Scottish Woodlands

NEWSLETTER SUMMER 2010

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Gearing up for new planting targets

"Scotland Rural Development Programme – Rural Priorities" doesn't really trip off the tongue does it? Try SRDP-RP or to simplify it even further SRDP. Whatever acronym you choose, and there are dozens associated with this programme, it simply boils down to one thing everyone in the rural sector in Scotland can understand relatively easily – money. In this case the money is provided by the Scottish Government and European Union to encourage landowners, farmers and managers to carry out certain operations to meet a suite of national and international objectives and outcomes.

This programme presents Scottish landowners with a fantastic opportunity to expand woodland cover in Scotland in line with the specific government targets of increasing forestry cover from the current level of 17% of land area to 25% of land area by the second half of the century. This equates to between 10,000 and 15,000 hectares per annum!

Why should you do it?

Every individual landowner will have their own objectives but many are driven by the short or long term financial benefits associated with the programme and the resulting income from and capital values of established crops. Many may wish to create shelter and/or habitat on their property to benefit livestock or sporting interests. Some may simply wish to see more woodland cover or may wish to invest for taxation purposes. Whatever the objective the SRDP supports these by delivering the best levels of financial support seen in the sector for almost 20 years.

How do you do it?

SRDP provides significant capital grants for Woodland Creation, backed up with ongoing maintenance grants for those with qualifying land, for the establishment of a range of woodland types from high yielding commercial crops to native woodlands. Importantly these varying types allow the landowner to select the most appropriate woodland for their particular circumstances or indeed a mixture to provide the best overall outcome. Where potential land is available then you should discuss this with your local woodland manager as soon as possible. Scottish Woodlands can project manage the process from initial concept to implementation and ongoing management and maintenance.

When do you do it?

Now! Larger schemes, seeking grant aid of greater than £750,000, are required to go to a Regional Priorities Assessment Committee (RPAC) to be scored and assessed for contribution to the national targets and for value for money. This is a relatively time consuming process but on the whole, with a well considered scheme, provides positive outcomes. Schemes under the £750,000 limit are dealt with at a local conservancy level and are generally quicker to gain approval.
In both cases however, it may not be unusual for this process to take up to 12 months until a contract to start work is received.

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Key developments

FSC and PEFC certification:
Scottish Woodlands Ltd is now accredited to offer both FSC and PEFC certification programmes for clients' woodlands in the UK (see page 4).

Beauly-Denny line:
We were successful in tendering for the contract to clear trees for the construction of the new pylon line by Scottish & Southern Energy. Work is due to commence in the autumn (see page 3).

Health and Safety recognised: Scottish Woodlands has achieved a RoSPA silver award for health and safety. This is the first time the company has entered for such an award (see page 11).

Timber market: We welcome the materially increased demand for timber and emergence of new markets (see page 8-9).

SRDP: Our forest managers continue to work with FCS and ConFor to make improvements to the delivery of the Scottish Rural Development programme to ensure that Scottish Woodlands Ltd and its clients are making a significant contribution to Government targets for new planting (see opposite and pages 6-7).

Staff News: Helen Brown and Jean Deamer (maternity cover for Katie Duncan) have both joined the company since our last newsletter.

A perspective from Colin Mann, Managing Director

Fast Forward - 2010 and beyond

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Not much over 12 months ago, the country was gripped in the teeth of the worst recession for many decades and most people regarded the future with uncertainty. Following events such as the collapse of Lehman Brothers and near meltdown within the UK banking sector, shock prevailed as we were witnessing what was previously thought by most to be unimaginable. Now with the benefit of hindsight, we can look at how the forestry sector fared through this period and reflect upon why our sector has proven to be particularly resilient.

Although timber prices inevitably dipped, the period of exposure before recovery was surprisingly short and it was clear that confidence in the forestry sector was holding up remarkably well. Some felling was held back temporarily but freehold prices for forest properties were hardly affected at all and our clients saw little or no reduction in their portfolio values. Over this period, why did the forestry market remain so relatively strong?

