for greater alternatives to non-native plantations, which can deliver far more for rural Ireland in terms of employment and economic activity. Macra na Feirme would also welcome greater funding of education and efficiency programs through savings made by reducing premiums offered on afforestation on higher agricultural land.

Land Market Competition

For a young farmer, the largest obstacle in access to land is the current rate of land that becomes available for sale. Figures suggest 0.3% of land (less than 10,000ha) comes on the market for public sale each year (Irish Examiner, 2014). Minimal levels of land being available for sale make it extremely hard for young farmers to gain access to a viable quantity of land to run a profitable enterprise.

“There is more potential for increased requirements for good farming practice (GFP) to affect the decision by some groups of farmers. These are likely to be concentrated in the younger age categories operating on less viable farms and in the older age groups. The argument in the case of the former is that these farmers could afforest and take other employment while for older age groups forestry may represent a way to retire from overly active participation in farming while still retaining some activity” (Bacon, 2004.)

In the Dept of Agriculture review of the forestry sector 2004 leased land was identified as having significant potential, in particular for farmers nearing retirement, as a key growth area (Bacon, 2004). This is in direct conflict with the interests of Macra na Feirme and the shared interests of both the Irish government and EU Commission in targeting generational renewal (EU Comm, 2012).

The state designed current Afforestation Scheme offers lucrative grants and premiums which are very attractive to land owners, particularly land owners near retirement. This is having the ongoing effect of land owners deciding against partnering, selling or renting land to young farmers. As such, Macra na Feirme believes there is unwarranted competition, between young farmers and foresters, for the small amount of land which appears on the market annually. This has presented particular difficulties for young farmers, who have limited capital and credit, and enter the land market through lower priced land which is normally in need of improvement. Both foresters and credit poor young farmers are in competition for the same type of land in a very small pool.

Land is and forever will be a limited resource, with every land based enterprise competing against each other for access to this critical resource. Foodwise 2025 not only outlines to increase the value of traditional farm enterprises, but also has the ambition to grow the forestry sector. Macra na Feirme believes to best accomplish all of the objectives and targets set out in Foodwise 2025, there is a need for a strategic use of land.

It is clear that afforestation under current grant aid is a direct competition for farming, in particular drystock, creating an unfair environment for the next generation of dry stock farmers. In review of the financial returns in all five regions (North-West, Mid-East, South-West, South-East and West) in 2002 forestry had higher financial return due to higher grant aid than beef and sucklers regardless of location (Behan, 2002). The current grant aid and supports are resulting in two of our most vulnerable sectors being unable to compete fairly, even on the highest quality land.

Macra's own calculations show that under current afforestation grant aid farmers, with only average Basic Payment, would make a better financial return by entering forestry when compared to renting or leasing their land, at current market prices. The scheme is providing financial support of up to 100% of the cost of establishment as well as annual payments for up to 15 years which average at €510/ha (€206/ac) but can reach €635/ha (€257/ac). The present levels of premiums on offer coupled together with an average annual basic payment of €9,118, make forestry a very desirable sector for older farmers seeking to investment in a personal retirement fund.

Assuming an average farm size of 32.5ha a farmer who converts to forestry could, on average, be earning €16,575 from forestry premiums and €9,118 from the basic payment with a total annual income from forestry potentially reaching €25,693 or €790/ha. With rents ranging from €200/ha to €750/ha, a young farmer is at a distinct disadvantage in their ability to persuade the land owner to rent the land to them instead of put it in to forestry.

The production potential of land, based on each enterprise, needs to be utilised in the most efficient manner so as to allow the maximum production of each enterprise be achieved. To achieve this, as part of Macra na Feirme's Afforestation Policy paper, it is proposed the implementation of targeted afforestation payments be based on yield class, with payments inversely based on yield class ranking, so to encourage more non-productive or low productivity land be afforested.

