



## Minister of State Killeen emphasises contribution of forestry



**I welcome this opportunity, as Minister of State at the Department of Agriculture, Fisheries and Food with responsibility for forestry, to acknowledge the valuable contribution of forestry to the economy, environment and society generally and to update you on recent developments within the forestry sector.**

Since my appointment in May 2008 as Minister of State with responsibility for forestry, I have had the opportunity to meet with representatives from a number of elements within the overall forest sector. The forest industry, comprising growing, harvesting and processing of forest products makes a significant and growing contribution to the Irish economy. On the basis of the findings of the COFORD funded ECONTRIB project, which looked at

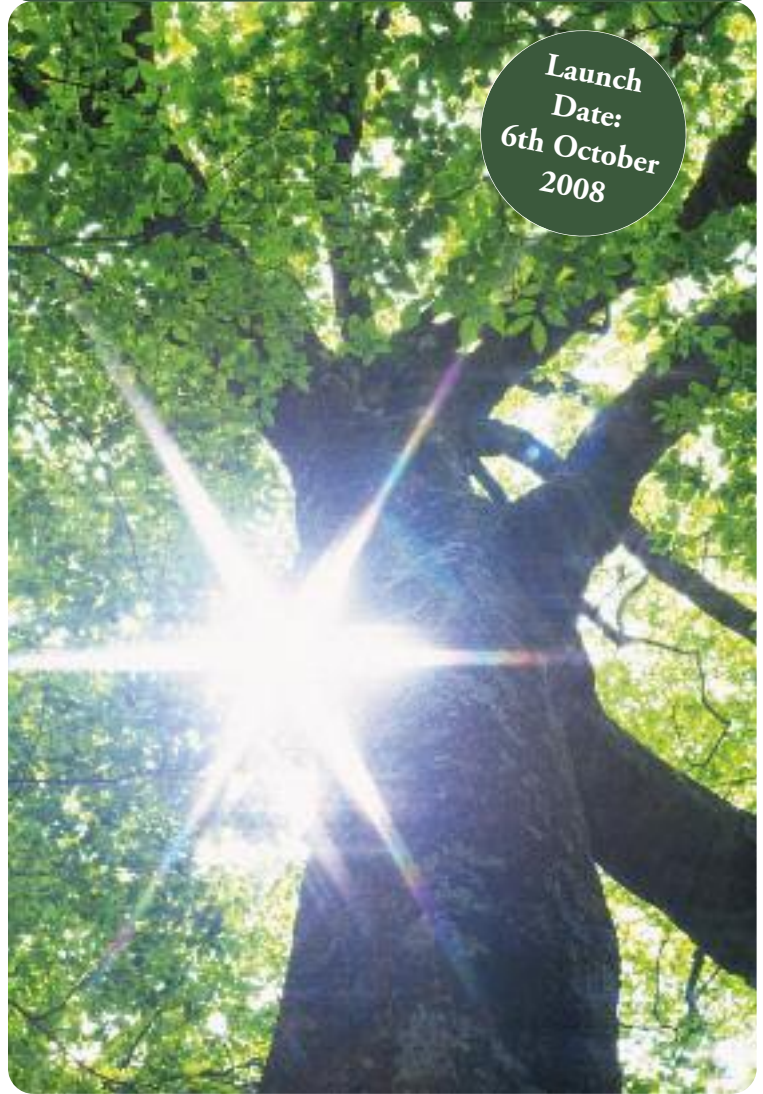
**"exports of forest products last year were worth €333m to the economy"**

the socio-economic contribution of forestry, it is estimated that output in 2007 was €1.89 billion or just under 1% of GDP. COFORD also recently released figures showing that a record three million cubic metres of roundwood was harvested from Irish forests in 2007, supplying the sawmilling, wood based panel sector and energy sectors. Another encouraging figure issued by COFORD, as regards the economic contribution of the forestry sector, is that exports of forest products last year were worth more than €333m to the economy, an increase of over 14% in value on the previous year. Neither should it be forgotten that total employment in the forestry sector is estimated at 16,000 persons. This all generates considerable economic activity and benefits in the wider economy and, more especially in the rural communities.