In my view it is because forests, and the products now being harvested from our forests, have truly come of age. In the heady days of natural resource exploitation, oil, gas and other non-renewable energy reserves, were seen as abundant enough not to be of concern for the 'foreseeable future'. Issues relating to energy security and climate change were not problems relevant to our own lifetime. The global perspective on this has now changed and, clearly, we now know that a more realistic approach must be taken in respect of utilising low carbon products and production of renewable energy coupled with measures designed to reduce the rate of climate change. Forestry is perfect for this purpose and this is why forest and timber values have proven to be so resilient. Oil and its derivatives are not renewable whilst at the same time its combustion results in the release of CO_2 into the atmosphere, further fuelling climate change. Conversely, forestry is infinitely renewable, wood products are substantially carbon neutral and forests act as a CO_2 absorbing reservoir. Because of these fundamental features, the forestry market has been able to withstand the seismic shock of the global recession much better than most markets.

What does this mean for the future? Our view is that ongoing financial returns from forestry are likely to produce continued growth for those with the foresight to further invest now.
The commercial use of timber in low carbon construction is now a reality and demand for wood products is increasing. Since 2000, over £½ billion has been invested by industry in creating the capacity to process timber and thus create markets for UK grown wood. UK sawmilling has become state of the art achieving enhanced quality, added value and competitiveness. The panelboard sector has also updated its capability and across all processing sectors we look forward to further investment and expansion of capacity. Additionally, forest owners are now benefiting from a big new market in the form of forest biomass for energy. In the course of the past 36 months, the use of forest biomass for renewable heat and electricity generation has gone from virtually zero to consume circa 20% of the UK's fibre production from our forests. This demand is set to rise further and, whilst it is not in the best interests of woodland owners to have biomass swamp the market, we now have a most welcome new customer which will assist us in gaining enhanced financial returns for our clients.

Currently, there are great opportunities for those wishing to invest in forestry. Government incentives for the planting of new forests are now higher than for over 20 years whilst the Forestry Commission's disposal programme is opening the way for a further shift towards private sector ownership. Please refer to Ralland Browne's and David Robertson's articles elsewhere in this newsletter for more information on these opportunities. Additionally, we at Scottish Woodlands have pioneered exciting new work in eastern Canada to open up the opportunity for our clients to invest in timberland assets at perceptibly attractive entry prices and we would be delighted to provide you with more details of our Canadian venture upon request.

Whilst the foregoing relates to the bigger picture, our corporate support in promoting the day to day aspects of forestry issues continues apace. In my capacity as Chairman of the Confederation of Forest Industries (ConFor), we continue to negotiate improvements to grant and taxation support for forest owners at one end and the further expansion of the UK's wood using industry at the other. In these respects, ConFor is assisting Government and the Forestry Commission in the development of a strong, expanding and sustainable industry and land use policy. Our SEQ & Contracts Director, Rob Shaw has also played a key role in the achievement of joint FSC and PEFC certification which ensures that forestry in the UK is able to operate to the highest of environmental standards.

In summary, the forward vision for forestry has never been more positive. Please do not hesitate to contact myself or a member of our team to discuss any aspect relating to the future management of your forest or the expansion of your investment into the woodland market.

Scottish Woodlands Awarded Timber Harvesting Contract for Beauly to Denny Power Line Upgrade

We are pleased to announce that we have been awarded the exclusive Contract to carry out the Timber Harvesting and Vegetation Clearance Contract for Scottish and Southern Energy (SSE) on the Beauly to Denny Power Line Upgrade. The award followed an in-depth competitive tendering process, with Panel Interviews and detailed assessments of capability, environmental and safety considerations and personnel resources.

This is a two-year contract which involves planning and delivering a series of tree clearance worksites along the line of the new towerline, in conjunction with SSE and the main Civils Contractor. Iain Calvert, Senior Utilities Manager in Speyside will be the Project Manager for the Company, and a Project Team selected from the Dingwall, Ballindalloch and Perth Forestry and Perth Utility Offices will service the various requirements.

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We are currently in the planning phase, and the works are expected to commence in the autumn. SSE has taken great care to plan this complex operation and specific timetables need to be followed to cater for environmental and logistics constraints. Safety and Environment are being put at the forefront of the project by SSE, and there is a dedicated team of Ecologists and Environmental Managers working on the project to safeguard the environment and wildlife. On the safety side we will be managing the work to our OHSAS 18001 Safety Management System accreditation. We will be carrying out a full induction for all approved personnel, and issuing them with ID Cards. Each worksite will be subject to regular safety and environmental audit, and close supervision, to ensure the highest standards are met.

