

DÁIL ÉIREANN

AN COMHCHOISTE UM THALMHAÍOCHT, BIA AGUS MUIR

JOINT COMMITTEE ON AGRICULTURE, FOOD AND THE MARINE

Dé Máirt, 3 Nollaig 2019

Tuesday, 3 December 2019

The Joint Committee met at 3.30 p.m.

Comhaltaí a bhí i láthair/Members present:

Jackie Cahill,	Paul Daly.
Marcella Corcoran Kennedy,	
Willie Penrose,	
Brian Stanley.	

I láthair/In attendance: Deputies Michael Fitzmaurice and Danny Healy-Rae.

Teachta/Deputy Pat Deering sa Chathaoir/in the Chair

Business of Joint Committee

Chairman: We are now in public session. Apologies have been received from Deputy Pringle and Senator Mulherin. I remind members to ensure that their mobile phones are turned off. I propose that we go into private session to deal with some housekeeping matters. Is that agreed? Agreed.

The joint committee went into private session at 3.45 p.m., suspended at 4 p.m. and resumed in public session at 4.02 p.m.

Coillte Annual Report 2018: Discussion

Chairman: I remind members and witnesses to make sure their mobile phones are completely turned off. The purpose of today's meeting is to discuss the Coillte annual report for 2018. I welcome from Coillte Ms Bernie Gray, chairperson, Ms Imelda Hurley, chief executive officer, and Mr. Mark Carroll, managing director of Coillte forests. I thank the witnesses for appearing before the committee to discuss Coillte's annual report for 2018, including the overall performance, statements of strategy and corporate plans, and to brief members on progress made with farm partnerships. I congratulate Ms Hurley on her recent appointment and wish her well in her tenure. I look forward to seeing her before this committee many times in the future.

Ms Imelda Hurley: Thank you, Chairman.

Chairman: I advise witnesses that by virtue of section 17(2)(1) of the Defamation Act 2009, they are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by the committee to cease giving evidence on a particular matter and they continue to so do, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official either by name or in such a way as to make him or her identifiable.

I invite Ms Gray to make her opening statement.

Ms Bernie Gray: I am pleased to be back before the committee today following my confirmatory hearing with it earlier this year. I am particularly pleased to introduce our new chief executive officer, who will also address members as part of our opening statement this afternoon. Ms Imelda Hurley joined us just last month and brings a wealth of experience, which has included roles as chief financial officer, CFO, in Origin Enterprises and previous roles as both chief financial officer and head of sustainability with PCH International.

The Coillte annual report for 2018 highlights a company that has been transformed in recent years and is in good financial health today. In 2018, the company had revenues of €330 million and earnings before interest, tax, depreciation and amortisation of €115 million. The strong financial performance and delivery of key strategic objectives in recent years mean the

company's debt reduced to €15 million, while we also reinvested approximately €40 million in renewing our forests. We also paid our shareholder, the State, a dividend of €15 million. The fact that we have such a strong forestry company in Coillte, which is sustainably managed, is good news both for the economy and the environment.

Since I spoke to the committee in March, climate action has continued to move to centre stage as a critical policy issue, not just in Ireland but across the globe. Coillte fully recognises and embraces its responsibility to optimise the use of its natural asset and resource for Ireland in a way that maximises its contribution to the climate action agenda and delivers for communities and the economy. A strong and financially healthy Coillte is a prerequisite to delivering value in these three key areas. We will be best positioned to contribute effectively to sustainable climate action by continuing to generate sufficient profit and cash from our commercial activities. This will allow us to continue to deliver important economic benefits, while at the same time self-financing innovative climate action initiatives, which may not always generate a direct economic benefit for the company.

As I said in March, the next phase of Coillte's evolution is to consolidate the financial and operational health of the company and build on this momentum in order that we can contribute further to Ireland's approach to forestry, climate change and the optimal use of our natural resources for the greater good of Irish citizens. As our range of activities increases and we intensify the use of our forests for climate change and recreation purposes, there will be an even greater need for community consultation. We are fortunate in having a nationwide staff of foresters who are respected by local communities and understand and live in local communities. This is a strength we have to build upon and leverage in the best interests of the public at large. Our objective is to work collaboratively with Government, the Oireachtas, this committee and the public to ensure the value in Coillte is optimised to address our economic growth, the challenges of climate action and biodiversity protection, as well as the recreational needs of our citizens. Just as we are always changing, so too are the challenges we face and the opportunities that will arise. I invite Ms Hurley to address the committee and expand on some of the points I have raised.

Ms Imelda Hurley: I thank Ms Gray and the Chairman and members of the committee for the opportunity to speak to them today. As I am new to the CEO role in Coillte and have not been before the committee previously, I would like to take a moment to tell members about my background. I have spent over 20 years in leadership and finance roles in sustainability across a variety of sectors, including food, agriculture, technology-related supply chain management and professional services. I am an experienced executive and non-executive director, having been a board member in public limited companies, State-owned, private equity and venture capital backed businesses. During my career, I have worked extensively in Ireland, the United Kingdom, eastern Europe, Hong Kong, China and Australia. In my most recent roles, as Ms Gray mentioned, I was chief financial officer in Origin Enterprises and CFO and head of sustainability in PCH International. The opportunity to join Coillte as chief executive officer was exciting for me, particularly because the sustainability agenda and getting the balance right between the social and economic elements of a company's contribution have been important themes throughout my career. I was therefore delighted to take up this role last month. Coillte has been through a strong period of transformation and I greatly look forward to leading this progressive and dynamic company through the next phase of its evolution in the years ahead.

The 2018 annual report shows Coillte delivered strongly on its mandate from Government to ensure Ireland's forests are managed on a profitable and sustainable basis. We are proud

of the independent corroboration we receive with regard to the sustainable management of our forest estate, through the Forest Stewardship Council, FSC, and the Programme for the Endorsement of Forest Certification, PEFC, certification processes. These are internationally recognised sustainability standards that Coillte has been adhering to for the past 20 years, proving the strength of the company's long-term credentials in managing the State's forests in a responsible and sustainable way. Given the positive role forestry can play in climate action, we believe it is important for Coillte to be economically strong, not just for the sake of it, but so it can continue to support the success of its sawmill customers, grow forestry in Ireland and allow Coillte to enhance its contribution to funding non-commercial afforestation, biodiversity and recreation programmes. Financial strength also allows us to contribute to the targets for increased afforestation in the Government's climate action plan. The key for Coillte in the next phase is to ensure we continue to strike the right balance between the commercial, environmental and social and recreational agendas in the ever-evolving world we operate in. However, there are a number of challenges in the year ahead. Looking out to 2020, a number of elements will combine to make trading conditions more difficult. The UK is our biggest market and Brexit presents us with a clear challenge, the extent of which will not become known until the final shape of Britain's exit is decided. Additionally, there is a general softening of market conditions predicted in Europe and beyond in 2020. My challenge is to protect and build on the progress we have made in the context of a business which is cyclical in nature. Our trading in this financial year to date reflects the uncertainty that exists in our key market, the UK, which is clearly seeing the effects of Brexit across the economy in general.

Despite these challenges, Coillte's focus remains to drive a strong commercial performance and to provide a valuable environmental and social dividend to society at large. In July of this year, Coillte established a new not-for-profit entity, Coillte Nature, which will strengthen our focus on the environment and recreational forests and help tackle the climate and habitat challenges our country faces. Coillte Nature will target the delivery of new woodlands facilitating species diversity, biodiversity and carbon sequestration as part of the Government's national forestry programme. It is a timely initiative and it further enhances our environmental and social contribution, but we fully recognise that we will need to be very ambitious as we push ourselves hard to deliver a strong contribution on climate action.

It is important to note too that in respect of biodiversity, there is a sense in the wider world that the diversity of Coillte's forestry stock is limited. In reality, Sitka spruce accounts for 53% of our forestry. Other conifers and broadleaves account for the remainder of the planted areas. Sitka spruce flourishes particularly well in the Irish climate and plays a critical role in the economy by providing essential timber for building and other wood products. With the establishment of Coillte Nature, the company is seeking to advance its sustainability agenda by undertaking large discrete projects with a separate non-profit focus. Coillte Nature will collaborate with other organisations to maximise the impact. The first of our collaborations was announced jointly by Coillte and Bord na Móna in October, with 1,500 ha of bog suitable for forestry and carbon sequestration to be transformed into native woodland on the Bord na Móna estate in counties Offaly, Laois, Westmeath and Tipperary. Although our forest sector is small by European standards, it is young and dynamic and recognised by its peers internationally as being innovative, progressive and technologically very advanced. As the backbone of the Irish forestry sector, Coillte is well positioned to drive the development of forestry and forest products as a central pillar in the emerging bio-economy. We are working with the Department of Agriculture, Food and the Marine in examining ways for Coillte to make a significant contribution to the Government's afforestation targets over the next decade, including advocating for changes in policy that might increase Coillte's eligibility for incentives in that regard.

Before concluding I want to update the committee on the matter of farm partnerships. Coillte has established a portfolio of 695 farm partnerships, accounting for approximately 12,800 ha of highly productive forests. The farm partnerships are each based on a management agreement and property lease, with Coillte providing forest management expertise and the landowner acting in a caretaker role. We have fully recognised that there have been issues with a relatively small number of our farm partnerships and I am aware that the committee has discussed these issues with Coillte in the past. These partnerships are an important component of our business. Since 1993, Coillte has paid approximately €17 million in direct payments to its farm partners. This amount is in addition to grants and premiums received by our farm partners. Profits do not accrue to Coillte until the end of the partnership. By way of update, we gave a clear commitment to issue a commercial statement to all partners the year before they receive their first annuity payment from Coillte. This has been achieved and by the end of this year, we will have completed the commercial assessment process for all partners who will receive their first annuity payments in the next two years, 2020 and 2021, a total of 260 partners. We have significantly improved our communications, with each partner being assigned a designated forester whom they can contact to discuss their plantation. We believe we are now responding to any issues raised to the satisfaction of the vast majority of our farm partners.

