



IRISH TIMBER GROWERS ASSOCIATION

17 Castle Street, Dalkey, Co. Dublin, A96 AH57
Tel: +353-1-2350520 Fax: +353-1-2350416
Email: info@itga.ie
www.itga.ie

Irish Timber Growers Association submission to the Department of Agriculture, Food and the Marine on its Statement of Strategy 2020 - 2023

30th August 2019

The Irish Timber Growers Association (ITGA) was established in 1977 and is the national representative body of private woodland owners in Ireland. The membership of the Association mirrors the wide range of different timber growers in the country and current membership includes farm forest owners, forestry co-operative members, private woodland estates, forestry investors and forestry pension funds. This wide range of membership allows the Association to take a broad view of the industry and issues facing the sector.

The Irish Timber Growers Association welcomes the opportunity to make this submission to the Department of Agriculture, Food and the Marine on its Statement of Strategy 2020-2023.

The Association will focus its submission on the sustainable development of the forestry and agri-food sector so as to optimise the contribution to national economic development and the natural environment including the Climate Change Action Plan.

The questions posed seeking the Association's views on the development of the new Statement of Strategy 2020-2023 are addressed below;

- *How well do DAFM services meet the needs of the agri-food, forestry and marine sector and how could they be enhanced?*

As part of this submission, the Irish Timber Growers Association (ITGA) reviewed the Department of Agriculture, Food and the Marine's (DAFM) published, *Steps to Success 2019*, the fourth annual progress report of Food Wise 2025. The Department outlined the broad achievements in assessing the progress of Food Wise 2025 in this report.

Afforestation targets are a notable exception to these achievements, however, and in relation to the current Forestry Programme 2014 - 2020 only approximately half of the Programme's afforestation targets were achieved over each of the past two years with a similar outturn expected this year.

The national afforestation figures for the 9 year period since 2010 are outlined below;

Year	Annual Afforestation (ha)
2010	8314
2011	6653
2012	6652
2013	6249
2014	6154
2015	6293
2016	6,500
2017	5,536
2018	4,025

It should also be noted that the current Forestry Programme 2014 – 2020 targets are set at a little over half of the targets set in *Forests, products and people - Ireland's forest policy – a renewed vision* which was adopted by the Department of Agriculture Food and the Marine (DAFM) in 2014. Last year (2018) only 4025 hectares were afforested which represents only 26.8% of the planting target as set out in this, the Department's own Policy document.

Despite the assertion as far back as *Food Harvest 2020* that declining planting levels will need to be reversed, successive years since the Food Harvest 2020 report and Food Wise 2025 have shown a decline in afforestation rates with 2018 showing a reduction in excess of 50% over the area that was planted in 2010. This will have significant repercussions for Ireland's ability to meet its international climate change targets in addition to its negative effect on renewable energy and other national targets. In addition, such a decline in planting will have serious repercussions on the industry's future supply of timber for processing ultimately affecting exports, employment and the rural economy.

The Statement of Strategy 2020-2023 must strengthen its Policy & Strategy and its Sectoral Development Programme to focus more on the forestry sector to achieve its future policy targets and the related Food Wise 2025 Implementation Plan Action 370 of, '*an increase in annual afforestation level to 15,000 hectares from 2021*'.

The opportunities for forestry and its important role in climate change mitigation and the Climate Action Plan can be seized by adopting and resourcing a strong policy and strategy for the forest sector and highlighting this in all the relevant sections of the Departments Statement of Strategy 2020-2023.

Forestry is a long term investment for individuals and the Irish State. It will , however, pay significant economic, environmental and climate change dividends in the future. The shortfall in achieving our planting targets now will have more significant knock on effects in future years. These opportunities for climate change mitigation can be seized by adopting and resourcing a strong policy and strategy for the forest sector and highlighting this in Departments Statement of Strategy.

As can be seen from research literature and from the COFORD Forestry 2030 Papers (see <http://www.coford.ie/publications/forestry2030/>), the sector has much to offer our economy, environment, in climate change mitigation, biodiversity, renewable energy and recreation. Ireland possesses the climate and soils to grow forests at a

faster rate than most of the developed world, yet only 11% of our land area is under forest compared with almost 40% for the rest of Europe. Our forestry and timber sectors hold significant potential to support the growth of the Irish economy and can provide a range of services to Irish society into the future. The Statement of Strategy 2020-2023 must commit to delivery on an effective strategy for the forestry and timber sector in order to ensure it achieves this potential.

- *What are the forthcoming market and other challenges that we need to address and is our current focus adequate to meet those challenges?*

Ireland currently has one of the widest differentials in the EU between farmers' incomes and gross wages/salaries in the wider economy (as highlighted in the "Challenges and Objectives of the CAP-post 2020" presentation made by the EU Commission on the future of CAP at the CAP Consultative Conference dated 4th July 2018). Forestry income will be critical in bridging the gap between Irish farmers' incomes and incomes in the wider economy. Forestry income is direct market income and is a source of long-term sustainable revenue for farmers and landowners. Such direct market income from forestry will also ensure a better balance between the operating subsidies and market income per farm and will help ensure the longer-term economic sustainability of the wider agriculture sector through reduced reliance on subsidies and through the generation of a more diverse income source.

As an export dependent country, the Irish sawmill and panelboard sector have achieved remarkable success in recent years and are exporting most of their finished products. Over 70% of sawn and over 80% of panelboard forest products which were produced in Ireland are exported. To date, the main limiting factor to increasing our exports of finished timber and panelboards was the supply of raw material (roundwood) and this remains a critical issue which must also be addressed in the Statement of Strategy.