We are excited to be involved in such a high profile project, and our Management Systems and our experience with CDM Regulations and Large Projects in the Utility world should serve us in good stead.

If anyone should wish any further information please contact either myself, or Iain Calvert, who is based at the Ballindalloch Office, Tel: 01807 500710.

Dual Certification now a reality in the UK

In the spring, Scottish Woodlands Ltd added PEFC Forest Management Certification capability for those forests in its Group and Resource Manager Schemes in the United Kingdom. The Certificate was issued to the Company by SGS Italy, with the Forestry Commission and UPM Tilhill also receiving their Certificates at the same time.

Clients whose forests are managed within our Schemes are now able to access timber markets in the UK and Europe, which require either FSC (Forest Stewardship Council) or PEFC (the Programme for the Endorsement of Forest Certification) certified timber.

Currently both PEFC and FSC are classed as "approved schemes" under UK Government Procurement Policy for Public Sector bodies, as defined in more detail on the CPET (Central Point of Expertise for Timber Procurement) website – www.cpet.org.uk. CPET is at present undertaking a review of which schemes can meet the relevant standards, and recently "social criteria" were added to the requirements. A result on the deliberations by CPET's technical panel is expected sometime in October 2010. We will update clients on any changes in due course.

Activity by both the main certification schemes in the UK, from imported and domestic wood, fibre and pulp product perspectives suggests that percentages of certified material across all sectors are very high. The Timber Trade Federation issued a report in January this year which suggested that in excess of 85% of material in the UK supply-chain was certified. What one can surmise from this is that in the longer term, the ability of owners whose forests remain outwith certification to access the marketplace will reduce, as rules are tightened.

The UK has achieved a first with the two main certification schemes, often viewed as "opposing" but both utilizing the same Standard – the United Kingdom Woodland Assurance Standard, or UKWAS. UKWAS is currently undergoing the third of its periodic reviews, with the new version expected in 2011. One of the interesting aspects is how UKWAS will deal with the derogations process for certain chemicals as practiced by FSC, and any similar chemicals and pesticides policies adopted by PEFC.

In a separate development Rob Shaw, SEQ & Contracts Director, joined the board of PEFC (UK) in March 2010. PEFC (UK) is the independent Company which administers PEFC Certification in the UK, and liaises with the international PEFC Council based in Geneva. PEFC (UK) recently celebrated its 10th Birthday at its AGM in London, and has also launched a new website this year at www.pefc.co.uk.

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PEFC™
PEFC/16-40-1000
Promoting Sustainable Forest Management.
www.pefc.org

Any clients who wish to obtain certification for their woodlands, or those who would like more information on PEFC certification in addition to FSC Certification, should contact our Group Scheme Manager, Garry MacInnes at Head Office.

continued from front cover...

With the release of Brian Pack's Short Term Recommendations following the Inquiry into Future Support for Agriculture in Scotland suggesting a move towards activity-based subsidy payments and away from the "naked hectare" system for land without subsidy attached, this may increase the levels of land coming forward for planting resulting in an increase in these timescales.

Important other factors to consider are the availability of plants and labour to resource the works and where necessary, this should be identified at an early stage. Nurseries need to be able to plan ahead how many plants will be required; many now grown on a contract basis, so nursery managers are keen to work with forest managers and their clients. In addition, it will be helpful to plan contracting labour, especially as demand is expected to increase over the coming months.

This current round of funding is due to run until 2013 so now is the time to plan for a suitable project.

Should you wish to discuss the opportunities of this scheme or other elements of the SRDP, please contact your local forest manager.

Forest Investment Market

Concerns that the recent austerity budget would change the tax position in forestry did not materialise and we are able to note that forestry remains a particularly tax efficient investment vehicle. In fact, in light of the rises in Capital Gains Tax and Income Tax, the exemption afforded to timber increases the value of the tax shelter package available to the forestry investor. This is good news for both existing clients and those interested in acquiring woodland for the first time. A tax summary is available at www.scottishwoodlands.co.uk/assets/pdf/forestry_taxation_summary.pdf.