Coillte employs more than 800 people and works with approximately 1,200 contractors throughout the country. At the core of the business is an estate of 7% of the land area of Ireland, comprising over 1 million acres, spread across almost 6,000 individual properties all over the State. Managing the State forestry is an important task and in my short time as chief executive, I am pleased to say that I have witnessed first hand the expertise, dedication and vision that my Coillte colleagues apply to their work on a daily basis. Over its 30-year history, I believe it is clear that Coillte has continually evolved and embraced change and brought new thinking to the management of Ireland's forestry estate. We will continue to do this as we look ahead and recalibrate to take account of the increased importance of climate change mitigation and the role that our forests can play. In its climate action plan, the Government has set targets for afforestation over the coming period. Coillte will certainly play its part but reaching these targets will, we believe, require a new strategy in respect of Ireland's land use. Earlier this year, the Minister of State, Deputy Doyle, commissioned a report from independent expert, Jim Mackinnon, to review the approval processes for afforestation in Ireland and this report has just been published. Coillte will study its recommendations carefully over the coming weeks, with a view to doing what it can to support the implementation of key recommendations as quickly as possible. We are committed to ensuring Ireland's forests are managed on a profitable and sustainable basis in collaboration with the communities in which we are rooted. We are building strong businesses from sustainable forests and delivering an economic return, mindful of our obligations to actively contribute in a meaningful way to the climate change agenda and to provide benefits for communities, habitats and nature. I look forward to discussing these matters further with members.

Chairman: I thank Ms Hurley. Now we will take questions from members, starting with Deputies Cahill and Penrose.

Deputy Jackie Cahill: I thank the Coillte representatives for their presentations. With all the talk about climate change and the challenges we have to meet, forestry has never had as important a part to play in our economy. Forestry as part of the agriculture landscape has a significant role to play and we have to develop this in a sustainable manner. I have been on this committee for a number of years now. I have rarely got as many phone calls to ask questions as I did ahead of today's meeting with the representatives from Coillte. I have a good few

questions to ask.

As regards felling licences, thinning licences and getting permission to plant, is Coillte experiencing any difficulty at the moment? Has it work ahead for its workers and the contracts it has with various mills? Is Coillte under pressure as regards meeting its obligations with various mills around the country? I have had private operators on to me constantly in the last couple of months who are reaching crisis point at this stage. I heard from a contractor this morning who has 20 people employed and he says that on Friday he is going to have to let them go because there is no work in front of them. He has very significant repayments on machinery, although I am not going to go into his personal details here. I would just like to know what is Coillte's view on that aspect of the business. Continuity of supply is imperative, but the personnel who are employed in forestry all have expertise in their own areas. If Coillte has to let individual employees to, that will have a serious impact on its ability to deliver. I am informed that when land is clear-felled, there is a huge reluctance on the part of landowners to replant and that a lot of this land is finding its way into the hands of pension funds and foreign investment companies. What acreage has been clear-felled this year? Have any approaches or advances been made to Coillte to purchase that land? The Save Leitrim Group has been in contact and it maintains that a significant proportion of land that was clear-felled in the county in the past two or three years has ended up in the hands of investment companies and pension funds. I do not like that concept. I would rather see the land remain in the hands of landowners. If they did want to sell for whatever reason, however, I would like to see an Irish company gaining control of such land. Could Coillte elaborate on whether there have been approaches made to it in respect of land?

On planting guidelines, Coillte give figures there about the amount of Sitka spruce that it has planted. From memory, the company has indicated that 51% of its-----

Chairman: If I might interrupt, another vote has been called in the Dáil I ask the Deputy to complete his question and we will then suspend briefly while the vote takes place. Is that agreed?

Deputy Jackie Cahill: I have a heap of questions so I will be some time asking them.

Chairman: We will suspend, if that is okay, and come back to the Deputy. I apologise for the interruption.

Deputy Jackie Cahill: That is fine.

Chairman: I propose that we suspend for 15 minutes.

Sitting suspended at 4.22 p.m. and resumed at 4.44 p.m.

Chairman: We are back in public session. Deputy Cahill was in possession prior to the suspension.

Deputy Jackie Cahill: According to the presentation, 53% of plantations are Sitka spruce and the remainder are broadleaf and biodiverse actions. Are there individual sites that are 100% Sitka spruce? We receive complaints about Coillte forests that its plantations are extremely close to dwellings and roadsides. Coillte is planting everything it can at present. In the event of replanting, however, will the prescribed distances from dwellings and roads be honoured?

I was contacted by a man who, unfortunately, has ash dieback on his land. He is a contract client of Coillte. He has 50 ha of ash, which is a significant plantation on which to have die-

back. The financial loss will be huge. A mature hectare of ash is worth in the region of €50,000. His complaint is that Coillte is now taking out the diseased trees for him but is replanting with alder which, in his view, will have little, if any, commercial value. While the alder trees will grow quickly, he feels that this is certainly not what he signed up for. He had various reasons for choosing ash and wanted a cash dividend after a certain time to leave to a member of his family with physical difficulties. Leaving that aside, he feels that what has been replanted for him was not what it said on the tin and that he will be left with a plantation of no economic value.

Coillte has stated that it has its own insurance. Does this mean that there is not independent insurance for contract clients in respect of their forests? In light of people's anxiety regarding insurance for forests, will Coillte clarify the position?

Coillte claims that it is happy with the arbitration process relating to its 700 plus clients and that there is general satisfaction with how it is going. I do not get that impression from the people who contact me. There is a view that Coillte is, at the very least, stalling the process, that it seeks further information from clients and that, to date, no arbitration has taken place, even though clients were told that it was due to start in September. Some 30 or 40 are in the pipeline with another 100 waiting to get into the process. What is the timeline for arbitration? How many of Coillte's 700 plus clients have indicated that they will go on the arbitration route with it?

I have also received representations to the effect that clients who have made complaints about contracts are being visited by Coillte staff. In most cases, these clients are elderly individuals. While they have received legal advice, Coillte staff are getting them to sign agreements which bypass the arbitration process and which indicate that everything is hunky-dory. I am not saying this is the case, it is what has been put to me. If it is the case, there are questions to answer. These people are not fully aware of what they are signing and, while I would not say that they are doing so under duress, if it was the case that elderly people were being asked to sign something in the absence of a legal person when they have sought legal advice, that would be a breach of good faith. Will the representatives clarify whether Coillte staff are calling to individual contract holders and getting agreement signed without others being present for the landowners?

Another complaint I have received from people who own land adjacent to Coillte forests is that the company does not have enough staff to maintain boundary fences around its forests and that the fences are, in comparison with the position which obtained some years ago, seriously neglected. There is not the same level of maintenance. How many staff does Coillte have? I appreciate that it has a serious amount of acreage to cover and that much of it is in quite rough terrain, but Coillte has forests in other parts of the country that are bounded by land which is used for commercial farming. In those cases, there are issues with wildlife and other things damaging fences. Does Coillte have dedicated staff for maintaining the boundary fences relating to its forests?

Deputy Willie Penrose: I welcome our guests. Ms Gray appeared before the committee eight or nine months ago. The presentation was very interesting. It set out a strong trend for Coillte into the future. We all agree that Coillte has an important role to play in terms of regional biodiversity. It also has an important role in employment in the rural economy by providing approximately 12,000 jobs. It is highly export-oriented, which leaves it exposed to the ups and downs of Brexit. I read the climate action plan, which is the Government's policy that was produced in June, and I am aware that expansion of forestry is to play a key role to contributing

to carbon abatement by 2021 and thereafter. How can we be serious about that? There was an objective of 10,000 ha for new forests and woodlands when I was in school clothing. We never came within an ass's roar of achieving it. We fiddled around with 5,000 ha and 6,000 ha and in the new climate action plan there is a target of 8,000 ha. Am I right in stating that this is the first time it has ever been identified? It is in the climate action plan.

I suggest that it is time to take this out of the Department altogether. The Scots are up to between 12,000 ha and 13,000 ha. Scotland is not dissimilar in climate or anything else, but we are into lip service because it is captured within a Department. The Scots have a forestry commission and I believe it is time to do that. What do the representatives of Coillte wish to say about that? I realise that the company just implements Government policy. In 2011, we were delighted to get any dividend from Mr. Lowery. It was difficult to extract any money from him that time. I was in government at the time. To remind colleagues who are roaring and shouting about what 2011 was like, we were going around to every State and semi-State company and begging for a couple of million. We had been told the coffers were bare and the money would be gone in 15 weeks. That is what we had to face. Some people might not know that but some day I will write the history, as I was there, telling of everything that happened. We begged Mr. Lowery and others to get a few shillings at the time, and we did.

The essential objective should be a sustained commitment to promoting forestry. Some of the matters Deputy Cahill raised illustrate where we are going. The Deputy knows the answer. There is not enough wood to keep the factories going over the coming months. Everybody knows that. A good barrister never asks a question unless he knows the answer. Deputy Cahill is a bit of a barrister and he knows the answer to that question. He is asking it of the witnesses and I am answering it for them. There is not enough wood.

Let us be clear about what happened. There is negativity about forestry. There were negative effects for small forestry farmers. As soon as the digitisation of premia was introduced, down they went. There was a major problem with that. There is indecision in respect of ash dieback. We know it will cost a multitude of millions to compensate the unfortunate people who got into growing ash and who are still suffering. It is shocking to see how people are suffering in Limerick, Tipperary, Kerry and across some of the midlands, the consequences of that and the indecision that has occurred. There are stringent requirements and a great deal of bureaucracy and paperwork.

While carbon sequestration is important, there are other economic benefits as well, such as forestry tourism and social, environmental and health benefits. In terms of carbon sequestration, is it Coillte's view that a major expansion of native woodland, which Coillte is committed to, or fast-growing conifers, which many people object to, is the best opportunity for carbon sequestration? Is that an issue? I note the Coillte Nature initiative. It is very good.