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Forestry also makes a significant contribution as regards climate change in the Irish context. Firstly, our existing forests represent a very significant store of carbon dioxide - the most important greenhouse gas. The store is growing rapidly, particularly in younger forests planted since 1990,

## THE SIXTH FORESTRY GROWTH PLAN PLC *Invest in Real Growth*



**Launch Date:  
6th October  
2008**

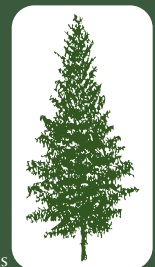
- *Tax Efficient investment*
- *8.2% Projected rate of return per annum\**
- *Minimum Lump Sum investment €750*
- *12 year investment period*
- *Managed by IFS Asset Managers Ltd*

*The Sixth Forestry Growth Plan Plc is open for subscription to Irish residents only.*

The Sixth Forestry Growth Plan Plc.  
Eblana House,  
Eblana Avenue,  
Dún Laoghaire,  
Co. Dublin

Tel: 01-284 1777  
Fax: 01-284 5195  
Email: [info@irish-forestry.ie](mailto:info@irish-forestry.ie)  
[www.irish-forestry.ie](http://www.irish-forestry.ie)

\*past performance is no guarantee of future returns



*Providing you with continuous innovation in Irish forestry investment*

which are removing over 2 million tonnes of carbon dioxide from the atmosphere on an annual basis.

As well as reducing the levels of greenhouse gases in the atmosphere, the new forests will lessen the cost of Irish compliance with our Kyoto targets. Over the five years between now and the end of 2012, estimates are that over 10 million tonnes of carbon dioxide will be taken up by Irish forests within the Kyoto framework, resulting in potential savings of over €200 million to the state, at current purchase prices of €20 per tonne of carbon. Over the past few years the emergence of the need for alternative and secure sources of energy to imported fossil

**“the new forests will lessen the cost of Irish compliance with our Kyoto targets”**

fuels has become more apparent. Wood biomass in its many forms is already playing a significant part in providing an indigenous energy supply. Wood biomass will undoubtedly make an important contribution to Ireland achieving the challenging emission targets that have been set by the EU. It also represents a very significant saving on the national bill for imported oil and gas. A knock-on effect of this upsurge in the use of wood biomass is the creation of markets for thinnings, used to produce wood chip and pellets, which enhances the financial feasibility of thinning.

In addition to future timber supply, the mitigation of climate change by removing carbon dioxide from the

**“New planting is the key to sustainability in the long term”**

atmosphere through forest growth and the provision of wood energy, there is now increasing emphasis and value being placed on the full spectrum of services that forests provide – including the provision of recreation facilities and the conservation of native biodiversity.

We all have to work to ensure that forestry continues to make this contribution. New planting is the key to sustainability in the long-term. The Department continues to offer 100% grants for planting and a premium payment period of 20 years for farmers. Forestry is of its nature a long-term investment. You have all made the decision to invest in forestry. Farmers and landowners are also investors in that they have ‘invested’ their land in forestry while others in the industry are making substantial investment in plants, machinery, processing capacity and the development of markets. It is essential that we all work together to ensure that society, the economy, the environment, and investors continue to enjoy the benefits of forests. To do this, we need to continue to underline the importance of forestry, to develop the markets for our produce and to work together to ensure continuity of supply through new planting.

## Commercial Forestry Supports Irish Birdlife Habitat



Treecreeper - Photo courtesy of John Fox

Situated at the crossroads of several migratory flyways and benefiting from both a mild climate and a rich assortment of different habitats, Ireland is home to an impressive and varied array of birds. Over 450 different species have been recorded: of these only about 130 are regular breeders, but many more visit for the winter and vagrant birds from as far afield as the Mediterranean Sea, Siberia and North America are regularly recorded.

Much ornithological attention is rightly focussed on Ireland’s wetlands and on our coastal features: our mudflats and estuaries are of international importance for a large number of waders and waterfowl, and our seabird colonies are the envy of Europe. Much thought is also given to our garden and parkland birds; those that are perhaps most familiar to the general public and which we tend to encounter most frequently. The plight of our

farmland and upland birds has also received increasing focus in recent years, with the drastic decline of once-common iconic birds such as the Corncrake, the Yellowhammer, the Skylark and the Curlew having been widely noted and lamented.

Of all our birds, however, perhaps the one that is most overdue for attention are those species that make their homes in our woodlands.

Woodland was once the dominant wildlife habitat on this island.