In the last newsletter we reported on how the global financial turmoil of late 2008 seemed to create a temporary slowing of the forest property market as investors generally reviewed their position. Throughout the second half of 2009 a supply of new woodlands came to the market and buyer interest was strong with most of the mainstream sales attracting an offer in excess of the agent's guide price. The Forestry Commission Scotland repositioning programme fed a number of properties onto the market and had the effect of raising the average size of woodland being sold. At the opposite end of the scale, smaller properties continued to attract interest from IHT driven purchasers and private investors looking to diversify away from equities or other financially based investment products which were perceived higher risk post credit crunch.

All indications are that this FCS disposal programme is set to continue this year, with a number of properties set to come forward in the latter half of 2010, which is likely to be complimented with a scattering of private sector sales which reach the market as a matter of course.

Research data continues to demonstrate the sound long-term performance of forestry against other common investment classes. The Investment Property Databank published its 2009 forestry index at the end of June reporting an 11.1% return from forestry investments over the 12 months to 31st December. Although not taken from actual sales data, the index is based on a survey of private sector conifer forests and provides a good indicator of market trends and movements. Importantly, we continue to see capital growth in the forest sector, with the index rising from the 2008 return of 7.0%. The long-term average annualised total return from forestry is recorded as 5.6%, measured over a 17 year period. Over a ten year period the figure is reported as 8.1% comparing very favourably with equities, bonds and commercial property.

A major sector of renewed interest is in the creation of new woodlands under the Scottish Rural Development Programme (SRDP) forestry grants as previously discussed by David Robertson. The Scottish Government has an objective to increase woodland cover in Scotland from 17% to 25% by 2050. This equates to a planting target of 10,000 to 15,000 hectares per year. Afforestation was the traditional means of entry for many forest investors in the 1980s and 1990s, however interest became subdued over the last decade due to a bias towards unproductive native woodland and habitat enhancement. The current planting policy seeks to address this and over spring 2010, we have seen the first of our land purchases made for clients in 2008 and 2009, planted under SRDP approved contracts. Finding suitable land for planting remains a challenge with low land volumes coming to the market, however we are constantly seeking out both on- and off-market opportunities to purchase and are continuing to secure properties for conversion. The grant rates are favourable although investor patience is required as we work through the application and site assessment process before work actually begins. To date our outcome success rate is high and we hope to see more opportunities as farming practices change in light of land use policy reviews.

As often stated, our primary aim within the investment division is to help clients expand their woodland portfolios by making further property acquisitions and we would be delighted to discuss your requirements with you. The timber market has strengthened in the last number of months and the underlying demand for fuelwood in all its forms point towards a strong long-term future for our forest products as outlined by Douglas Hyslop. Good quality properties on the market move very quickly and are occasionally selling without going to a closing date.

To help us assist you, please contact us and we will be pleased to discuss your investment requirements in detail. We provide a regularly updated investment page on our website listing current market opportunities and also produce a periodic investment bulletin of available properties and a summary of trading conditions. Please contact Ralland Browne or any of the Investment team if you would like to be included on the circulation list or to discuss a specific investment requirement.

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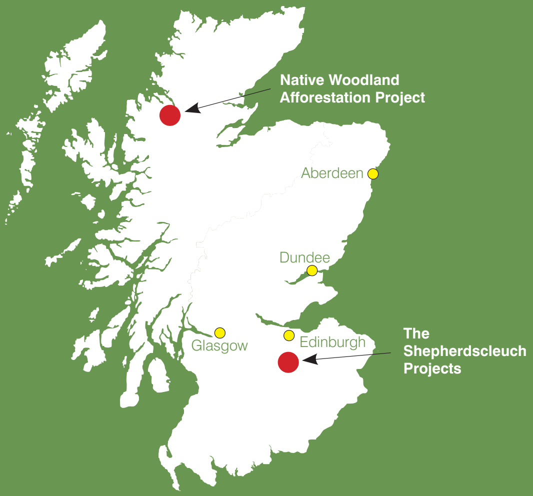
Expanding Scotland's forest cover

The article on page 1, "gearing up for new planting targets" gave an encouragement to plan ahead for any new woodland creation schemes. The following case studies illustrate the process in more detail and what can be achieved in co-operation between clients, Scottish Woodlands Ltd and other stakeholders to contribute towards the Scottish government's target of increasing woodland cover.



