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# Forestry for Profit

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# Does money really grow on trees?



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# Benefits of Forestry

- Shelter
- Shade
- Landscape improvements  
(colour, features, framing a view)
- Screening
- Source of firewood / chip-  
wood for on-site boiler
- Alternative income stream,  
both grants and timber
- Reduce diffuse pollution/noise
- Biosecurity/pollution buffer
- Bank stabilisation
- Reduce soil erosion
- Wildlife habitat
- Game cover



# Wider Benefits

- Slow runoff, flood control
- Link wildlife habitats, native woodland networks – increase their resilience to climate change
- Improve water quality and temperature of streams
- Enhance landscape
- Contributes to local economy
- Recreation/public health benefits – ‘Green Gym’
- Climate Change:
  - locks up carbon in wood, soil and timber products
  - Improved resilience to climate change – flood control, wildlife networks
  - Forest biomass replacing fossil fuel use
  - Carbon credits

# Carbon Credits

- Sell rights to the Carbon locked up in trees as they grow.
- Payment varies with predicted growth rates, woodland type and duration of contract.
- Single payment of up to ~£1,200/ha.
- Not guaranteed – have to pass financial tests and demonstrate that carbon funding is essential for scheme to proceed.



# Forestry Grant Scheme



- Capital payment for planting, fencing, tree shelters, clearance of gorse.
- Annual maintenance payment for five years
- Basic payment for twenty years
- Enhanced payment rate for target areas.

# FGS - Conifer

	Standard	Target areas
Planting	£1,920 /ha	£2,160 /ha
Maintenance	£1,040 /ha tot.	£1,170 /ha tot.
Stock fence	£4.40 /m	
Tree shelter	£2.00 /ea.	
Deer fence	£6.80 /m	£9.90 /m
Gorse	£720 /ha	
Bracken	£225 /ha	



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The European Agricultural Fund  
for Rural Development  
Europe investing in rural areas



Scottish Government  
Riaghaltas na h-Alba  
gov.scot



# Indicative costs

- Plants and planting ~ £800 /ha
- Inter-row mowing ~ £70/ha
- Band spraying ~ £90- £100 /ha

**Illustrative cash flow for 45 ha Conifer scheme**

**COMBINED SCHEMES**

45 Ha Conifer scheme. 10% open ground, 10% broadleaves in tubes, 80% conifer  
Machine planted. Some deer fencing. Higher rate of grant for target area

All prices shown are before VAT

<b>ESTABLISHMENT COSTS</b>	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Stock Fencing	3,200					
Deer Fencing	7,601					
Plants, Planting & Tubes	40,890					
Weeding & Mowing	5,068	2,950	1,500			
Replace losses	931	1,150	575			
Supervision	5,005	2,100	1,200			
Professional Fees	3,630					
<b>TOTAL COSTS</b>	<b>66,325</b>	<b>6,200</b>	<b>3,379</b>			
<b>INCOME</b>						
Planting & maintenance	97,200	10,530	10,530	10,530	10,530	10,530
Stock Fencing	4,012					
Wildlife fencing	4,792					
Basic Payment	Basic payment is payable in addition for twenty years					
Sale of Carbon Credits		12,867				5,514
<b>TOTAL INCOME</b>	<b>106,004</b>	<b>23,397</b>	<b>10,530</b>	<b>10,530</b>	<b>10,530</b>	<b>16,044</b>
<b>NET INCOME (EXPENDITURE)</b>	<b>39,679</b>	<b>17,197</b>	<b>7,151</b>	<b>10,530</b>	<b>10,530</b>	<b>16,044</b>
<b>CUMULATIVE INCOME (EXPENDITURE)</b>	<b>39,679</b>	<b>56,876</b>	<b>64,027</b>	<b>74,557</b>	<b>85,087</b>	<b>101,131</b>

# Forest Infrastructure

- For woodlands less 50ha
- Construction of forest roads, lay-bys, turning areas and loading bays
- Construction of bell-mouth junction



# Harvesting



- Thinning starts at 18-25 year's of age
- Clear felling starts at about 40 years old.

# First Thinning

- Small roundwood £5 - £12 per tonne
- Pallet Wood £15 - £18 per tonne



# Clear felling

- Small round wood £14 /t
  - Palletwood £25 - £29 /t
  - Red logs £26 - £28 /t
  - Green logs £40 - £42.5 /t
- 
- Green logs should be about 60% of the total.
  - Yield up to 550 t/ha.

# Thank You

