

Forestry in the News

Crackdown on Black Economy in Construction and Forestry

The Minister for Social Welfare, Dr. Michael Woods TD has signed regulations which will require employers and others in the construction and forestry industry to notify his Department of sub-contractors hired by them. The sub-contractors will, in turn, be required to notify the Department of any person engaged to carry out that contract either with them or on their behalf.

The regulations, which came into force on 1 January, 1990, represent a major crackdown on the black economy in these two industries and are aimed at rooting out unscrupulous employers and sub-contractors who collude in social welfare fraud.

The regulations mean that an employer in either industry, who takes on sub-contractors or em-

ployees who are working and claiming, can be prosecuted for failure to make the required return. There will be no need for the Department to prove collusion. On the other hand, legitimate employers who make the return will help their industry in the fight against fraud.

*UPTCS News,
February 1990.*

Hundreds Seek Redundancy in Coillte Upheaval

Four hundred and twenty workers employed at the state forestry agency, Coillte, have applied for the Government's voluntary redundancy package which was made available to all staff before Christmas, according to union sources. This represents almost one-fifth of the 2,300 workers employed at the agency.

In all 380 of those accepting the terms are industrial workers, while 20 in clerical and administration and a further 20 technical staff also took the package. It was not clear yet how many of these will be allowed to go though, a union spokesman claimed that some have already left.

Ironically at a meeting held before Christmas, between An Taoiseach and chief executives

of all commercial state bodies, Coillte outlined job creation targets at between 1,050-1,450 by 1993.

The vast majority of these jobs are to be in contract or seasonal work. Specifically, 500-750 jobs are to be created in contract harvesting, transport and saw milling while there will be 400-500 seasonal jobs, i.e. 3-6 months duration, in the preparation and planting of trees

following an expected increase in the amount of acres available for plantation.

In addition, the establishment of a new wood pulp factory with possible international involvement would create 100-150 jobs while expansion of the existing wood pulp plants in Ireland would create a further 50 jobs.

A spokesman from UPTCS which represents the 600 technical workers in Coillte expressed grave reservations at what he regarded as a state agency creating, not full-time jobs, but opportunities for sub-contractors to operate in the black economy.

Coillte, while admitting that it has extended its use of contractors in the past year, claimed its policy on the use of contractors was as laid down for the public sector i.e. to use only contractors registered for tax and PRSI.

A Coillte spokesman explained the apparent disparity between the expected job creation targets over the next three years and the present redundancy programme saying the redundancy scheme was designed to correct what he termed a "mismatching" between the spread of work and the staff available.

SIPTU represents 1,500 industrial workers in Coillte. It fears extended use of contractors will not bring an expansion in the forestry industry, but may replace permanent industrial jobs in a total reorganisation of the

state industry. They point out that 20 to 25 years ago there were about 5,000 workers employed in forestry and that this had dropped to 3,000 in 1984 and to 1,500 at the moment. The present redundancy scheme could see this drop further to just over 1,100.

The union claims that there is considerable scope for expansion in the forestry area with the potential of almost 2,000 jobs as opposed to the 500 identified in the Programme for National Recovery. But the union claims that such employment potential must be realised through the creation of secure full-time jobs – not the further expansion of contract work.

*Irish Independent,
January 1990.*

Forestry Option for Farmers

Tree planting has at last become a very attractive option for farmers on wet mineral soils that give poor returns from other enterprises. For many years farmers have tended to resist the blandishments of the foresters, as they regarded woodland as wasteland that would be better grazing cattle or sheep, but now they are being offered an income with less strings attached, and it will be better than rearing store cattle at low stocking rates.

The recently-announced premiums of £47 a year for 15 years on the first 20 acres planted, and £35 for every acre after that up to a maximum of 164 acres, are not going to make the average farmer on drumlin soils in Co.

Clare or Leitrim rich overnight, but it gives him or her an income per acre for those interim years while the trees are growing big enough to take the first thinnings, that is better than the gross margin from rearing calves to stores on that kind of land, even in better times than we are going through now.