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New Woodland Creation in the Scottish Borders - The Shepherdscleuch Project

In January 2009 two hill farms in the Ettrick Valley, Scottish Borders were acquired for clients of John Clegg & Co as potential new planting areas.

The two farms amounting to 600 ha are collectively known as Shepherdscleuch and consist of unimproved hill pasture and severely degraded heather moor-land.

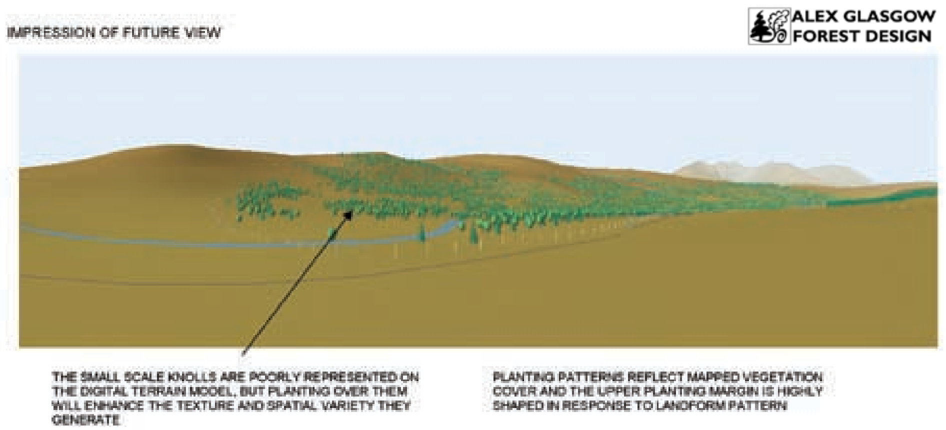
Draft proposals and budgets were drawn up in May 2009 and the clients decided to proceed with an SRDP application consisting of a combination of productive conifer, mixed and native broadleaved woodland types.

This proved to be the start of a tortuous process to convince Forestry Commission Scotland (FCS) that it was not necessary to prepare an Environmental Statement (ES) and that the environmental impacts of the change of land use could be identified and mitigated by good design and adoption of best practice. In order to convince FCS, detailed surveys were commissioned regarding archaeology, breeding birds, habitat types and landscape issues. These surveys and their subsequent findings were presented both to FCS and a meeting which was held with representatives of the local community council.

Confirmation that an ES was not required was confirmed in December 2009, allowing the application to be finally committed in January 2010.

The schemes were approved at the end of June, so fencing and ground preparation are planned to commence this summer, with the tree planting being completed in 2011.

This will be the first large-scale conifer afforestation project undertaken in south-east Scotland for several years. To date, it has been a real team effort with the preparation of the application by the Newtown St Boswells staff, and the implementation will be a joint effort between staff from both St Boswells and Castle Douglas.



The Fain - Native Woodland Afforestation Project

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Gruinard Estate, most notable in recent history for its "Anthrax Island" drapes itself around the wild flanks of one of Wester Ross' iconic mountains, An Teallach, and south to the Destitution Road, originally built by local workers in return for food following the potato famine of the late 1840's.

The slopes to the west of this road were identified, in discussion with the estate, as having potential for a native woodland project, to be planted under the Woodland Creation element of the SRDP-RP, which provides considerable support for this type of woodland establishment.

The main objectives of the proposed woodland were to improve the landscape and to create riparian habitat providing stabilisation of the banks of the Dundonnell River thus improving the potential of the fishery. In addition, and in the long term, the woodland will provide much improved habitat and shelter for deer.

Work commenced in July 2009 following discussions with FCS with the completion of detailed soil, vegetation and archaeological surveys, resulting in the basic information to form the woodland design with the aim of planting trees in the most suitable parts of the site. This was followed by a landscape design plan to ensure that the woodland was designed in such a way as to enhance the area. Local and statutory consultees were involved in the process from start to final approval.

This woodland, which was processed under the "continuous approval" system for schemes receiving less than £750,000 of grant aid, has recently received a contract, and works to fence and mound the ground to provide a suitable planting site have commenced. Once the 7500m of deer fence and 175,000 mounds have been completed the site will be planted and fertilised by hand.

