

# Sale agreement key to successful thinnings

## ITGA new Template Master Tree Sales Agreement

Donal Whelan

**T**imber is in demand and strong prices are being paid for forest products. Thanks to export focused initiatives by the timber industry, Ireland is now exporting over 90% of its output from the panelboard sector along with over 60% of sawn timber production.

Only five years ago the market was very different with prices for sawlog sold from the forest achieving only half of those currently being paid.

The firewood market is particularly strong with pulpwood often being purchased in bulk by buyers supplying the firewood market. Also, the wood energy market continues to develop and expand.

In order to assist timber growers in the thinning and timber sale process, the Irish Timber Growers Association is finalising its *Template Master Tree Sales Agreement* with funding assistance from the Forest Service, Department of Agriculture, Food and the Marine.

This is effectively a template timber sales agreement for growers to adapt to their particular timber sale and forest. It will provide a template sale agreement structured under specific headings for clarity and ease of use. The terms and conditions are designed as a template for a range of potential sale situations and forest types that can be amended for individual sales by growers.

This template includes warranties, payment terms, right of access, felling, harvesting and removal, indemnity and insurance, compliance, risk, duration and termination, health and safety issues, environmental conditions, force majeure and an arbitration clause. These terms and conditions can be further updated from time to time to cater for any changes in future legislation, guidelines or best practice.

The schedules that will form a vital part of the *Sales Agreement* are also provided in template form. For each sale, the schedules should be completed specific to the individual sale and site and record prices agreed, the manner of payment and the commencement and completion dates.



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The schedules further include a template for the description of the sale and the thinning/felling systems to be employed, a schedule to attach the location and site maps for the sale showing entrances and exit routes with any hazards or sensitive areas, and a template to contain the purchaser's and vendor's contact details or those of their forest manager.

The *ITGA Template Agreement* has been drafted to anticipate trends in the industry and for example it caters for the sale of forest biomass. While biomass harvesting will be site specific and may not always be feasible, it is an important emerging market. In one particular second thinning on an ITGA member's site in the midlands, comprised of a mixture of mainly spruce and ash, the roundwood harvest amounted to 355 tonnes while the biomass harvest amounted to 422 tonnes. This resulted in the woodland owners receiving significantly more for their thinnings and doubling the volume of material harvested from the site.

It is important to note that the biomass material must be left on site for the foliage/needles to fall off so as they are retained in the nutrient cycle within the forest ecosystem. Also, the biomass must be allowed to dry out on site to be suitable for the energy market.

It is vital that all timber sales are agreed between parties by having a comprehensive agreement, relevant insurances and an adequate deposit in place before commencement and with subsequent pre-agreed instalment payments at various stages during the sale. Ideally the contract should be written so as the deposit should cover the value of loads removed between each instalment.

Members will be notified as soon as the *ITGA Master Tree Sales Agreement* is available. The template will complement the existing *ITGA Model Timber Sales Dispatch System* developed for growers and also the *ITGA Private Roundwood Price Database*.

An outline of the *ITGA Model Timber Sales Dispatch System* which has been devised to improve security in timber sales from forests is currently available on [www.itga.ie](http://www.itga.ie).



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