The net cash income per acre by the end of 35 years is £133 an acre per year, or thereabouts.

What is particularly attractive, and should result in a lot more planting, is the concessions that the combined off-farm income of the landowner and spouse can amount to £11,000 a year before disqualification.

There are many part-time farmers who are earning the average industrial wage and getting very little off the farm who can now start planting trees for a rotation that will give them a

modest income up to the time of the first clear felling and a good lump of money then, perhaps at the time or retiring from the regular job, or at the time of handing over to an heir.

These premiums, financed by the EC, form part of the policy for rural society. They replace the payments for forestry which were based on the live-stock headage payments in the disadvantaged areas and they are also available all over the country. They are specifically designed to keep people living on the land as part of the EC policy on rural society, so it is a condition of eligibility that the owner must live within a reasonable distance of the plantation and they are not just investment aids for absentee landowners.

*Irish Times,
17th February 1990.*

Limerick Gets 25 p.c. of Trees Planted

One quarter of the trees planted this year by the Irish Forestry Board – Coillte – will be planted by the organisation's Limerick division.

The division embraces counties Limerick, Clare, Kerry and North Tipperary. Coillte held its first Limerick Division Conference in the Woodlands Hotel recently.

Division Manager, Jim Dillon told the Conference: "The expansion of the Coillte programme is making a major impact to the economy of the region, through increased planting and harvesting ability.

Investment

"1990 will see an investment in excess of £8 million coming into the division through wages and salaries, local contracting and machine hire."

The conference was addressed by Mr. Martin Lowery, Chief Executive of Coillte. He confirmed the important role of the south-west area, and said he was confident that forestry could make an even bigger

contribution to the economy and to job creation in future years.

In the Limerick Division alone, Coillte will plant 1,900 hectares and produce 250,000 tonnes of timber. 250 people are employed in the area and Coillte expects to employ up to 120 additional staff on a seasonal or contract basis.

Mr. Dillon confirmed that Coillte was actively seeking land in the division to enable further expansion. Coillte, he said, would pay "competitive prices" for land and deal with all offers "promptly and in strictest confidence".

*Limerick Leader,
14th April 1990.*

Environment Impact Protection Under Forestry Plan Inadequate

Commenting on the announcement recently by Minister Bobby Molloy of the Forestry Operational Programme, the Chairman of the IFA's Rural Development Committee, Mr. Padraic Divilly, welcomed the scheme as one that would provide real incentives to farmers to become involved in the development of Irish forestry.

"The provision of an annual income has always been a major part of IFA's policy in getting farmers interested in planting parts of their land, particularly as the payback period for thinnings and clearfell is too long" he said.

Mr. Divilly expressed concern however that the recently announced Environmental Impact Assessment (EIA) for forestry plantation which is mandatory in excess of 480 acres (200 hectares) provided inadequate protection for farm families whom he said could suffer social and physical isolation in many parts of rural Ireland from large-scale forestry development.

Mr. Divilly called on the Minister for the Environment to reconsider the regulations governing the EIA and to lower the mandatory threshold of 480 acres to 120 acres (50 hectares) which he described as being much more in keeping with the scale of Irish farming.

*Enniscorthy Echo,
2nd March 1990.*

Private Forests 'Destroying' Irish Bogland

Areas of ecological importance around the country are being destroyed by private afforestation companies funded by the EC, according to An Taisce and the Irish Peatland

Conservation Council.

Blanket bogs and moorland, especially in the west of Ireland, are being bought, drained and planted by commercial developers, largely grant-aided by an EC

funding scheme, known as the Western Package.

Special legislation, which was introduced to protect these bogland areas, is inadequate, according to the conservation bodies. The new Environmental Impact Development Assessment Directive only requires that planning permission be obtained for areas that cover over 200 hectares.

A growing number of farmers and members of the public, who want to stop certain developments in the west, have no real form of redress, according to David Hickey, Environment Officer with An Taisce.

An Taisce has been receiving an increasing number of public complaints in the last year. If the land in question is under the stated 200 hectareage, then planning permission for the proposed forest development is not required. Recent developments near Mulranny in Mayo and Portumna in Galway, are causing particular concern.