Broadleaf forests stretched almost from coast to coast, with oak being the most important component. These oak forests did not just arise spontaneously: they were mainly planted by a bird, the Jay. A highly-colourful member of the crow family, its habit of burying acorns to ensure a source of food throughout the winter months was responsible for the dominance of oak across the temperate regions of Eurasia, from Ireland right across to Japan.



Siskin - Photo courtesy of Shay Connolly

Over the centuries, the vast bulk of these ancient forests were felled to make way for human settlement, agriculture and industry, and Ireland’s forests were amongst the worst affected. Some of our original forest-dwelling birds managed to adapt successfully to a more fragmented and man-made environment, with many of our familiar garden birds being a case in point. Robins, Blackbirds and Blue Tits, for example, were once strictly residents of dense forest that were somehow able to exploit the new niches that man provided.

Other species were not so fortunate, and many were lost. Some of these, such as the mighty Capercaillie, a massive forest grouse that was once widespread in this country, were known; others, no doubt,

slipped away before we ever knew about them. In addition, other species had their ranges severely curtailed. Once a common bird here, the above-mentioned Jay now manages more or less to cling on in pockets of suitable habitat, while other broadleaf specialists such as the Wood Warbler, the Pied Flycatcher and the Redstart have been able merely to retain a precarious toe-hold as Irish breeding species.

It is clear that the forestry sector has a major role to play in the creation of new habitat, and if done correctly the benefits to Ireland's birdlife provided by forestry plantations can be enormous. Obviously native broadleaf forest would be the ideal choice, but even conifer plantations have an important benefit for wildlife; indeed, some bird species thrive in them. Sitka Spruce, for example, will support a range of conifer-loving birds, and it is particularly important for species such as Goldcrest, Treecreeper, Coal Tit, Siskin and Long-eared Owl. When even a moderate proportion of native deciduous trees are also included as part of a planting scheme, the benefits to wildlife increase greatly, providing feeding and nesting opportunities for various thrushes, finches, warblers and a host of other birds.

Commercial plantations also provide an additional benefit to many birds during their initial growth stage, thanks to the understory vegetation that develops in the twelve to fourteen years before the canopy closes over. This tangled mix of brambles, ferns and native seed-bearing plants provide both dense, protective nesting cover and feeding opportunities for shy birds such as Wrens, Dunnocks and Woodcocks, and also in some cases offers ideal nesting habitat for the scarce Grasshopper Warbler, a summer migrant to Ireland. Forest clearings can also help to support species such as the Spotted Flycatcher, another summer migrant, as well as offering good hunting areas for birds of prey such as Sparrowhawks and, in upland areas, even Merlins. Even newly-colonising species appear to be benefiting, such as the Great Spotted Woodpecker, now apparently present in parts of Leinster, albeit in tiny numbers.

From an environmental health point of view, forestry plantations act as carbon sinks, removing greenhouse gasses and producing oxygen, thereby helping to combat climate change. It is also worth noting that, unlike many forms of modern agriculture, forestry does not require the use of pesticides or regular chemical spraying, another benefit that is not often acknowledged. Even once felled, plantation areas can still be of use: the very rare Nightjar, one of Ireland's scarcest and most threatened breeding species, seems actively to seek out areas of forestry clearfell when nesting.

Obviously some forestry plantations are better for wildlife than others, but it is clear that when forests are planted and managed in a responsible and appropriate way they can support a whole range of birds and other wildlife. Their use to birds can further be



enhanced through the erection of nestboxes and nesting platforms and also by the correct management of clearings and firebreaks, where native ground plants can be allowed to thrive.

Another way to help Ireland's woodland birds is to join BirdWatch Ireland. A registered charity that was founded in 1968, it is now the largest independent conservation organisation in the country and is dedicated to the protection of Ireland's wild birds and their



habitats. Boasting more than 14,000 members and over 20 local branches nationwide, it conducts surveys of Ireland's birdlife, operates conservation projects, manages a network of nature reserves, lobbies for better protection for our wildlife and runs education projects for young and old alike.

Members receive a full-colour magazine called Wings every three months, as well as a special garden bird pack, the chance to participate in exciting and interesting bird surveys and the opportunity each year to take part free of charge in hundreds of events, including birdwatching walks, slideshows and workshops. As a special offer, any I.F.S. Newsletter readers who choose to join will also receive a free DVD guide to Ireland's common birds.