- *Are there opportunities (e.g. new areas of work) the Department should consider when developing the 2020 - 2023 Departmental strategy which would advance the achievement of our mission, vision and objectives across the agri-food, forestry and marine sectors?*

There are significant opportunities for the forestry sector that the Department should consider in developing its Statement of Strategy 2020-2023.

The first positive strategic step that the Department could make is to recognise the forestry sector in the Department's title and in the titles of its framework documents. The title of the agricultural sectors strategic plan '*Food Wise 2025*' does not reflect the importance or significance of the forestry sector within the Department or its potential contribution to the rural economy, sustainable agriculture or its central role in Ireland's Climate Action Plan. The forestry sector affects considerably more livelihoods than the equally important Marine sector, where forestry has 21,000 forest owners and employs another 12,000 people. Aside from its substantial contribution to climate change, renewable energy, recreation and biodiversity, the forest industry comprising, growing, harvesting and processing of forest products makes a significant and growing contribution to the Irish economy and the output is valued at €2.3 bn per annum. If the Department intend the farming community to positively consider forestry as a significant land use option, forestry should be included in the Departments title.

- *What metrics should the Department use to measure our performance and monitor achievement of our strategic goals?*

The most important metric would be improving the income of the farmers throughout the State by reference to Teagasc's National Farm Survey of Family Farm Incomes.

The recent Fact Sheet on Irish Agriculture (July 2019) outlines that, '*Total public expenditure by Department of Agriculture, Food and the Marine was over €3 billion in 2018.*' Of this €3 billion Department of Agriculture spend, forestry received less than €98 million or c. 3% of the total Department budget. However, the Irish forestry and timber sector has an annual economic output valued at c. €2.3 billion without considering its climate change and carbon sequestration benefits which are considerable.

In any analysis and in preparing an updated Statement of Strategy for the Department this imbalance in supports should be examined, particularly when one considers that according to Teagasc's National Farm Survey 2018 only 10.5% of 'Cattle rearing' farms are economically viable, with 19.7% of 'Sheep' and 26.5% of 'Cattle other' family farms viable. These three farming systems account for over 73% of our 92,720 farms. The significant economic difficulties of our farmers can be appreciated when the Teagasc Survey reveals that 44% of all farms in the State earned less than €10,000 annually.

The recent (2019) Report on the Socio-Economic Impact of Forestry in Co. Leitrim by Dr. Áine Ní Dhubháin¹, Ms. Evelyn Stoettner¹, Dr. Julie Ballweg¹ and Dr. Serge Garcia² which was commissioned by the Department of Agriculture, Food and the Marine highlighted, '*A suitable modelling approach is provided by O'Donoghue et al. (forthcoming) who use a micro-simulation model, SMILE21, and apply it to the NFS data from 2014 and the CSO data on small farms to generate a modelled micro-dataset from which statistics on agricultural returns are derived for the entire population of farms nationally and for county Leitrim. Micro-simulation modelling is a simulation-based tool that can be used for ex-ante analysis. The methodology is of particular use where there is a dearth of data, data are not complete, or to assess the ex-ante impacts of policy changes. It is a micro-based methodology, utilising micro-units of analysis such as individuals, households, firms and farms, using surveys or administrative datasets (O'Donoghue, 2014).*'

See

<https://www.agriculture.gov.ie/media/migration/forestry/publications/The%20Socio-Economic%20Impact%20of%20Forestry%20in%20Co.%20Leitrim%20Final%20Report.pdf>

This modelling approach showed that, '*The estimated percentage of farms in Co. Leitrim where the return from forestry (on a per hectare basis) would be higher than that from agriculture is 67%, while in 74% of the cattle rearing farms the returns from forestry would be higher*'. However, the Report also highlighted the significant percentage of farms where the return from forestry would be higher than from the following agriculture systems over all counties;

For Cattle Rearing 56.8% of farms nationally would return more from forestry.
For Cattle Other 57% of farms nationally would return more from forestry.
For Sheep 56.3% of farms nationally would return more from forestry.
[Source: Report on the Socio-Economic Impact of Forestry in Co. Leitrim (2019)]

With regards to the metrics that should be employed to measure performance and monitor achievement of the Departments strategic goals it is incumbent on DAFM, having commissioned the above Report, to address the economic realities of the higher returns to the farming population of forestry for the above farming systems throughout the State. A significant goal and related metric that should be employed in preparing an updated Statement of Strategy by the Department would be to maximise the percentage of farms that maximise their return.

Also, in relation to both goals and related metrics that could be employed in the departments Statement of Strategy for within the forestry sector itself, the Forest Policy document, '*Forests, products and people - Ireland's forest policy – a renewed vision*' (Department of Agriculture Food and the Marine, 2014), should be a primary document referenced and employed in updating the Statement of Strategy. An appropriate way to assess performance would be to monitor progress in the implementation of the stated Strategic Actions in this Forest Policy document so as to achieve the Policy Statements as detailed.

The recent COFORD Forest Policy Review Group Report, '*Forests, products and people - Ireland's forest policy – a renewed vision (2014)*', a Report on Policy Implementation with Recommendations (COFORD, 2018), is a detailed recent review of Strategic Actions implemented and highlights the scale, potential and ambition of the sector. This report is published and available on <http://www.coford.ie/media/coford/content/publications/2018/1COFORDForestPolicyReviewGroupReport121218.pdf> and should be reviewed and referenced in preparing the Department's Statement of Strategy 2020-2023.

¹ School of Agriculture and Food Science, University College Dublin

²Senior Researcher / Deputy Director of the Bureau for Economic Theory and Applications, INRA, France 2019