Over 8,600 hectares were grant-aided by the Forestry Service last year. The Western Package means that 85% of the initial costs incurred in establishing a forest will be given to individuals or farmers' co-ops, while 70% of the initial costs are given to companies.

This "fund-driven afforestation" is helping to damage wild habitats, particularly along the western seaboard, says David Hickey. Commonages are being increasingly broken up, especially for commercial forestry, he says.

An Taisce and the IPCC are also critical of Coillte, the semi-state forestry body, which has

benefited from EC funding and which has recently been responsible for a number of ecological blunders.

Already, 35% of the original area of blanket bog in the west

of Ireland has either been afforded or cut away, according to the Irish Peatland Conservation Council.

*Sunday Tribune,
29th April 1990.*

fibre composite product using specialised binder resins and process systems.

Following discussions with a number of universities, in Ireland and abroad, Medite Ltd. announced the contract with the University of Limerick this week.

*Limerick Tribune,
21st April 1990*

Big Tax Break for Forestry

The ICMSA claims to have negotiated a significant tax break for farmers undertaking forestry.

Following submissions from the association, it says, the Revenue Commissioners have ruled that all payments from the new Forestry Premium Scheme will be exempt from income tax.

This means, it says, that a farmer in the 53 p.c. tax band will get an annual income equivalent of £100 per acre before tax for 20 years for broadleaved trees.

The ICMSA points out that this ruling makes the Forestry Premium fundamentally different from headage payments, as headage payments are regarded as farming income and taxable accordingly.

*Irish Independent,
1st May 1990.*

State's Forestry Assets Rise

Coillte, the forestry board, increased the value of its forest assets by £58 million in its first year in operation. It made a loss of £4.2 million on current operations before a £3.855 million exchequer grant, according to the company's 1989 annual report, but expects to be in profit by next year.

New planting valued at almost £32 million and growth in existing forest of £26.5 million led to a rise of nine per cent in the company's forestry holdings which stood at £618 million at the end of the year. Coillte planted 10,000 hectares of forestry in 1989 and plans to increase this to 12,000 hectares by next year. When Coillte was vested on 1st January 1989 it took over 396,000 hectares of land of which 348,000 was forested.

In its first year of trading Coillte registered a loss of £0.35 million on its current operations after grant-in-aid from the exchequer of £3.85 million. The company's chief executive, Mr. Martin Lowery said the loss was "considerably

Major Contract Awarded to University

The University of Limerick have been awarded a major contract to undertake an important feasibility study in the area of novel processing techniques for synthetic wood products.

The contract was awarded by 'Medite' of Europe Ltd., who complimented the university on its unique and comprehensive range of expertise which they say offers the greatest potential for the success of the project.

Welcoming the decision to locate the contract in Ireland, Minister for Science and Technology, Michael Smith TD said that having expressed concern on many occasions about the graduate brain-drain from the country he was especially pleased that this

contract would not similarly be leaving the country.

In the national context, forest and forest products are becoming increasingly important and this fact, said the Minister, is why we must encourage and welcome initiatives of this nature.

This contract will enable the University to extend its work area into synthetic wood products and novel processing techniques and this project will investigate the feasibility of producing a wood

lower than expected" and predicted that Coillte would be making profits by 1991, with "a chance of a break-even" in the current year.

Last year revenue from timber sales increased by 22 per cent over the equivalent figure for 1988 by the Forestry Board. "This was due largely to better timber prices arising from buoy-

ant market demand", the report says, with increased marketing and better segregation of timber also contributing. Cost saving measures were also introduced and staffing levels have dropped from 2,510 at the start of the year to 2,041 by December. Turnover for the year was almost £30 million.

The annual report says one

of the key issues for the timber industry is the structure of the sawmilling industry. Mr. Lowery said that with Ireland likely to be self-sufficient in softwoods by 1993 the industry would have to increase its marketing and product development capability.