Coillte is moving back into commercial forestry plantation. How can it move into anything? One cannot fight a war unless one has soldiers. Coillte has 800 employees. There were nearly that number at one time in counties Laois, Offaly, Westmeath and Longford. I know that because my late uncle worked with them. If one went to any forest, one would see plenty of people working, but now nobody is working in the forests. One would see the caise an phúca mushrooms a lot more often than one would see human beings. How can Coillte be serious about achieving targets when it does not have anybody to do the work? Coillte has improved its performance with earnings before interest, tax, depreciation and amortisation, or EBITDA, up over 4%, but it is going down as a source of employment for workers. I always say that to its representatives, and I said it to their predecessors. It has fallen on deaf ears. Coillte has no

interest in employing people. That is one of the matters it is not addressing, notwithstanding that it has an important role to play.

In terms of the business, what is the rate of return for the forestry assets in the accounts? Coillte had a five-year programme in 2015. Is that renewed or is the company bringing forward a new programme to set in place the transformation strategy upon which it embarked? What is it doing in that regard? What is the position with the Avondale Forest Park development? Has it gone through planning or is it up and running? Medite Smartply is a panel manufacturing business and there is an associated Medite. How are they doing? Do they continue to generate new markets for panel manufacturing?

Those are critical areas but to maintain the forests Coillte has at present and to continue to plant them commercially, and I am glad Coillte is going back into commercial replanting, there appears to be a reluctance to tell the Government what it is doing wrong. I do not hear that from Coillte. I believe the Government is all over the place and that is why it is time to take it from the Government. A forestry commission would be a better way to achieve targets. Otherwise, ten years hence we will still be talking about trying to achieve 8,000 ha. It will be like draining the Shannon in that we will spend years trying to achieve it. We should be aiming to plant 12,000 ha because it can make a huge contribution. The Government is wrong. It should be helping small farmers who have a poor area of land to plant that land. It should encourage them and increase the premiums to enable them to get a decent return. There is a great deal of marginal land and if farmers are unable to reclaim it they should be given an opportunity to do that, rather than penalise them.

Ms Bernie Gray: I will reply to the questions and pass them to my colleagues as appropriate. On the last point made by Deputy Penrose, Coillte is conscious that it is one of the major players in the forestry sector in Ireland. It is very conscious of the 12,000 jobs the sector provides and of the contribution it makes to the economy of €2.3 billion overall. If the sector does not perform well, it will be bad for everybody in the sector. It is in everybody's mutual interest that the sector thrives.

On the overall issues, such as the status of forestry and its significance as part of the climate action plan, we are conscious that Coillte has a significant role to play. The main enablers that would help us to do that include a national land use policy, which does not exist; a prioritisation of forestry as the main element overall, not just for Coillte but also for the private sector; and a roll-out of processes within the forestry sector, both for the approval of felling licences and the appeals mechanism that is currently a part of the process, that are robust and allow the forestry sector to thrive.

Although Coillte is returning to the area of commercial forests, it is limited by the availability of land. While it can acquire farm partnerships, which it has done in a number of cases, and while it can acquire other lands, other interests held by pension funds or other investment vehicles, that will not be a net increase in afforestation for the country. While it will increase Coillte's shareholding, it will not increase the national holding. We have been in discussions with the Department in recent months since the plan was introduced on how best to provide a roadmap in the national interest, and Coillte is not the only player in that regard. Part of Coillte's commitment to having a dialogue in the sector is its support of the Forestry Ireland initiative, which is the first time in the State's history that all the voices in the forestry sector have come together. All of them have a number of mutual interests to be served, and it is in Ireland's interest that the sector as a whole will move forward.

They are some of the initiatives the Coillte has taken and some of the practical discussions we have engaged in. We are clear about what is needed on a national level to help not just Coillte but other members of the sector to perform their role, and we will continue those discussions. We are disappointed with the progress in respect of felling licences. We have been in active discussions at the highest level with the Department and the Minister in recent weeks and they will continue this week. While it is a significant issue for Coillte - it is currently our number one risk - we fully appreciate the impact it has for private operators in the sector. There are two interests, the first of which is to overcome the immediate tactical issues about the process in place and the accompanying appeals process. Our second, more enduring interest is to put in place a more sustainable process for the future. Otherwise, the forestry sector, as well as Ireland's contribution to mitigating climate change through the forestry sector, will be impaired. That is not in anyone's interest and we are conscious of that.

On its stated position on employment, Coillte is not averse to increasing employment where it is warranted. We seek to balance our commercial and non-commercial mandates as provided for in the Forestry Act. If we were to increase afforestation and assume the 8,000 ha target outlined in the plan, it would cost Coillte on average approximately €100 million per year. That is because Coillte does not have access to grants or premia that are available to the private sector. If we did have such access, the cost would reduce to €20 million, which would be a much more viable option for Coillte to engage in. We have been in active discussions with the Department and made a submission to the EU in respect of the risks of state aid that apply to determine whether we can mitigate the risk and move forward in the interests of both Ireland and Coillte.

A number of Deputy Cahill's questions related to forestry. I will hand over to my colleague, Mr. Carlin, in the first instance to deal with them, after which Ms Hurley might address a number of the other questions that were asked.

Mr. Mark Carlin: On felling licences, we are working with the Department to prioritise units that can be harvested within the next weeks and months-----

Deputy Jackie Cahill: How many applications for felling licences have been received?

Mr. Mark Carlin: Approximately 400 individual applications are currently in the pipeline. We will also bring in additional contingency applications to ensure we can sustain a good supply of material for our sawmill customers and our contractors. The contractors are generally on long-term contracts with Coillte of three to five years. We want to work with them to ensure they will have continued work, not least at this time of year as we approach Christmas, as well as over the Christmas period, and we are working on that with the Department to try to prioritise licences we believe can get through the system quickly. It is our number one priority and we are engaged with our customers and contractors on the issue, which no doubt exists. We will also engage with the Department on how we can implement new environmental screening and appropriate assessment procedures more efficiently and effectively in order that we will not be in the position again. My understanding from talking to the Department is that the new procedures will put us in a more robust position for the future, although there has been disruption to the normal flow of licences and permits in its implementation.

On the question about private clear felling and reforestation that may not be taken on by the individual who owns the land, there are approximately 1,000 ha of private clear felling per year. On occasion, we are approached to determine our interest in purchasing land and forestry. As we move forward into next year, we will develop an initiative to offer our services in mobilising timber or acquiring land in forestry. We are interested in that area of the business and seek to

develop it further.

Chairman: Has Coillte purchased much land in recent years?

Mr. Mark Carlin: On average, we buy between 200 and 300 ha per year, but part of our strategy is to accelerate that significantly for reforestation and afforestation, into growing our business and estate and to contribute to the national target for afforestation of 8,000 ha per year.

On the question about planting guidelines of 53% Sitka and about how we treat individual sites, Coillte is certified PFC and FSC. There are guidelines for the primary and secondary species and we are well under the threshold of 53% Sitka for the former. We do not measure or monitor it at an individual level but rather a regional level because it makes the best use of the land. One wants to put the right tree in the right place for the right objective. It is important that the more productive areas of our estate have more commercial species and that the areas of our estate that have higher biodiversity have greater diversity, perhaps by using native woodlands. Some sites will have a proportion greater than 53%, some might have as much as 90% commercial, while others might have 90% non-commercial. It depends on the site characteristics and our objectives. Nevertheless, when planning our reforestation, we always try to ensure that whatever biodiversity is on site will be enhanced or restored. A subject of which we are acutely aware, related to one of Deputy Cahill's questions, is that some of our forests, both private and public, are too close to dwellings or public roads. The new afforestation and reforestation guidelines have done a great deal to address this, with appropriate setbacks from houses and roads. New forest which we are putting in place has good boundaries and good setback distances. However, forests that are more long-established may be too close. What we are doing is engaging with local landowners and we correct as much as we can, where appropriate. I am satisfied the new guidelines which we follow take much more recognition of our neighbours.

On the question of ash dieback, this is clearly a major challenge for the country, given ash is such an important species for us, not only commercially but also culturally. Unfortunately, we have to remove ash from some of our sites due to Chalara dieback. We are in discussions with individuals about the best way to approach this clean-up operation and what we can do to re-plant their sites. One of the positive news stories is that we are working very hard on a resistant strain of ash to get back into planting ash as quickly as we can. We are working hard with the Department in terms of identifying strains of ash that will prove resilient for Chalara because it is important to start planting ash again.

The Deputy had a question on insurance for contracts and I presume he means the contracts for farm partnerships. Many of our partnerships are on the basis of insurance being carried out by each individual partner. Coillte is self-insured and we do not specifically insure our crops, so we carry the risk. It would be simply too costly for us to insure our entire estate. Some of our partners would insure their own crops and there are insurance schemes available for them to do that. One point to note is that as these partnerships mature, the risk somewhat passes from the partner to Coillte. As we pay out annuities, the partner is realising the value of that asset and the value moves towards clear fell, so the risk passes a little more over to Coillte. However, it is up to each partner to insure their portion of the partnership. I believe that answers the main forestry questions.

Deputy Jackie Cahill: There was a point on replanting in cases of ash dieback. I raised a point about a crop being put in which is not as commercially viable. Is that happening?

Mr. Mark Carlin: Where we are replacing ash, we have to work with the Department in

terms of reconstitution and *force majeure* in regard to contracts, and how we approach that. We are putting in the appropriate species and trying at all times to make sure the asset can be realised. At the end of the day, this is a partnership and there is a value to the client that, clearly, we have to be cognisant of. However, there is a value to us as well so we are always trying to do the right thing for the partnership in terms of the value. In individual cases, we are happy to talk to individuals about the best way of handling this.

The Deputy had a question about an important issue, namely, Coillte staff bypassing arbitration processes. This is not happening in terms of bypassing any legal arbitration process. There are clear mechanisms within the partnership to deal with any dispute. We have one case with a partner that is moving towards arbitration and we certainly are not delaying that process. It is within the legal sphere and there is information flowing on both sides. We want this to move quickly and it is in our interest to get it moving. There are another six cases where there has been consent to arbitration, so there are seven cases in this sphere at the moment. I can categorically say we are not delaying things and there is no delaying tactic. We want to move through as quickly as we possibly can on this but it is in the legal sphere.

