

'We haven't missed payments' – Coillte

By Thomas Hubert on 08 February 2018



Gerard Murphy, managing director of Coillte Forest, with Irish Farmers Journal news correspondent Thomas Hubert at Coillte's headquarters in Newtownmountkennedy, Co Wicklow.

Farmers engaged in long-term contracts will receive their fair share of the timber taken from their land, the forestry body has said.

Coillte has insisted that it breached none of the partnership agreements signed with farmers and would improve its communication with them.

The State-owned forestry company gave the *Irish Farmers Journal* full access to its team managing relations with farm partners after concerns relayed in this newspaper since late 2017 attracted national media coverage in the past week. IFA forestry chair Pat Collins told RTE radio some farmers received only 1% of the profit from timber extracted from their forest at clearfell, while Coillte took a 15% marketing fee.

Coillte managing director for forestry Gerard Murphy clarified that those farmers receiving only 1% of clearfell profit were “people who had front-loaded payments”. The *Irish Farmers*

Journal saw a contract allocating the farmer 1% of final profits after receiving €11,400 each year for up to 40 years.

While contracts specify that marketing costs can represent up to 15% of timber sales, the figure currently applied is 2.9%, compared with an industry average of 8%, according to Coillte.

While thinnings were taken from farmers' forests earlier than planned in the most productive crops, their value will be included in the annuity to be paid under the contracts, typically after the 20-year Government premium ends. "We haven't missed payments," Murphy said.

Responding to allegations that some farmers' forests were poorly maintained, Murphy pointed out that two of the four cases highlighted in media reports had won RDS awards honouring the best plantations in the country.

Murphy said Coillte would propose new forms of partnership with farmers in the second half of this year. "I think it's still a good way," he said, acknowledging the need to increase transparency and getting farmers more directly involved in managing the forestry.

Calculating payments

Coillte staff showed the *Irish Farmers Journal* how they calculate farmer payments based on sales figures from mill dockets verified at weighbridges. Deductions are marketing costs based on the previous year's accounts across Coillte's entire estate, and harvesting costs from individual contractors' invoices. Future income and costs are forecast based on forest inventories. Coillte allocates the resulting profit to payments due to the farmers at various points according to each contract. With advice from KPMG auditors, Coillte will present this information in annual statements sent to farmers.

Coillte said frontline staff would now have access to commercial data to answer farmers' financial questions directly. Coillte also assured the *Irish Farmers Journal* that any potential payment due to farmers and not covered by their regular annuities would be recorded and paid to them at the end of the contract.