With local native trees planted to suit the prevailing ground types, mimicking other ancient native woodlands in the area, in years to come this woodland will provide an attractive foreground for the magical mountains beyond, much needed habitat for mammals and birds and may just help the Destitution Road feel a bit less desolate.

Importantly this scheme will provide annual surpluses through the SRDP grants which will allow further investment in conservation and woodland development across the estate.

Timber Market Improvement is Maintained as the Weakness of Sterling Keeps Import Prices High

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The severe winter weather contributed significantly to the tight market conditions which have prevailed throughout 2010. Timber production from UK forests was down to 20% of normal levels in January although Scottish Woodlands managed to achieve 50% of planned deliveries aided by the utilisation of the floating pier technology which featured in our autumn 2009 newsletter.

The pier which was located at Kingairloch on the West Coast allowed chipwood to be despatched to Inverness harbour for delivery to the snow-bound Norbord OSB plant at Dalcross. Sawlogs were also shipped to the BSW sawmill at Kilmallie, helping to maintain production as stocks fell to critically low levels.

Chart 1 - Forest Enterprise - Sales Results for Scotland

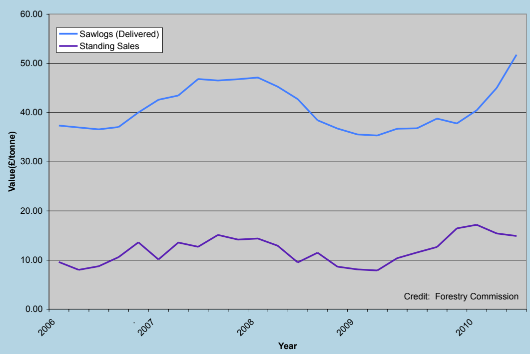
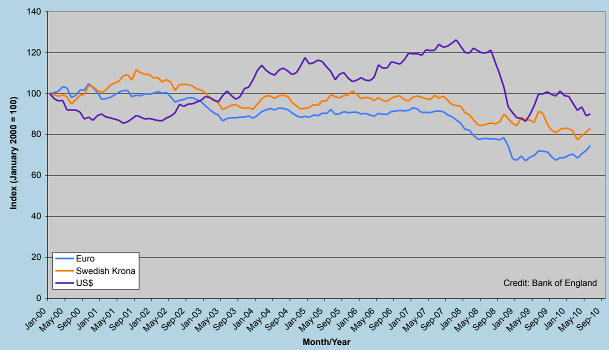


Chart 2 - Sterling Exchange Rate Index (monthly averages)



The strong demand for all categories of sawlogs and small roundwood is almost entirely due to the weakness of sterling which has made imports relatively expensive. As a result, UK timber merchants have turned to the home grown sawmillers for supplies.

It should however be remembered that, over the last two years, the UK timber market has reduced in size but the exchange rate advantage has allowed the domestic processors to secure a larger slice of the smaller cake.

Sawmills have increased production levels in order to take advantage of the opportunity but are presently being constrained by the tight raw material supply. Sawn wood prices have risen and, coupled with the shortage of log supply, this has driven up the market price for round timber.

The sales results published by Forest Enterprise for Scotland provide a useful barometer of price movements (Chart 1) and show that prices in 2010 moved beyond those reached just prior to the global financial crisis in 2007/2008.

Encouraged by the rising prices the supply from the private sector is starting to be brought forward. However there is pressure on resources with the contractor base in particular struggling to react to the upturn and allow opportunities to be fully exploited.

Adding further pressure on supplies is the export market for both sawlogs and small roundwood. Aided by more advantageous exchange rates there has been renewed interest from Ireland for timber from the "pest free area" on the West Coast of Scotland. Central European processors have also entered the market and the export of small roundwood to Scandinavia is also continuing.

The ongoing development of what is a genuinely new and very welcome market for wood fuel and the buoyant market for some categories of wood panels has driven small roundwood prices up markedly in the last six months.

Sawn wood prices have risen and, coupled with the shortage of log supply, this has driven up the market price for round timber.

However, the scale of the biomass energy developments currently being considered is now causing a degree of concern within the industry.