I am trying to think of what we could be asking the partner to sign which the Deputy might be hearing about. We carry out an annual review every year with the partner. We try, where we can, to meet the partner on site as we think it is better to do this face to face and have a conversation about what is happening with their woodlands and what will happen next. We like to get that signed off, so that might be a case where a document is being signed off which shows where the partner is at with the partnership and what is going to happen next. The only other thing I can recall that we would need to get signed is on the occasion of grants to allow us to build roads and so on. Certainly, there are no other documents we would be forcing a partner to sign, particularly from a legal point of view.

Deputy Jackie Cahill: Where there is an arbitration process in train, would it not be more appropriate, especially in the case of an elderly person, to have the legal person who is representing the partner present if there is any document to be signed? Whatever document is signed surely has an impact on the arbitration process.

Mr. Mark Carlin: That is fair enough. In these very few cases we have in arbitration, that is how we would treat it and both sides would be leaving it to their legal advisers. In the vast majority of other cases where we are getting documents signed, it is more to do with the annual review and grants. Our front-line foresters would not be dealing with farm partners in regard to legal documents as that would not be appropriate.

Ms Bernie Gray: If the Deputy is referring to a specific instance, we can take it offline and we will certainly respond to him separately on it.

Deputy Jackie Cahill: That is fair enough. The arbitration process was due to start in September but it has not started yet. Why the delay?

Mr. Mark Carlin: I do not want to comment too much on it because it is in the legal process. My understanding is that there are information requests from both sides in terms of understanding the nature of the complaint so we may best address it. It is a question of information gathering on both sides. It is not the case we are trying to delay unnecessarily.

Deputy Jackie Cahill: Is there a timeline for the start of the initial cases?

Mr. Mark Carlin: We do not have a timeline yet.

Chairman: Has any case gone to arbitration?

Mr. Mark Carlin: There is one case going to arbitration and six are consented.

Deputy Jackie Cahill: Is there an indication there would be many more in the system to go to arbitration?

Ms Bernie Gray: Not to us.

Deputy Jackie Cahill: My information is that the figure would be a lot higher than that.

Mr. Mark Carlin: That has not been made clear to us, perhaps. One of the big responses we have made, among the big improvements we have made since this issue came to light, relates to improving communications. Therefore, hopefully, it will not have to come to this and we can deal with issues with the partner, whether they are issues of clarification on the actual plantation or on the commercial statements. Since we last updated the committee on this, we are pleased to say that any partner who is due annuities in the next two years has received a full financial breakdown and commercial statement, and has met with our teams and knows where they stand. Communication has improved greatly so, hopefully, that will negate the necessity to take the legal route.

Deputy Jackie Cahill: I asked about the maintenance of boundary fences on Coillte forest, especially where they are adjacent to commercial farmland.

Mr. Mark Carlin: This is obviously a big challenge for us. We are in one in four townlands in Ireland and we have 6,000 properties, so it is something we are always very aware of. We have a responsibility and farmers have a responsibility to fence in their livestock. Where we have damaged fences through our operations, we always try to do the good neighbourly thing and provide fencing materials or try to carry out the operation ourselves. We do not always get that right but, certainly, we have tried very hard in the last few years. We have reorganised our front-line operations to bring in an estates team. We have a harvesting team that looks after harvesting operations, a reforestation team which looks after planting and a dedicated estates team to deal with local issues and stakeholder engagement. We are operating in rural communities with our own staff and it is important that we are good neighbours and try to do the right thing. When there is a case of fences needing to be repaired and, clearly, it has been an issue, we always look to repair those.

Ms Bernie Gray: I want to respond to Deputy Penrose in regard to the dividend issue which he raised and I will then pass over to Ms Hurley. Coillte has a dividend policy, which it has agreed with all of its stakeholders and which is that we would pay a dividend per annum of 20% to 30% of our profits. Last year was the biggest dividend that Coillte ever paid, which was €15 million, and that has increased from €2 million in 2013, so there has been a significant increase in the level of dividends.

Deputy Willie Penrose: Is it anticipated it would increase again this year?

Ms Bernie Gray: No, it will not increase this year. This year has been more challenging year for Coillte and 2020 will be more challenging again, and Ms Hurley will comment further on that. We would prefer to think of our dividend not just in financial terms but also in social terms. Our contribution to Ireland is both financial and non-financial, which is part of the rationale for setting up Coillte Nature, but, equally, we have a responsibility to make transparent to Ireland what we are doing on a non-financial basis as well. I will pass to Ms Hurley in regard

to the other questions.

Ms Imelda Hurley: Deputy Penrose asked about the financial return that the business is experiencing. In 2018, the cash yield was 4.6%.

As Ms Gray has mentioned, in 2019, and more so in 2020, we are seeing and will see a softening of market conditions across Europe. The business is experiencing the uncertainty of Brexit because the UK is the biggest market for Irish timber. The UK is the second largest importer of timber in the world and any uncertainty in that market has a knock-on effect on us. The Medite Smartply business is performing well. The two facilities produce MDF and OSB which are very important in the construction industry. It is important to continue to invest in that business to ensure that we are innovative and that the business is able to operate on a very efficient basis. Coillte has 800 employees but we also have 1,200 subcontractors who work more or less full time in the industry. As an industry it employs 12,000 people and is worth €2.3 billion. An important statistic going forward is that, as a result of the plantings of the past 20 years, the industry is expected to double in size over the next ten to 15 years. It will, therefore, become even more important.

The land we have is approximately 7% of the landbank of Ireland. Of that, 20% is directly managed for biodiversity purposes and that is one of the social dividends delivered to the State. We have optimised the balance in terms of forestry. Being new to the industry, I have asked a lot of questions in the past month and I have wanted to learn about the business from the moment I became aware of the Coillte opportunity. Our overall forestry sequesters approximately 50 million tonnes of carbon as a carbon store. As a carbon sink, on an annual basis approximately 70% of carbon emissions in Ireland are sequestered based on the ongoing growth of trees. That is part of the social dividend that we deliver.

Coillte Nature is a new initiative launched this year and it considers how we make a further contribution to forestry in Ireland and to improving biodiversity. It will feature several initiatives, one of which is a memorandum of understanding with Bord na Móna for 1,500 ha of bogland where we will plant a specific type of tree that we are nurturing. That will be a two-year project. These are many of the positive things that Coillte is doing but I am aware that at times there is negativity about forestry. We have a more agricultural than forestry culture. I grew up on a dairy farm and have engaged with my family since I took this role. We need to think about the role that forestry can play in helping to keep farmers on the land rather than have to leave it. There is much to do but with time and the right enablers, much can be done.

Chairman: On the point of negativity, is Coillte devising a strategy to improve communications about how to make forestry more attractive?

Ms Bernie Gray: Yes. It is not just in our interests but in conjunction with everybody else in the sector. Coillte invested in the Forestry Ireland initiative where all the companies and players in the sector come together because forestry affects everybody. The purpose is to make transparent the benefits and attractiveness of forestry as a sector to potential employees. Coillte operates an annual graduate recruitment programme. This year, a number of the graduates we recruited came from eastern Europe because we could not source them in Ireland. We want to be an employer of choice such that potential employees in Ireland want to join Coillte and understand what a job and a career in the sector can bring them.

Chairman: We have heard a great deal of negative language from farming and agricultural journalists this year which has been a very challenging one for beef. The fact that forestry is the

second most productive and profitable farm enterprise after dairying is rarely mentioned. I do not think the witnesses mentioned it and other organisations that have appeared before the committee have not mentioned it. That point has to be made to make forestry more attractive. One point the witnesses missed was Deputy Penrose's question about separating the forestry sector and following the Scottish model of a forestry commission. Do they have any views on that?

Ms Bernie Gray: We are in discussions with the Department about how best Coillte can play its role in fulfilling the national agenda. The Mackinnon report was commissioned by the Department. It is as anxious as we are to put a better roadmap in place. We will have further discussions with it this week. Mackinnon does not draw any conclusions on the status of a commission and its benefits versus a Department as the vehicle for regulation and administration of the forestry sector. Our concern is not whether it is a commission but to make sure that the processes which play into the sector are the most robust possible. That is what we are discussing with the Department. We are also discussing some of the key neighbours the company needs if we are to increase the level of afforestation.

Deputy Willie Penrose: Surely the witnesses can agree that when a forestry commission was set up in Scotland action was accelerated and targets were met as opposed to when there was a system something similar to our system.,

What did Coillte do with the money it got for the wind farms? The company made a mess of that because it did not realise the extent of the negativity towards wind farms in rural communities. I know it intended to go back into wind energy and generate 1 GW of electricity. The Minister is moving now to ensure communities benefit from wind farms, which is right, rather than those coming in from outside who are almost like vulture funds and pension funds. Has Coillte given any thought to how wind energy could contribute? There was some sense in that approach. Coillte nearly knocked us out here at one stage when it spoke of getting involved in the nursing homes business. I am sure that proposal is in the dustbin now. Wind energy was very badly handled but Coillte sold off wind farms and got a great return. What did it do with the money?

Ms Bernie Gray: I will answer that in the first instance and go back to the question about the commission. An amount of the proceeds of the sale went towards repayment of debt which existed on Coillte's balance sheet at that time. The balance was then available for reinvestment in the business, afforestation being part of that. The board this year has been working hard with the management team in looking at the areas for investment in the business. Ms Hurley will talk more about that. It is a combination of repayment of debt and capital reinvestment. The Deputy also referred to the impact of the forestry commission in Scotland. The Mackinnon report identified a number of factors which, in Mr. Mackinnon's view, contributed to a higher level of net afforestation in Scotland. Mr. Mackinnon reported that the commission could possibly have been one of these factors, but he could not be definitive about it. He referred to the size of the holdings that have traditionally been used for afforestation. The holdings in Ireland are much smaller than the holdings in Scotland. Mr. Mackinnon referred in his report to the "lack of political priority given to forestry".

Deputy Willie Penrose: It is a good point.

Ms Bernie Gray: He also referred to the payment regime that applies. One of the barriers faced by Coillte is that it cannot access grants and premiums. That did not apply in Scotland, which made it easier and more economical for the authorities there to increase afforestation. We will discuss all of these issues with the Department, which commissioned the report in the

first instance. The officials in the Department are as anxious as we are to make progress with this agenda.