Forestry payments on land with a high agricultural potential should be minimal to decrease the percentage of prime agricultural land being converted to forestry, with all forestry supports recalculated so as to ensure young farmers are able to compete where land is of lower quality but still agriculturally productive. The current levels of afforestation payment should remain in place, if not be increased, for lands with minimal agricultural productivity. The rationale for increased

payments for those to afforest lesser quality land should reflect, and therefore absorb, the costs of establishing a forest in an area of lesser quality land.

Macra na Feirme is of the opinion that the current national assessment of 'suitable land' for afforestation is unsuitable as it relies solely on the current farming sector activity and whether the land has been designated as an Area of Natural Constraint (ANC). As ANCs are designated based on a county by county assessment this misses the significant variation of land quality at farm level.

Macra na Feirme agrees with those involved in forestry and associated industry, that there is a need for strategies to improve the productivity and viability of small forestry holdings. As with agriculture, this is only possible through improved Knowledge Transfer, training and upskilling of forestry owners to manage their crops, and tools to help farmers reduce their costs and manage their finances.

A more productive forestry sector maximising the per hectare yield of saleable product would help to reduce the demand for land and achieve the same economic output and benefit. Associated economic activity such as improvements for infrastructure (e.g. forest roads, fencing etc), along with more demand for trained advisors, would be of benefit to the whole economy.

Environmental Concerns

As of 2013, 76.2% of afforested area was non-native. Despite attempts so far to influence afforestation towards more environmentally and socially positive standards of afforestation, such as the Native Woodland Scheme, the area of non-natives are still heavily incentivised. Despite these efforts to reduce non-native forestry, 54% of forestry cover is still planted with Sitka Spruce (Dept of Agriculture, 2014), a non-native species with little associated biodiversity. This dichotomy between stated environmental objectives and actual state funding is most clear when considering Sitka Spruce, as of 2013, was the most common species to receive grant aid, with more than 60% grant aid going towards this non-native species (Dept of Agriculture, 2014).

If the state seeks to meet its environmental targets, Macra recommends that other more environmentally positive and less land competitive measures be utilised to better meet the needs of both grazing and forestry, such as silviopasture. Such practices would be better encouraged through increases in the funding of research in such areas.

Assessments of this type should also take into consideration the natural value of the farmland being considered including an assessment as to whether the land should be designated as High Nature Value (HNV) farming, which is increasingly considered by wildlife bodies as being in need of protection. The threat of replacing cattle grazing, which is considered important to HNV and vital habitats, with plantations, in particular non-native conifers, is a major threat (EU, Comm. 2014)

Most areas with high levels of biodiversity and HNV standards are on lands with agricultural potential that have continued to be farmed with traditional practices in enterprises such as beef and sheep. The need to continue grazing along with other management practices to ensure high biodiversity, means most unproductive agricultural land would not meet the criteria. Therefore there would be less impact of restrictions on afforesting HNV farmland if the points made above for the protection of agriculturally productive land is implemented.

While Macra na Feirme has concerns about the environmental impact of forestry it also acknowledges the issues of conflict such as the expanding deer population and the damage their browsing can do. The potential solutions of fencing places too much cost and responsibility for the issue on forest owners, where other deer management strategies may be more suitable.

Summary

Macra na Feirme's proposal has the potential to decrease the level of competition between both young farmers and foresters while also meeting afforestation targets and allowing young farmers access to land. Potentially with reduced competition there could also be a reduction in land rental prices, which would be a benefit to all sectors.

In addition, alternative land uses which provide both increased biodiversity benefits and do not compete directly with farm enterprises, such as with lands converted to agroforestry, should be further incentivised. Under the current system agroforestry is grant aided higher than traditional commercial plantations however Macra believes this should be increased further as it provides the unique benefit of allowing the land to continue being farmed.

Macra na Feirme feels the proposals outlined in this document are both positive and fair with the added benefit of not reducing Ireland's targeted increase in forest cover. Macra na Feirme is willing to further engage in relation to this submission and is grateful for the opportunity to make this submission.

References

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