Individual membership of BirdWatch Ireland costs €40 per year, with family membership available for €50 and group membership for €70. If you would like to join, simply send a cheque or postal order to I.F.S. Newsletter Offer, BirdWatch Ireland, P.O. Box 12, Greystones, Co. Wicklow. Alternatively, you can pay by credit or Laser card either by calling 01-2819878 or by visiting [www.birdwatchireland.ie](http://www.birdwatchireland.ie), where you can also find more information about both BirdWatch Ireland's work and Ireland's birds.

*Niall Hatch*



# The Growth of Socially Responsible Investments (SRI) in Ireland



The Irish economic environment has changed dramatically over the past twelve months and investor confidence has been severely dented with the credit crisis and the enormous media-driven negative sentiment towards job security and lifestyle maintenance. According to the ESRI, consumer sentiment has continued its decline in June. The June data shows that the index has fallen to its lowest level since commencing in 1996 and increases in food, fuel and borrowing bills are taking their toll. In terms of house prices, (a major indicator of the investor feel-good factor) measuring the rate of growth in the 12 months (year on year) to May, average national prices were down by 9.5%. This compares to a decline of 9.2% recorded in the 12 months to April. The ESRI has stated that Ireland will experience a recession for the first time since 1983. For 2009, the Institute expects an upturn with real GNP expected to grow by 1.9 per cent and real GDP expected to grow by 2 per cent.

**“Forestry is seen as a component of the environmentally responsible investing mix”**

Whilst the economy is heading into recession, there is a growing appetite for Socially Responsible Investment (SRI) and forestry is largely seen as a component of the environmentally responsible investing mix.

In line with international trends, the market for SRIs in Ireland has grown considerably over the past few years. Detailed figures for SRIs are difficult to obtain as there is a large divergence of opinion as to what an SRI really is. Most of the companies quoted on the Irish stock market would qualify as ethical funds as none of them are involved in tobacco, alcohol or gun running.

In 1984, the Friends Provident Stewardship Unit Trust became Britain's first ethical fund. Widely-derided at the time, the fund was christened Brazil by derisive city analysts, the reason being that it was only for 'nuts'. How times have changed! Ethical funds amount to over USD\$2 trillion world wide. There are over 90 different funds in Britain alone, where a recent survey

**“Ethical funds amount to over USD\$2 trillion world wide”**

revealed that 85 per cent of investors would consider ethical funds when looking for a suitable venue to park their money.

A recent report in Britain noted that, out of 58 SRI funds that were put under the microscope, only one had more than 50 per cent of its portfolio in environmental stocks. Like their British counterparts, Irish SRI funds are, for the most part, a middle-of-the-road bunch and invest in other companies as opposed to the underlying SRI asset.

The popular picture of a typical ethical fund is very much at odds with the reality. Typically none of the Irish ethical funds invest in forestry and the Irish investor currently has no means of taking direct advantage of Irish forestry investment with its

inherent tax advantages other than through the Sixth Forestry Growth Plan Plc. According to the Financial Times (4th July 2008):

**“Forestry is driven by different fundamentals to other asset classes - it is more sustainable, renewable and is less linked to the financial markets - so can help to reduce volatility in investors' portfolios.”**

## The Financial Broker's view of Forestry

Having spent most of my working life in an executive position in one of Ireland's major Building Societies I, now in my mid 50's, devote my time to offering clients independent mortgage and financial advice including investment and pension options.



With a background in the property business I was initially attracted to making an investment in a Forestry Growth Plan due to the asset backed nature of the funds. I was also interested in an investment which was of a green and sustainable nature while offering good potential for tax efficient growth in the medium to long term.

While there can be no guarantee of future timber prices one might consider forestry to be a low risk investment. I think that we are only at the beginning of an environmental revolution which will see increasing demand for sustainable energy products such as wood chip and other products derived from renewable sources. Forestry also benefits from government grants and might be considered likely to receive favourable treatment in the future from various State initiatives as pressure grows to meet carbon footprint reduction targets.

I would regularly advise friends and clients to consider such a fund as part of a balanced portfolio of investments. This should include property, both home and overseas, equities, and fixed interest deposits. Depending on the profile of the individual, their expectations, and attitude to risk I would recommend a maximum of 5-10% of an asset class in any portfolio.