Chairman: I will bring in Senator Paul Daly and Deputy Corcoran Kennedy after Ms Hurley has responded to Deputy Penrose.

Ms Imelda Hurley: I will elaborate on the investments we are making. The Medite Smartply business, which has been mentioned, requires ongoing capital investment to ensure it can produce innovative products, retain its competitiveness on the market and continue to have efficient processes.

Deputy Penrose referred to further proposals. I understand and acknowledge the point he made about wind proposals. There has been a further proposal to realise 1,000 MW of wind energy over a ten-year period. We recently signed an understanding with the ESB that requires the consent of shareholders and of the Competition and Consumer Protection Commission. As that proposal is built out over a period of time, further capital will be required for these purposes.

Senator Paul Daly: I welcome the deputation from Coillte. A number of people contacted me when they heard the witnesses would be in attendance. The main thrust of my contribution will be based on the partnership arrangements and agreements. The witnesses have said in response to previous questions that Coillte intends to improve its communications. I have heard various stories, but I would like to hear Coillte's side of the story. The first issue I would like to raise has been addressed to some extent. I would like to hear a little more of a breakdown of how Coillte intends to deal with historical instances of sums of money being paid to partners for timber without any documentation or receipts setting out the weights involved, etc. This created issues with Revenue because the people in question were not able to account for what specifically the money was for. They could not provide a breakdown of what they got the money for. I ask the witnesses to address this matter. I am reliably informed that there are some cases of this nature.

I was also given a couple of examples of people who asked to dissolve their partnerships with Coillte for various reasons. They may have become disillusioned or whatever. They were told that if they bought out Coillte, it would cost them two and a half or three times more than it would cost Coillte to buy them out. I ask the witnesses to explain those figures. Are they accurate? If so, why is this the case?

I have also been told about instances in which no grant is provided for replanting after clear felling. I would like to hear Coillte's side of the story. It seems that if an individual involved in a partnership with Coillte is not in a position to engage in replanting, Coillte offers him or her a measly €400 an acre to take over the site. Is that true? If so, why are such people not entitled to receive the market value?

I would like to return to the question of Coillte's people maintaining contact with people who have engaged with it through solicitors. I know this matter has been covered already. At the same time as Coillte's solicitors engage with the solicitors of people who have been involved in partnerships with it, Coillte continues to carry on individual dealings with them. I am not happy with the clarification that was given when this issue was raised earlier. One would imagine that if two individuals had solicitors working on their behalf and negotiating with each other, everything would have to go through those solicitors. I would not expect Coillte to go behind the backs of solicitors to deal with people on an individual basis.

I would like to ask about the markets. Deputy Penrose has said that when Deputy Cahill asked a question earlier, he knew the answer. While we have targets as part of our plan to plant 8,000 ha each year, the long-term nature of the development of this project means that it will take a long time to come to fruition. How are markets going to be satisfied in the meantime? If we start hitting the 8,000 ha target from this year on, leaving thinnings aside it will take 20 years for us to see the material that is being planted at the moment making an input or coming onto the market. Given that we are talking about a 20-year span, how are we going to satisfy the markets?

I apologise for leaving, but I have to vote. I hope to be back before the witnesses answer my questions. If not, I will see them in the transcript.

Deputy Marcella Corcoran Kennedy: I thank the witnesses for attending this afternoon. I extend a special word of congratulations to the new CEO, Ms Hurley. I commend Coillte on its Science Week initiative, which involved the provision of saplings to schools, local community development groups and Tidy Towns committees. Anyone I heard about was delighted with the initiative. I commend Coillte on the introduction of such a great initiative at a time when we are all talking about climate change. The local climate action committees that are in place are engaging with and talking about these issues.

I would like to ask about a joint Coillte-Bord na Móna initiative that has been announced. As I am from County Offaly, I am very keen to hear about the plan to transform Bord na Móna lands into native woodlands. This matter has been the subject of a great deal of consideration at the Joint Committee on Climate Action. We have debated whether these lands should be wetted first and species like alder should be planted subsequently. Has Coillte looked into paludiculture? I would be very interested to hear what the witnesses have to say about this. There was a little negativity when this initiative was announced. Those of us who thought it was a good idea suddenly realised that the use of boglands to grow trees was not quite as simple as we thought it was.

Ms Bernie Gray: I will make some opening remarks before handing over to my colleague, Mr. Carlin. Senator Daly asked about farm partnerships. Coillte conducts its business with openness and integrity. When representatives of Coillte were before the committee two years ago, they accepted that the way in which the administration of farm partnerships had operated needed to be improved because mistakes had been made. Every effort has been made in the interim to make those improvements and to increase communication. If there was any sense that such improvements were not visible to all the farm partners, we would be very concerned. We gave a commitment that every person would receive communication; that we would put additional resources in, which we did; that we would issue a commercial statement to each partner, which we did; and that we would assign a member of staff to farmers on an individual basis so that they would know who they were dealing with and there would be a human face to their interface with Coillte. We would be concerned if that was not the experience. If there have been particular instances in which this has not been the experience, we want to hear about them because that is not the way Coillte likes to do its business.

A question was also asked about markets and supply. The strategic review, which we have mentioned, involves ascertaining the extent to which Coillte is in a position to supply timber to the sector in the knowledge that it is growing quite rapidly. We are looking at the net increase in afforestation and at the profile of our forests. We want to ensure the ageing of our forests and the harvesting of our trees are in line with the requirement to supply to the market. As part of our strategy, we will invest in mature forests to supplement years in which the profile of our

forests might not meet demand. Overall, we are happy that we will be in a position to meet demand, even as the market expands.

We are very happy that the Bord na Móna initiative, which was mentioned by Deputy Corcoran Kennedy, has been concluded. The question of what will happen has been raised with us on a number of occasions. Is it the best decision not to rewet? What is the best way and what species should we use for afforestation of cutaway bogs? We are taking the best ecological advice on that, as we do with our management of forests and harvesting policy. Mr. Carlin will provide further insights.

Mr. Mark Carlin: I will start by addressing the farm partnership questions. The first question was on payments to partners and the clarity on timber removals and trucks being removed. We have made great inroads in improving the information that is given to our partners on a commercial basis through commercial statements. The main harvesting events that will be taking place at the moment are thinnings. A significant advantage that we have over the private sector is that every truck that we have removing timber is tracked with GPS, so we know exactly what timber was harvested and put to roadside and where all the trucks that removed that timber went. We also make sure that we convert tonnage into volume, which is of benefit to the partner, instead of paying by tonne. That information is all readily available. It is not being made available, but we certainly can make it available to partners if they wish. That can be dealt with locally. The information is there and it is all very well-tracked.

There was a question on dissolving partnerships, where the buyout price was different from the buy-in price. That is a matter of how much has already been paid over to the partner. At a particular moment of maturity of the partnership, depending on the specific partner and type of contract, moneys can already have been paid over. Those moneys have to be discounted and indexed. This is a valuation procedure which is pretty well defined in forestry. We recently had KPMG review our valuation methodologies. That would explain the buyout versus the buy-in price. Moneys already paid over would generally cause that differential. We can look at things on a case-by-case basis but that is the biggest cause of the difference in price.

When it comes to grants for reforestation and Coillte acquiring the land of our farm partners, we are not in that phase of our partnerships yet. The clear-felling that we have done with our partners has generally been through windblow, where we have had to go in and salvage trees, and there has been very little of that. We have not come to a position yet where these partnerships have matured and we are clear-felling and looking at reforestation. However, we would be interested in acquiring land for reforestation, but it would be done at a fair market value. The partnership ends once the crop is felled and the land reverts back to the partner. It is entirely up to the partner what to do with the land. We would like to provide partners with an option of acquiring the land but it will be done at a fair market rate.

There was a question about communications with partners that may already be in or approaching arbitration. The only communications that would be happening at a local level are not legal conversations. They relate to the forest operations that are happening. It will be our local forester talking to the partner about what has to happen with a road or the crop itself. If the partner feels that is inappropriate, then I think we have to look at that again. It would be in our best interest to improve our communication with the partner, but if the partner feels that that is inappropriate because it is in a legal sphere, then I think it is fair enough that we have to have a look at these few cases that we have that are approaching legal arbitration.

To address the question of the afforestation of 8,000 ha and how long that will take to come

to market, that is not really a constraint at present with regard to demand and supply. We are in a happy position in Ireland in that we are one of the few countries in the European Union where our private supply of timber will double in the next five years. It will double again ten years after that. Following the investment that the State and private sector made in planting forests, especially in the 1990s and early 2000s, those forests are coming to fruition, which is great to see. This industry will double in size and then double again. To answer some of the questions that we have heard about employment, our challenge will not be sustaining 12,000 jobs but identifying people who can take on the next 10,000 jobs. This is a good news story that we maybe need to make known a bit more.

On the question of Bord na Móna and rewetting, the science about the best thing to do with bogs is really quite complicated. We try to follow the national peatlands strategy. In this initiative with Bord na Móna, we need to make sure that we are only afforesting areas of bog that are appropriate for afforestation. Where it is appropriate for them to be left alone for reasons related to carbon or biodiversity, then they need to be left alone. Where it is appropriate for them to be rewetted, that should be done. We are trying to strike the right balance between creating biodiverse natural wilderness forests and making sure that we do not disturb boglands and the carbon store. Determining the best treatment is quite challenging but we are taking the best advice that we can. This is a good news story about creating new wilderness forests for biodiversity. We will be using seeds from birch and Scots pine so there will be a very natural looking feel to these forests. It should be seen as a very positive move but we have to respect the ecological advice that we get.

Deputy Marcella Corcoran Kennedy: Can I make another point on the combination of rewetting and planting into the rewetted bog? Apparently the alder tree is very suitable for that. I am no expert but we have been told this is how it is. We could potentially look at combining the rewetting and planting into the rewetted bog because apparently these are very suitable.