*Irish Times,
6th June 1990.*

£1m Wildlife Centre for Doneraile

A £1 million wildlife centre is to be developed within Doneraile Forest Park, which is already proving to be a major tourist attraction in the Blackwater Valley.

A £200,000 allocation for this year was included in the £25 million ERDF aid package, which Tourism and Transport Minister, Mr. Seamus Brennan, announced last week.

Cork East TD, Mr. Ned O'Keeffe, said the Office of Public Works has exciting plans for Doneraile over the next few years.

Special emphasis will be placed on native wildlife including badgers and foxes, while visitor facilities will be also provided.

"It will play an important role in educating children about wildlife and it should also prove to be a significant tourist attraction," he said.

The 400 acre park which was acquired by the State in 1969 was once part of the historic estate of the St. Legers, who provided successive Lords Doneraile.

It features sunken fences, fish ponds, a reformed lake with resident and migratory wildfowl, a deer herd, forest walks and picnic areas.

Doneraile Court, the former family seat of the St. Legers, was also acquired by the State in 1969 and later leased to the Georgian Society.

Major restoration work has since been carried out on the mansion beside the Forest Park and the Georgian Society plans to eventually open it to the public.

Deputy O'Keeffe said the

development of the park and the house as major tourist attractions will prove to be a major economic boost for the area.

Complementing it will be a £1.6 million 450-pupil co-educational second level school which Education Minister, Mrs. Mary O'Rourke, recently approved for Doneraile, he said.

The school will, in fact, be located on a site across the road from the main entrance to the Forest and Wildlife Park.

*Cork Examiner,
28th May 1990.*

£20m Leisure Centre Planned for Lough Key

Coillte, the state-owned forestry board is to consider a proposal to build a hotel, golf course and theme park at the Lough Key forest park and bird sanctuary in Co. Roscommon. The proposal has come from a group of, as yet unknown, American investors who have commissioned a feasibility study and environmental impact assessment from Stokes Kennedy Crowley. Those studies, which are expected to be favourable to the proposed project, will be completed within the next couple of weeks.

Lough Key forest park has been described as the jewel of the crown of the forestry service. It comprises part of the

old Rockingham Estate on the shores of Lough Key. It has been managed by the Department of Forestry and more recently

by the newly-formed semi-state company, Coillte Teo, as an amenity area rather than as a commercial forest.

It attracts a large number of visitors, both day trippers and holiday-makers with its caravan park, boating, nature trails and restaurant.

Coillte had approved the project subject to a number of conditions. A spokesman for Coillte said that it would be anxious to take a substantial

shareholding in any venture and would require that traditional local rights in the area were protected.

He stressed that widespread local support would be a condition of any project.

Details of the proposal are still sketchy. But the total investment being talked about is about £20m.

*Evening Press,
7th June 1990.*



The very low depletion charge derives directly from the very low value placed on the forests inherited by Coillte in the opening balance sheet. If for example, the auditors Price Waterhouse and Oliver Freaney had decided to value the inherited forest at closer to £1 billion, the depletion charge would be in excess of £12 million and a much bigger loss would have to be reported.

Private sector forestry firms also claim that whereas it is costing Coillte around £2,500 to create a new hectare of forestry, the market value of newly afforested land (net of EC grants) is around £1,400. Thus they argue that a loss of over £1,000 is being created for each hectare which is afforested.

A spokesman for Coillte confirmed that it was costing around £1,400 to plant a hectare of forest in addition to land acquisition costs of around £1,000.

But he said that to compare this sort of forestry with that which was inherited by Coillte was "like comparing apples and oranges". The yield on newly forested land was far higher than the average yield on the total stock of forestry.

*Sunday Business Post,
24th June 1990.*

It's Hard to See the Wood for the Trees

Coillte Teoranta, the state-owned forestry firm, has defended the methods used in compiling its accounts for last year, which show a loss before exchequer grants of £4.2 million.

Private sector forest products firms claim that the true level of losses is far higher, but that the loss level is being contained by the accounting policies used by joint auditors Price Waterhouse and Oliver Freaney.