As with all investment vehicles there are risks attached, so it is important to consider the possible downsides carefully. As well as the variations in land values and future timber prices there are also, of course, the risks of fire, disease etc. For this reason it is important to choose a fund which is managed by a team who are aware of these risks and are experienced in the various methods of minimising exposure of the fund to such hazards. The Irish Forestry Funds have been around since 1997 and comprise 24 funds representing 16,500 individual investors and I will be recommending my clients to seriously consider Irish forestry as a worthwhile tax-efficient investment option.

*Tony Byron, Managing Partner, Tony Byron Financial, Blackrock, Co. Dublin, is an independent mortgage and financial adviser.*

# Scots Pine (*Pinus Sylvestris* L.)



## Distribution & Provenance

Scots pine has an extensive natural range from Scotland in Western Europe to the Werchojansk mountains in eastern Siberia and from northern Norway to the south of Spain. The species was once a native to Ireland, covering large tracts of both mountain and lowland and it is unclear when or how exactly it became extinct. For many years it was thought that the last naturally occurring Scots pine in Ireland disappeared at the onset of the last Ice Age, some 10,500 years ago. However, evidence of man's involvement in the felling of bog pine and the survival of *Formica rufa*, the wood ant, in the Galtee Mountains contributes to the growing belief that the species may have made its disappearance much more recently, perhaps in early Christian times. In fact, Scots pine is still often considered as a native tree. The best stands of Scots pine currently standing in Ireland tend to be of Scottish provenance.

## Silviculture & Management in Ireland

Scots pine is a good choice of species on light soils with fairly free drainage. Optimum soil pH for growth of Scots pine is about 5.5 and the species does not grow well on chalk or limestone based soils. It does not grow well on exposed peat or any wet soil types at high elevation. Despite this, it is a relatively hardy species, tolerant of late spring and early autumn frosts. Because of this, it shows great promise as a suitable species for establishment on milled peat cutaway bogs. Scots pine is a light demanding species and can grow very vigorously in its early years. First thinning should be early and should concentrate on the removal of aggressive, coarsely branched "wolf" trees, leaving the better stems to thrive. Subsequent thinnings should be selective and should concentrate on the promotion of full crown development on the best stems in the stand. Pruning is necessary in order to reduce the number and size of knots in the stem. As Scots pine matures, it becomes self pruning but this can leave large dead knots, adversely affecting timber quality. Scots pine is normally grown over a rotation length of 70 to 80 years on good sites in Ireland. Scots pine is now often left to grow beyond the optimal financial rotation because of its popularity as a species of high amenity when mature. In such instances, a natural understorey of oak, holly and hazel can develop. Scots pine is susceptible to damage from red squirrels which,

particularly at pole stage, eat the bark of branches and leaders.

## Non Timber Benefits

Scots pine fits naturally into the Irish landscape. It is very attractive as a mature tree with its unique "stag headed" crown form and warm reddish coloured bark. The fact that it is a self pruning species means that it fosters a diverse ground flora and fauna. Scots pine grows well in mixture with other species, particularly larch, oak, Norway spruce and birch. Scots pine is the favoured habitat of the red squirrel and many species of insects and birds.

## Position in Irish Forestry

Despite the controversy as to its survival, Scots pine has always been significant in Irish history. It was regarded as a tree of importance by the Celts and had a number of names ascribed to it, including that of "Giúis". Scots pine has been planted in Ireland as a timber and ornamental tree since the 1700's and was for long periods in the 18th and 19th centuries, with European larch, the main conifer species planted. Following the establishment of the State Forest Service, it was extensively planted in commercial plantations up until the 1950's when it was planted on better quality sites. It fell out of favour during the 1960s when it was replaced by Lodgepole pine as the



species of preference for poor mountain sites. However, the planting of Scots pine is now encouraged again as a diverse conifer and in mixture with broadleaves, oak in particular. It is considered an acceptable species for some woodland areas of conservation

interest. There are over 1.1 million Scots pine transplants produced and sold by Irish nurseries each year.

## Uses & Markets

Scots pine is the most important timber in the economy of northern Europe and is known commercially as "red deal". It is imported into Ireland in large quantities and is the standard by which other utility softwoods are judged. The timber is light and strong and takes an excellent finish, particularly when straight grained. However, strength and workability is adversely affected by knots and other defects. Scots pine timber can be readily impregnated with preservative and is therefore the species of choice throughout Europe for transmission poles. This property also makes it an ideal material for fencing and other outdoor uses. As a sawn timber it is used in construction and joinery, while the lower grades are used for pallet and board manufacture.