Mr. Mark Carlin: It could be. Alder is a species that is very tolerant of wet ground and suitable for that. If we are rewetting bogs, we have to understand why we are doing that. If it is to try to recreate pristine bog, particularly with special areas of conservation, then the right treatment might not be to plant trees. In areas where it is the right thing to do, then that is what we will look at doing. A combination of both could be an attractive option.

Deputy Michael Fitzmaurice: I thank the witnesses for their presentation. I know that Mr. Carlin said earlier that for legal reasons he cannot comment on this. I am not asking about the legal aspect but why it is taking so long for arbitration to go ahead with regard to partnerships where there are problems. At our last meeting here, we asked if there were legal issues with the certification of the farm partnerships. We were told that there were not. The information that we have is that 20 legal letters were sent to Coillte by a Dublin law firm. Will the witnesses comment on that? While we got this two years ago when Coillte representatives were here, will the witnesses provide an accurate figure for the area Coillte has in circulation at present when the area used for wind farms or LIFE aid are removed? My understanding is that there is not any. Some of Coillte's areas, such as Galway with Paul Ruane, do good projects and are very helpful. When Coillte is trying to work with the community in certain areas, the legal side can be very slow in getting agreements made. Can that be improved? As the witnesses touched on with Deputy Cahill, what happens where ash dieback has happened in a partnership and it has to be taken out? Ash probably costs €50,000 an acre at its prime. Why are we putting in alder? Why are we not putting in beech or something if an area is able to grow ash? Why are we putting in a less valuable crop?

Much has gone on regarding environmental objections in a particular case, although I understand it is not Coillte's fault. Will this mean a serious amount of money even for ordinary people who are planting because they will have to get an ecologist's report, an environmental impact assessment and all of this? How much of a backlog will that cause?

Moving on to discuss the people in the farm partnerships that our guests mentioned, I would like the following clarified. Did our guests say that Coillte has given €17 million in premiums? My understanding is that the Department pays the premiums.

Coillte has made a quite substantial profit and I congratulate our guests on that. When a profit has been made and things are going fairly well, why have we not tackled these partnership problems, rather than heading for the courts, in some cases, and arbitration in others? Why will someone not try to put a bit of a head on this, so to speak, and try to resolve it once and for all? Coillte will probably have to use legal people. Ordinary people who went into something in good faith will also have to use legal people. Is it not crazy going to court?

In their opening statements, our guests said that Coillte had gone to the people, or partnerships based on management agreements, and that it is working with people the whole time. Coillte has admitted that this was not the case, going back years, and that there were major problems. Our guests also spoke about replanting.

Turning to bogs, Ms Hurley talked about carbon sequestration. What does one acre sequester in a year? What does an acre, or a hectare, sequester in a lifetime? Others who were before the committee did not give such generous figures as those our guests spoke about today.

Mr. Mark Carlin: I will answer the Deputy's question about it taking so long for arbitration. I do not have the specific legal information, I leave that to solicitors. I understand it is moving towards an arbitration process. Therefore, that is not a process of which we are in control. It is moving towards arbitration and that means that we are asked for information, as is the other party, and we are moving through that. We are not delaying and we want this to move through as quickly as possible.

We have 630 partners and 695 partnerships. It is never great when any partnership ends up in the legal sphere, and we absolutely do not want this to happen, nor do we want matters delayed. We want to get back on track with our partners, and if there is any other way out, through buy-ins and buyouts, we can look at that. We are striving hard to do the right thing for ourselves and our partners. There are no delaying tactics from us in this and we want it to move through swiftly, but we are in a process.

My understanding is that one case has gone to arbitration and six have consented to arbitration. The 20 cases to which the Deputy refers are probably to do with freedom of information requests that we have received under the general data protection regulation, GDPR, to outline what personal information we are holding. That is the position, as I understand.

Deputy Michael Fitzmaurice: My understanding is that a legal firm wrote about issues relating to certification of partnerships. A question was asked of previous guests of the committee as to whether there were any legal letters on this matter and the committee was told there were not. I understand that a Dublin firm has written 20 letters to Coillte.

Mr. Mark Carlin: We have received approximately that number of letters. I understand that those letters are more to do with requests for information at this stage. I do not know where they might go but that is their status at the moment. That is the information I have on those. If

we have any further information, I will certainly provide it to the Deputy.

Deputy Michael Fitzmaurice: No problem. I thank Mr. Carlin.

Mr. Mark Carlin: What was the Deputy's question about hectares for afforestation?

Deputy Michael Fitzmaurice: We got figures to the effect that Coillte had made increases to the tune of 20 ha. I am not talking about reforestation in areas where trees were cut, nor am I am talking about cases where somebody bought a wind farm from Coillte, or where Coillte is putting up a wind farm and had to replace the forestry. I am talking about actual extra hectares on top of what was pre-existing.

Ms Bernie Gray: All our land is currently afforested. We do not spare land.

Deputy Michael Fitzmaurice: I did not ask that question. I asked how much new land and how many acres, on top of the acreage that Coillte has always had, has been afforested. There was mention earlier of 300 ha but that is not correct. I am asking how much new land has been afforested, ignoring the pieces of land that Coillte bought to replace land it had sold and had to afforest. I am talking about new, clean land. Has Coillte any of that?

Ms Bernie Gray: No.

Deputy Michael Fitzmaurice: That means that Coillte has not increased its portfolio.

Mr. Mark Carlin: We have increased it but not by huge numbers.

Deputy Michael Fitzmaurice: What does Mr. Carlin mean by "huge numbers"?

Mr. Mark Carlin: We have not increased our portfolio by huge numbers.

Deputy Michael Fitzmaurice: What does Mr. Carlin mean by "huge numbers"?

Mr. Mark Carlin: Coillte has increased its portfolio by approximately 150 ha in the past couple of years.

Deputy Michael Fitzmaurice: Is that in total?

Mr. Mark Carlin: That is total afforestation.

Ms Bernie Gray: We made the point that if Coillte is to optimise its role in increasing its footprint through a net increase in afforestation for Ireland, it needs land. That will only be-----

Deputy Michael Fitzmaurice: Coillte has also sold land.

Ms Bernie Gray: We swapped out parts of our portfolio.

Deputy Michael Fitzmaurice: It was not swapped. It was sold, and Coillte then had to buy other land.

Ms Bernie Gray: That is right. We swapped land.

Deputy Michael Fitzmaurice: That is new land.

Ms Bernie Gray: It is not net new land.

Deputy Michael Fitzmaurice: I know that, but it is new land to Coillte.

Ms Bernie Gray: It is.

Deputy Michael Fitzmaurice: We know that Coillte will have to get more land if it is to increase its portfolio.

Ms Bernie Gray: Exactly. The difficulty for us in buying new, fresh land for afforestation is that we have no access to the grants and premiums to which our private partners have access.

Deputy Michael Fitzmaurice: How has Coillte been able to do it until now?

Mr. Mark Carlin: We were actively buying and foresting land until 2004. At that stage, there was a European Court of Justice ruling that stated that Coillte could not avail of grants and premiums because of rules about state aid. At that stage, the private sector was performing very well in afforestation and more than 20,000 ha per year were being planted. That was very successful and it was felt at that point that the private sector could deliver on afforestation targets and it was not economical for Coillte to continue doing so.

Deputy Michael Fitzmaurice: Is Coillte at the stage when it is coming to cut much of the land that was planted? It is now the goose that laid the golden egg. That means profit, if we are to believe figures coming out of forestry, of €8,000 to €10,000 per acre. Is that not better than all the grants in the world? Grants, at best, would amount to 15 years multiplied by €200 an acre, which is approximately €3,000. If Coillte is now replanting what it has cut, it does not have to mound an area again, so the costs associated with it are not nearly as much. It is only a matter of gathering roots or windrows. How is it that Coillte does not have to put money back in to increase its portfolio rather than standing still?

Mr. Mark Carlin: That is exactly what we are looking to do now.

Deputy Michael Fitzmaurice: Coillte has not done it over the past couple of years.

Mr. Mark Carlin: We have been concentrating on growing our timber supply and our re-forestation programme over recent years. We are now looking at ways of getting Coillte back to contributing to the 8,000 ha of planting.

Deputy Michael Fitzmaurice: How much funding has Coillte got from LIFE aid?

Mr. Mark Carlin: We are looking to do this in two ways. One is through more traditional commercial afforestation. Grants and premiums will make this much easier to do because we do not have lands and must foot the bill for acquiring lands. Grants and premiums put us in a position to do a lot more. As Ms Gray mentioned earlier, it would cost €15 million to do 4,000 ha but it would be done for much less, between €8 million and €10 million, if grants and premia are involved. We can do a lot more planting if we can acquire more land with grants and premia. However, we are also considering contributing to afforestation using a non-commercial approach through Coillte Nature. We will start by looking at 1,500 ha of Bord na Móna lands. There are 15,000 ha of cutaway bog so this is an initial step in that regard. We need to consider what else we can do. As this is not Coillte land, we would need to work with the Department and Bord na Móna. There are other potential State lands.

Deputy Michael Fitzmaurice: I presume Coillte is not going to sow spruce on top of bog.

Mr. Mark Carlin: Absolutely not. We are seeking to create wilderness forests using birch and Scots pine. The forests will not be commercial.

Deputy Michael Fitzmaurice: Where will the money come from for the payback?

Mr. Mark Carlin: Coillte is contributing, as is Bord na Móna, and there are grants.

Deputy Michael Fitzmaurice: What I am saying is that will cost Coillte money or else Bord na Móna will have to pay for it.

Mr. Mark Carlin: It does.

Deputy Michael Fitzmaurice: Where is the payback? Those trees will not be cut in 20 years' time.

Mr. Mark Carlin: The payback is not commercial. It is in climate change mitigation and biodiversity.

Deputy Michael Fitzmaurice: Is Mr. Carlin saying the tonnage of carbon sequestration will pay Coillte back?

Mr. Mark Carlin: Yes, and I think in terms of biodiversity as well. That is key with such forests. At this stage-----

Deputy Michael Fitzmaurice: Yes, but Coillte either makes money or loses money. Where does biodiversity pay Coillte in pounds, shillings and pence or is it the case that if Coillte collects X amount of carbon, the State will give it money?