The 348,000 hectares of state forests transferred to Coillte when it was set up in early 1989 were valued in the company's books at £1,650 per hectare. But figures issued with Coillte's latest financial statements show that it is costing closer to £2,500 to establish a hectare of immature forest, counting the cost of land acquisition and afforestation.

When Coillte harvests and sells wood from the state forests, however, it charges only the historic "value" of the forest used against the Coillte profit and loss account.

This means in effect that they

are charging for the forest consumed at a rate of £1,650 per hectare. In the most recent year this depletion charge was just £7.45 million, whereas timber sales topped £27 million.

The total cost of running the Coillte forest products division is put at just under £26 million (including the £7 million depletion charge), leaving the division operating at a small surplus. However, administrative costs of £5.7 million and other "ancillary costs" leave the books showing a loss of over £4 million.

The selling price of a cubic metre of timber last year was around £18 but the depletion charge of £7.45 million suggests that the charge in the accounts for timber harvested and sold was around £5 per cubic metre. It is little wonder then that a profit is being reported.

Forestry Projects 'Ruining' Ancient Sites

Dozens of known archaeological sites throughout the country, including cairns, ring-forts and souterrains are being destroyed by the new wave of commercial forestry plantations, according to a preliminary report compiled by archaeologists in the Office of Public Works.

The report, which was drawn up by the Sites and Monuments Record Office, has been submitted to the Irish Association of Professional Archaeologists and the State forestry company, Coillte Teoranta, in the hope that new guidelines will be formulated to protect ancient sites threatened by afforestation.

The toll of destruction highlighted by the report includes an Iron Age hillfort and field system at Muckelty, Co. Sligo, which has

been ploughed up and planted with trees, and a Bronze Age cairn in Cloghleaigh townland, Co. Wicklow, which has also been "levelled and planted".

In Rathlackan, Co. Mayo, a court tomb dating from 3000 BC has been "badly damaged by forestry" and the adjoining field system and house sites "destroyed". In Tooreen, Co. Waterford, a Bronze Age complex, including stone circles, ceremonial enclosures and

ancient cooking sites, has also been "badly damaged".

The preliminary report only covers the counties of Dublin, Kerry, Kilkenny, Leitrim, Mayo, Sligo, Waterford and Wicklow. However, Mr. Michael Gibbons and Ms. Geraldine Stout, of the Sites and Monuments Record Office, say it is likely that the rate of destruction is just as serious in other parts of the country.

Given the scale of the planting which is now taking place, the report recommends the establishment of an archaeological unit to assess forestry proposals so that the "rich heritage of historic and archaeological remains of national and international importance" is not unwittingly damaged.

*Irish Times,
18th June 1990.*

Firms Paying £700 for Forest Acres

Land suitable only for forestry continues to make high prices, with up to £700 per acre being paid in some parts of the country.

Competition is so fierce between the companies involved that they have been paying more than what is regarded as the marginal level for an economic return.

Practically all the deals involving the highest prices have been done by private treaty, and auctioneers are reluctant to go on the record about them, due to the confidential nature of a transaction in these circumstances.

But a number of agents – in the west, south and west-midlands – have spoken to us off the record to highlight the extraordinary demand for this sort of land, which up to a year or

two ago had absolutely no value in its own right.

"Before this you couldn't sell the land that's now being bought for £600 and £700 an acre", said one. "In recent months we have had up to five different companies making offers for the same pieces of land."

Location is of prime importance in getting top price, according to the auctioneers. Closeness to a good road makes it easier to get planting equipment in and out, so this will add to its value.

Land that is very wet is less valuable because of the different conditions machinery would have to work in. Steep slopes on

property also affect its value.

Up to recently, the only way this sort of land changed hands was when lumped in with other property as part of a larger holding. Now these holdings have become relatively hugely valuable in their own right. The general run of prices, however, is on average a lot less than £700 per acre. It can go as low as £300 – still an awful lot more than it was worth, say, five years ago.

This lower price would be for the larger acreages of poorish land with difficult access. Smaller acreages of the same quality appear to be making up to £450-£500.

*Irish Independent,
26th June 1990.*