*Source: Forest Service, Department of Agriculture Fisheries & Food*

## Why I Invested in Irish Forestry

As a married working mother of three children I confess that I'm hopeless at saving on a regular basis. Yes, I did the SSIA bit

**"My eldest son starts College this year and my first fund matures in two years time"**

and grabbed the cash. Alas, I didn't do what I was supposed to have done and that was to continue saving. That brings me around to the various Forestry Investment and Growth Plans. Since my first dip in the water in the Fifth Irish Forestry Fund in 1999 I have found this type of investment ideal for me. The once off low investment suits me down to the ground.



Each fund provides me with the opportunity to make an affordable once off lump sum investment and keeps my 'savings conscience' clear in providing not just for my own future but also for that of my children. My eldest son starts College this year and my first fund matures in two years time. He has already planned to head down under for the summer of 2009 and the tax free lump sum I will receive is a perfect way to cover the costs of this trip in his so called 'must have life training experience'.

**"The once-off low investment suits me down to the ground"**

I even got my father-in-Law to invest in the Forestry Growth Plans. A shrewd and sophisticated investor, he has partially invested his little nest egg in view of the attractive and consistent realistic rate of return from forestry. The children have benefited from his involvement as he has invested on their behalf – he comes from old stock and doesn't understand why children need or want Wiis and X-boxes. Maybe when they get their lump-sum they will understand his logic!

Having said that the real personal benefit of this type of investment is the additional long-term reward for my retirement. I am very conscious of the dangers regarding the real benefits of my existing pension plan. The Forestry Growth Plans are a comfort in so far as they will provide me with additional stability and lump sums in my later years. I am also much more conscious of the ethical aspects of forestry investments. I'm not sure whether that is down to plastic bag tax, green bins and bottle re-cycling or just the children educating myself and my husband. But I am very aware of the importance of ethical investments and the Irish Forestry Funds support my ethos of protecting and enhancing the environment.

*Aine Grey is a married working mother with three children*

## Spread the Word !

The Irish Forestry Funds are designed to encourage and promote Irish forests to Irish people through collective ownership in order to ensure that the tax efficiencies inherent in commercial forestry are available to as wide an audience as possible.

Whilst you may not be in a position to take advantage of investing in the Sixth Forestry Growth Plan, which is due to be launched in October, you can help promote forestry ownership by passing this newsletter and any other published material to someone you know - recycling at its best!

**Don't forget to let us know if you change your address or email.**

It is important that shareholders notify the Registrar in writing if changing address, remembering to include Share Certificate Numbers on all correspondence. If you do not wish to remain on our mailing list please contact us and we will remove your details immediately. Please let us know if you have received more than one copy of this Newsletter.

The Irish Forestry Funds,  
Eblana House, Eblana Avenue,  
Dún Laoghaire, Co. Dublin

Tel: +353 (0)1 2841777

Fax: +353 (0)1 2845195

E-mail: [info@irish-forestry.ie](mailto:info@irish-forestry.ie)

Website: [www.irish-forestry.ie](http://www.irish-forestry.ie)

## IFS Asset Managers obtain Interim Injunction against Greenwood Investments

On the 21st July 2008 IFS Asset Managers Limited obtained an interim injunction against the following ; Greenwood Investments, Green Wood Investments, Ben Greenwood, Samantha Browne, Ned Styles, Nathan Styles, Drayton Marketing, Sebastian Van Lengen and Chris White, restraining them from (1) Representing or howsoever holding out to any Third Party indicating that Greenwood Investments has any commercial connection with IFS Asset Managers Limited and (2) Representing or howsoever holding out to any Third Party indicating that Greenwood Investments has purchased a contacts list of investors from IFS Asset Managers Limited. Undertakings were given to the High Court on behalf of Benjamin Robert Taylor and Mark Raynor in similar terms pending the hearing of the action.

The interim injunction and undertakings remain in place until the future hearing of the case in the High Court in Dublin.

As advised in our last Newsletter, we have absolutely no association with Greenwood Investments whatsoever and they are not linked to us in any way.

We will keep you informed as the case progresses.