Mr. Mark Carlin: No, what we are trying to do is to balance the economic, social and environmental benefits. The environmental benefits include climate change mitigation and biodiversity. The social benefits include partnering with the various Departments and private sector organisations to provide recreational amenities.

Deputy Michael Fitzmaurice: In all fairness, with the amount of forestry Coillte has, I heard it is responsible for 70% of Ireland's carbon sequestration. The witnesses can correct me if I am wrong. My understanding is that Coillte is not a polluter so why would it have to go the extra mile?

Ms Bernie Gray: We hold the forests on behalf of the State. Ireland has a problem and we have to help the State to solve that problem. We are in discussions with the Department and the other stakeholders about the best way to do that. We are not the only player but we are the guardian of that asset on behalf of the State.

Deputy Michael Fitzmaurice: It will cost Coillte money if it is to go into a partnership with Bord na Móna. Would it not be more prudent to buy land, plant it and have something to look forward to in 30 years' time that can be cut and be reforested?

Mr. Mark Carlin: We are looking to do both.

Deputy Michael Fitzmaurice: Why has forestry been stagnant in recent years?

Mr. Mark Carlin: We are trying to strike a balance. There are fertile areas of the country that will grow commercial forest. We are competing for such areas with other forms of agriculture. There is ground that is less suitable for commercial forest that could still grow forestry, and it is those areas that we need to work in. That is what Coillte is trying to do. We are trying to take a lead in that with the Department and Bord na Móna because those are areas where we can create new forests. They will not be commercial forests but they will be very valuable for

the State and from a biodiversity and climate point of view. We are not saying we are moving away from the commercial model. We still want to grow our portfolio in terms of commercial forestry, grow timber revenues, expand the industry and create new jobs. The issue is one of striking a balance between those various areas.

Deputy Michael Fitzmaurice: Is Coillte able to compete with investment companies?

Ms Bernie Gray: Could Deputy Fitzmaurice please repeat his question?

Deputy Michael Fitzmaurice: Investment companies are coming in here and buying up land to plant. Is Coillte able to compete with them.

Ms Bernie Gray: Yes.

Mr. Mark Carlin: Yes, I think we will be able to compete with them.

Ms Bernie Gray: We have a requirement to provide timber to the sector. In providing that timber if we make a return of more than 4%, as Ms Hurley has outlined, that gives us a pool of money available for reinvestment and increased afforestation. One way or another, irrespective of whether we have grants or premia, it costs money to increase our level of afforestation, in particular where we do not have land. If we do not make a return, which we can then reinvest, the State has to pay for it. As the protector of the State's asset, we are trying to balance our commercial return with the need to reinvest that return in areas which will meet the State's national policy objectives. What would make our life easier would be a national land use policy and a national forestry strategy such as Scotland had when it determined that it was prioritising forestry.

Deputy Michael Fitzmaurice: I come from a part of the country where the land is not hectic.

Ms Bernie Gray: I am from the same area so I know what Deputy Fitzmaurice is talking about.

Deputy Michael Fitzmaurice: Right. That is good. Ms Gray knows what I am talking about. Previously, I cut timber in Glenhest. Ms Gray knows where that is in Mayo. I also cut timber in Aughagower and in other such places. Nowadays, I would not be allowed to plant in those areas because the quality of the ground where one can plant has been set at a higher level. That is causing a major problem. We must all be honest with each other. We are setting targets of 7,000 ha-----

Ms Bernie Gray: It is 8,000 ha.

Deputy Michael Fitzmaurice: -----and we have not a hope in hell of achieving that if we do not allow some of that land to be designated as fit for planting. We are not making more land. Someone needs to call this. What is Coillte's view on that?

Ms Bernie Gray: We agree. The discussion on climate change has accelerated in recent months never mind years and there is a recognition that we must take a different approach. Forestry is no different. The issues we have seen in Coillte are now becoming national issues and they need a national response. Coillte can help in the national response but there must be a debate. Land is scarce. If one asks people about the priority for the use of the available land between housing and forestry, and what the balance is between providing housing for individuals or providing for carbon sequestration in the hope of saving the planet-----

Deputy Michael Fitzmaurice: Is there not an onus on Coillte given that it is steering the forestry sector for the State? As the witnesses have already admitted, for the past two years the acreage of forestry has not been increased, or if it has, the increase has been small. We are talking about climate change. Either because the Government did not give Coillte grants or for whatever other reason, Coillte did not increase the amount of forestry so it is up to the private sector or else no one will do a bit extra.

Ms Bernie Gray: The climate action plan came out in June this year and since then we have been in discussions with the Department about how we can play an optimal role on behalf of the State. To be fair, this is the first year we have had that plan with those targets in it. We are actively having discussions on them and we are prepared to play our part when the discussions are concluded. Part of the reason we set up the forestry Ireland initiative is so that we understand the needs of the entire sector, not just Coillte, in terms of how all of those issues can be addressed. As Mr. Carlin said, we must balance the needs of supplying timber to the sector and keeping 12,000 jobs in play throughout rural Ireland-----

Deputy Michael Fitzmaurice: That is important.

Ms Bernie Gray: -----with the need to increase afforestation on a practical basis so that the State can realise its carbon objectives.

Deputy Michael Fitzmaurice: Obviously, Coillte's main priority is to make sure it has enough timber for mills to keep them going.

Ms Bernie Gray: We have invested on that basis. That is still our concern. That is why we need to have that discussion with our stakeholders, in which the Department is key.

Deputy Michael Fitzmaurice: Coillte sowed lodgepole pine on top of bogs, which was a waste of time. Others did the same. I am not just focusing on Coillte. Is the Department still insisting on a planting obligation in that regard? How much of the LIFE programme funding from Europe has Coillte received?

Mr. Mark Carlin: It is a very pertinent question that we are now asking ourselves in terms of reforestation. We are learning all the time, in particular when it comes to organic soils and bogs and what the right thing is to do. Deputy Fitzmaurice is familiar with the territory. Where harvesting lodgepole pine on bogs, the question is whether to have a second rotation. We must be much more open to what is the right way to treat these bogs. It may be the case that the right thing to do with flush bogs is to get a fibre crop from them. Choosing not to replant them and rewetting them instead might also be the best thing to do.

Deputy Pat Deering took the Chair.

Mr. Mark Carlin: It might be the case - a little like what we are doing with the Bord na Móna initiative - that it would be better to return an area to wilderness by giving nature a bit of a kick-start and planting birch and Scots pine seed. The Deputy asked a very pertinent question and it is one we are asking ourselves as well. We should not blindly do what we always did. We must look at what is right in terms of satisfying timber production, recreational and societal needs and also climate and biodiversity. That is the balance we are trying to strike with reforestation as well.

Ms Imelda Hurley: I should clarify that our forests sequester about 70% of car emissions in Ireland annually, rather than 70% of all emissions. I apologise if I did not say "car emissions"

earlier. I believe I did but, in any case, that figure is for car emissions.

Deputy Michael Fitzmaurice: I am not saying Ms Hurley did not.

Ms Imelda Hurley: To respond to the question about LIFE aid, perhaps we could revert to the committee with that figure. I do not have it to hand but we would be happy to provide it.

Mr. Mark Carlin: Does this relate to bog restoration?

Deputy Michael Fitzmaurice: Yes.

Mr. Mark Carlin: We have done 3,200 ha of bog restoration. We have another 2,000 ha in the pipeline.

Deputy Michael Fitzmaurice: Is that with the National Parks and Wildlife Service?

Mr. Mark Carlin: No, that is Coillte only.

Deputy Michael Fitzmaurice: Does Coillte get the money from the EU?

Mr. Mark Carlin: Yes, we do. To give an estimate, I think it is approximately €6,000 per hectare, but we can again-----

Deputy Michael Fitzmaurice: Could the witnesses come back to the sequestration figures?

Ms Imelda Hurley: Yes. In response to the Deputy's question about the sequestration per acre and per lifetime, I am quite new to my role. I do not have the absolute detail on the matter so I would like to revert to the committee on that as well.

Deputy Michael Fitzmaurice: Ms Hurley talked about the tonnage, so I thought she would be able to tell me.

Ms Imelda Hurley: I was talking about it in overall terms but-----

Ms Bernie Gray: We have not worked it out. We just thought, in the interests of-----

Mr. Mark Carlin: I have worked it out, but there will be-----

Deputy Michael Fitzmaurice: Could someone come back to the committee on that?

Chairman: Whatever the clarifications are, the witnesses may come back to the committee. Is Deputy Fitzmaurice finished?

Deputy Michael Fitzmaurice: Yes.

Mr. Mark Carlin: There were a couple of questions. There was one about the Derrybrien case and the impact it would have on the private sector. We must be very mindful of this. Coillte can bear some of this in terms of appropriate assessments and Natura impact statements, NIS. We have the tools and the machinery to be able to do this, notwithstanding that there will still be an impact on us in terms of tougher regulation. We need to work with and are working with the Department to apply these new regulations or new procedures in as light and smart a way as possible. For example, we might need to move away from individual licences or individual NIS appropriate assessments into one that is based on our catchment area. This would remove the need for an individual appropriate assessment for every individual licence. Again, these are the discussions we are having with the Department in the context of how we can apply

the new procedures as effectively as possible.

Deputy Fitzmaurice asked a question about the €17 million in premia. It is not in premia; it is a €17 million annuity that would be on top of any grants or premia the partner would have-----

Deputy Michael Fitzmaurice: That Coillte paid out to the-----

Mr. Mark Carlin: Exactly.

Ms Bernie Gray: I think that is everything.

Mr. Mark Carlin: That is all I had.

Chairman: Does Deputy Danny Healy-Rae have questions?

Deputy Danny Healy-Rae: Yes. First, I think we are supposed to disclose any interests, whether in the Chamber or here. For many years, off and on, I have worked for Coillte, as my father before me did. I just wanted to let the committee know that. I gave a lot of my time in forestry for Coillte. I heard Deputy Penrose say there are now many Coillte workers everywhere in Ireland, but there was a time when there were maybe 18 or 20 of them drinking tea on one job together at 10 a.m. or whatever. If there are now supposed to be 800 workers in Coillte countrywide, that is about 30 per county. I do not think we have 30 Coillte employees in Kerry, the massive county that it is. I think we are well short of that. That is sad because there are many acres of forestry and ground in Kerry and a lot of work to be done. I think one forester is covering all of Kerry, part of west Limerick and part of north-west Cork, even going into south-west Cork, whereas we once had a forester in Kilgarvan, two in Kenmare and one in Sneem. I do not know how this could run rife with such a reduction in staff numbers. That is my first concern.