John Clegg Consulting recently produced a report "Wood Fibre availability and Demand in Britain 2007 – 2025" which highlights in detail the supply and demand balance in the UK. The further development of large biomass energy plants could impact adversely on the existing processing sector. Also, there is now growing concern being expressed that government targets for renewable heat generation using biomass may be constrained by the demand from the large projects generating only electricity and with a low conversion efficiency of around only 30%.

The only cautionary notes are that the market remains very dependant on the relative weakness of sterling and its recent strengthening is causing some anxiety (Chart 2). Sovereign debt concerns are beginning to undermine the euro and for the first time since November 2008, the pound has risen to above 1.20.

The more aggressive approach to the UK's financial issues being taken by the new coalition government has also provided support for sterling.

In addition, the public sector spending cuts will inevitably have a negative impact on the construction industry which could slow demand from the public sector. The recent announcement of the winding down of the Building Schools for the Future initiative is likely to be an example of this effect.

Given the uncertain financial position throughout the eurozone, it is difficult to predict the longevity of the welcome upturn for UK forest owners and the processing sector.

Overall the market for timber is excellent with all products from firewood to high quality logs having ready markets at an attractive price level. As a result, now is the time to consider bringing timber to the market and exploit the window of opportunity being experienced at present.

Does the International Year of Biodiversity have any relevance in Scotland?

It is not difficult to find a new species. Rake about in the detritus and top soil of a tropical rainforest and you will soon come across a creepy crawly unknown to science. Plant hunters from the Royal Botanic Gardens in Edinburgh or at Kew, like their Victorian predecessors, regularly return from exotic trips abroad with mysterious new plants. Despite new discoveries, species are being lost at a faster rate now than at any time since the extinction of the dinosaurs left tiny primordial mammals free to evolve and produce the species that has now come to dominate the future of the planet.

2010 has been declared the International Year of Biodiversity by the United Nations to celebrate the diversity of life on Earth. Whales, giant pandas, African white rhinos, elephants, and our own close cousins, the great apes, are the icons of world conservation. What then has Scotland got to offer the world to compare with these? Scottish wildcat numbers are estimated to be between 200 and 400, rarer perhaps than Siberian tigers, the numbers of which are estimated at 350 to 420 in the wild; and far fewer than any of the iconic species above. The woodlands of Scotland are therefore home to one of the rarest species on the planet. Conservation, like charity, begins at home.

Twenty-five years ago a wise old conservationist once said to me, despairing at a programme to encourage a large bird of prey to breed in a particular area, “You don’t build an ecosystem from the top down; you build it from the bottom up”. Blindingly obvious really, or to paraphrase Bill Clinton – it’s the habitat, stupid!

Diverse in nature, the great wood of Caledon once stretched from the oak woods of the Atlantic seaboard, (often referred to as Scotland’s temperate rain forest) to the majestic pinewoods further east. Our natural heritage is a woodland one and many of our most treasured species evolved within these ancient woods.

Woodland creation, on this now tree denuded isle, is one of the major ways in which we can begin to redress the balance, build up new habitats and connect existing woodland remnants. In doing so we can help to create and restore the ecosystems that support much of our native biodiversity, not just in the woodlands themselves but, properly designed, they can improve river and riparian habitats and create important woodland edge and open glades. Scottish Woodlands are heavily involved in the planning and planting of new woodlands meeting a variety of client requirements but always ensuring that a balance is struck to protect and enhance biodiversity. Our clients have not been slow to explore the possibilities under the SRDP grant regimes and the opportunities to develop new and exciting woodland projects with many new schemes being planted this spring.

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Even within traditional timber producing forests, where we must never lose sight of the commercial imperative, there is much that can be done to support and enhance biodiversity. Scottish Woodlands was the first private forestry company to offer FSC certification of clients' woodlands, demonstrating their sustainable management and can now offer dual certification to PEFC requirements as outlined by Garry MacInnes. Sound management planning and careful implementation is the key.

Across Scotland, our clients and staff are involved, not just in tree planting, management and harvesting but in active management of our rare and endangered species including black grouse, capercaillie, osprey, and red squirrel to name a few. The entire UK population of the chequered skipper butterfly lives within 30 miles of Fort William and Scottish Woodlands' Fort William office manages seven of the known sites.