My next concern is about contractors and harvesting, although I do not do that type of work. I hear that so many harvesters are getting out and even had to go to England for work because of felling licences not being granted. This is a very serious issue, even for people in the private sector whom Coillte helped with planting. Families cannot extract the timber that is now ready to cut and take out because they do not have the roadways to do so. There are two reasons for this, namely, the felling licence and objectors to the making of forestry roadways. I would like to know what Coillte is trying to do to counteract this because it is very serious. I think in February of this year there were objections to 144 roadways from one individual. That is shocking. As I said, that is having an effect on the work, the machines and everyone who is involved or has been involved in forestry over the years. I refer especially the harvesting machines. I believe people can pay up to €400,000 for them. These people are dependent solely on work on forestry by and large for Coillte and they are out of work because of the situation with the felling licences. There is land available. I heard the witnesses talk about purchasing and planting land. There is a rule now in the Department that if someone wants to plant 100 acres, for example, 80 acres of that must be what is called green ground and the other 20% can be marginal ground. As Deputy Fitzmaurice and I would know, however, many of the places that surround us consist of 80% marginal ground and 20% green ground. We have been asking the Department for many years to reverse this or do something about it. Then we would have more land available for planting.

People cannot operate without a grant. There was a grant previously. This is affecting Coillte in the very same way it is affecting private individuals. Has Coillte been making representations to the Department on this? It is at a standstill, as we can see. Deputy Fitzmaurice

quizzed the witnesses on activity over the past year or two. If Coillte is unable to sell timber or get felling licences, the thing is held up completely. That is where the problem is. I know people who have been waiting for felling licences for 15 or 18 months. That is absolutely ridiculous.

How many of the 800 workers are in offices? I have no complaint about staff in offices - that work must be done as well - but what percentage of the staff is indoors as opposed to outdoors? There is a need for outdoor staff as well. In County Kerry I only know about three workers who are going around with bands, organising the work, overseeing contractors and so on. Maybe there are a couple more there unknown to me. I know there are people in offices who, as I said, do very real work - figures and accounting and so on - but there is a need for more outdoor staff and more Coillte foresters on the ground to oversee this. If they spend all day on the road, they cannot give much time to forestry. I know some of the staff and they are great. I have worked with them. They are Coillte people and their hearts and souls are in the company. They could perform much better if they did not have to travel as much.

People who plant trees have another problem as well. A man who comes to me for his couple of pints now and then told me that he did not get any money out of forestry. His grant was for 15 years. It will be, on average, another 15 years before he realises any income out of it. At the same time, he is helping with the carbon situation but gets no allowance for that. There is much talk about carbon and he says he is helping the situation. We should help those types of individuals, as well as others who suffer because of storms. We have always had storms going back to the 1850s and further. I do not subscribe to the idea that climate change is caused by man, because such things have happened over the ages and centuries. We have always had patterns of climate change. However, people's plantations get windblown because of storms and they do not have the wherewithal to plant them again. That has affected Coillte as well. Has Coillte had any hearings with the Department on the issues I have raised or has it requested that it do anything about them?

Ms Bernie Gray: I will summarise the overall situation and then ask Mr. Carlin to make a few comments. As we outlined to Members earlier, Coillte has been in discussions with the Department on the overall policy required going forward, particularly with regard to felling licences. Coillte is very conscious of the impact this issue has for both it and the sector. It is in no one's interests for the current situation to continue and this is the number one issue for us. We have had very high-level discussions with the Department about this over a continuous period of time, with further discussions this week.

The issue of-----

Deputy Danny Healy-Rae: What is happening in the Department with regard to the felling licences?

Ms Bernie Gray: There are two issues with the felling licences. One is the length of time it takes to grant a felling licence. The second is the process for hearing appeals and the number of appeals that arise, to which the Deputy has referred. Both parts of the process have to be in sync and be robust. However, there are delays with both parts of the process. It is impacting on everyone, including Coillte, and the Department is very aware of it. It is in everyone's interests to fix that issue. We are trying to get over the immediate hump, but we also have to make sure that, going forward, the process deals with both the granting of licences on the one hand and the appeals on the other.

Deputy Danny Healy-Rae: Are there enough staff in the Department to deal with the applications?

Ms Bernie Gray: That would be a matter for the Department. We are very disappointed that we are in this situation despite continued discussions with the Department since June of this year. Resourcing within the Department is a matter for the Department. We want to see an outcome from this, as do other parts of the sector. We have done all we can to help the Department find ways to overcome the difficulties being experienced. Our scheduled December auction for our partners in the sectors had to be cancelled due to lack of supply. We are doing all we can to make sure our supplies can be maximised for next year, particularly in order for the auction to go ahead early next year. That is all I can say about the felling licences as the matter now rests with the Department. We have a strong interest in ensuring it is resolved, but equally, so does the sector.

The Deputy also raised the matter of employment, which is at the heart of this discussion. He noted that while Coillte has 800 employees, it also has 1,200 contractors around the country. In total, therefore, Coillte employs about 2,000 people between contractors and employees. The Deputy also stated that, because of the way Coillte operates, he does not think enough staff or resources are being devoted to make sure it is working well. However, the proof of the pudding is in the eating, and Coillte has had a return of over 4% in the past two years of operation, which is the highest return it has ever made. That is only possible because the staffing and resourcing model Coillte employs is fit for purpose, though there will always be gaps. If Coillte performs well, it can also help the sector to perform well. The 12,000 jobs in the wider sector are there only because Coillte is available to supply timber as required and provide pulp processing facilities for those operators in the sector.

I refer to the number of staff in offices. I do not know whether the Deputy has ever visited Coillte's headquarters in Newtownmountkennedy. The office is referred to as the lean centre because the number of staff is quite small and has been significantly reduced since four years ago for that purpose. Coillte has focused on maximising the number of outdoor staff we employ. We are trying to be as economical as possible with the State's money in terms of how we run the company, and that is part of our response. Some would say we have been too tight - I am sure Ms Hurley will have views on that as the new chief executive - but we need to ensure whatever model we employ is fit for purpose. It should not only be viewed in the context of Coillte itself, but also in the context of the impact Coillte has on the sector and the 12,000 jobs it can support elsewhere. I will pass to Mr. Carlin to discuss plantation.

Mr. Mark Carlin: The Deputy asked a few different questions. The major issue he raised regarding the harvesting contractors was felling licences, which Ms Gray has dealt with. There is no doubt that this is a short-term challenge. We have to recognise that, but the sector is very viable in the longer term. The industry will double in the next five years and there will be fantastic opportunities for contractors to grow. We are trying to ensure our contract is a five-year contract. Gone are the days of a contractor only having enough work for the next few months and not knowing when it was coming. We wanted to move into more of a partnership approach with our contractors. That is very important. There is a short-term challenge but the longer-term health of the industry is looking good.

The Deputy made a good point about marginal land, which is a real challenge. How do we deal with the 8,000 ha? What are we competing with? There is so much competition for the land, but marginal land is available. We need to look at what forestry model we need, which goes back to Ms Gray's point on the land use policy. If we could identify areas of the country

that were suitable for forestry, taking into account carbon, biodiversity and everything else, we could make sure our forest policy was well aimed and well aligned with the potential of the land. We need to open our thinking a bit more in terms of bringing in more marginal land. Equally, we have planted in organic soils and deep peats in the past where perhaps we should not have. We need to bring fresh thinking to this area, and Coillte will contribute to that conversation and debate.

The Deputy asked about planting a 15-year premium and then not getting any cash for 15 years. This is a challenge for private owners and individuals, particularly when they come off premia. Coillte is exploring whether it would be possible to allow the continuation of the premia to the end of the rotation, by bringing forward the value of the asset and paying it in annuities through the rotation of the crop, thus allowing farmers to access the capital as they go along. That is something-----

Deputy Danny Healy-Rae: The man to whom I referred fears he will be gone before he gets any money out of the area he planted. It would be a good idea to allow farmers to enter into some kind of a deal.

Mr. Mark Carlin: One of the products we are looking to bring to market is premium partners, where we partner with people and provide annuities. We must learn lessons from farm partners. This has been a hugely successful initiative, bringing 12,800 ha and 630 farmers into forestry. Clearly, there have been some challenges with communications, engagement and the commercials, but we feel in a good position to be able to offer something like this, which I think would go some way towards dealing with the challenge Deputy Healy-Rae recognises.

To respond to Deputy's question about windblow, this is another challenge for a private individual, particularly if uninsured, if his or her crops blow down. I believe there are reconstitution grants available, which is clearly the best approach for the individual to take, either insuring the crop or looking at reconstitution of those forests.

Ms Imelda Hurley: I will add just a couple of points. Ms Gray referred to the business, the number of employees, the number of contractors and the financial return. One thing that has struck me is the fact that our forests have for a very long time - 20 years - been managed sustainably. Everyone involved has employed very good forestry management techniques. There is that real balance between the financial return and doing the right thing for the business and the forest.

I am equally struck by our need as a country to increase afforestation. Deputy Healy-Rae raised a point about an individual who is off premia and is concerned as to whether he will be around to see the return. It is important that Coillte and others look at models whereby forestry is attractive to people to enter and there is not a fear that at the end of premia, there is no other way of looking at their business model, as Mr. Carlin alluded to earlier.

Deputy Danny Healy-Rae: I thank all the witnesses.

Chairman: This has been a very interesting conversation. We will hear an awful lot about the subject as we go on with the climate change agenda. It is very important. I thank all the witnesses for the conversation. If there is no further business, the meeting stands adjourned.

The joint committee adjourned at 6.32 p.m. until 5.15 p.m. on Tuesday, 10 December 2019.