The last Tasmanian tiger died of neglect in Hobart Zoo on 7 September 1936, did anyone notice? Will the last Scottish wildcat, a creature of woodland and forest edge, share its fate less than a hundred years after this sad extinction? The International Year of Biodiversity will come and go but will it make any difference? Who knows, but what better incentive to do something positive for biodiversity and plant some trees.

"You don't build an ecosystem from the top down; you build it from the bottom up"

Award for Health and Safety

RoSPA Health and Safety Awards Silver Achievement Award 2010

RoSPA
20 10
SILVER
Award

The Company was delighted to be awarded a Silver Achievement Award in the 2010 RoSPA Health and Safety Awards, following our first ever entry in the Competition. This is the second highest possible award in this category, which involves submitting details of the Company's Risk Management and Health and Safety policies and arrangements for scrutiny by a panel of RoSPA expert judges.

A great deal of progress has been made over the past few years on health and safety and risk management. On the staffing front for example, Rob Shaw, SEQ & Contracts Director is now a Chartered Member of the Institute of Occupational Safety and Health (CMIOSH), whilst Iain Calvert in Utilities has achieved a recent NEBOSH General Certificate pass with merit, and Rona Higgins, Utilities Contracts Administrator has successfully trained as a Health and Safety Auditor. All these developments have had a positive impact on the ability to win contracts, with the right mix of skills and resources on offer to clients, both existing and new.

Each Division now has a suite of risk assessments which are reviewed regularly, and work is ongoing to fine-tune Contractor questionnaires to include, where appropriate Hand-Arm Vibration Syndrome (HAVS) questions, details on compliance for PUWER and LOLER – the Work Equipment and Lifting Operations and Lifting Equipment Regulations respectively.

Because Forestry, Utility Contracting and Tree Surgery are such high-hazard activities it is important that Staff take all aspects of risk management seriously. We have also tried to provide a package of Manuals and Guidance for our Staff including a Personnel Manual and Driver and Road Safety Manual, as well as a series of Occupational Health measures for staff who are exposed to noise, vibration and manual handling risks.

We will be entering the RoSPA Awards next year and will hope to do even better next time!

A challenging year in Ireland

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It was a long hard winter in Ireland as it was all over these islands. It was certainly the coldest and most challenging planting season I have experienced since I started working with Scottish Woodlands in 1994.

In Ireland, we usually start planting in October and due to the mild winters, we have usually continued into April. This planting season we got most of the beating up and private planting completed before Christmas in preparation to starting the Forest Service restocking in the New Year.

We tendered for the 4-year restocking contract for the Forest Service and secured four out of the six counties in Northern Ireland. However, the snow arrived in mid-December and stayed with us for January and some of February which meant a much reduced planting programme, loss of contractors and loss of profit margins. We completed planting in the early summer; the plants now suffering from drought, as there had been little or no rain and some high temperatures.

We carried out a wind farm clearance job between January and March which consisted of 28 ha of mainly Sitka spruce planted in the mid-1990's using a mulching contractor from Scotland. This work was timely, when other activity was low. This work is now complete and the construction phase is due to start in September.

Our Management & Services work is reasonably healthy on estates and we gained the management of a few new ones over the last 12 months. In previous years, we have carried out a lot of weevil spraying contracts for the Forest Service but they have decided this year not to spray "to see what happens". I had thought that the cold winter would reduce the amount of weevils appearing this spring, but we are finding no difference on the private estates to any other year and they were out at the usual time.

The timber market in Ireland is currently very strong, particularly in Southern Ireland where supplies of all products are in short demand. The first quarter was slow, but the second and third have been strong and I am confident it will last until the end of the fourth and beyond. The problem in Ireland is that the reserve of private timber is small and buying Forest Service timber is not an option as they market direct to the sawmills on a long-term contract basis. Some of the Irish mills have gone back to taking supplies from Scotland again, with even the smaller Irish mills making serious enquiries. Most of the sawn timber produced in Southern Ireland is going to Northern Ireland, UK or France as there is virtually no house building being carried out in Eire at all. It is hard to see how this is sustainable but we are taking advantage of the uplift while it lasts.

Trading in general is difficult and management of clients/credit/budgets takes even greater care but if we continue to remember this and work together then we will be able to sustain our position and look forward to better days ahead when ever they come.

The Ballymena Office has 3 staff: Brian Malcomson, Siobhan McAllister and Dessy Henry.