

Woodland League Press Release

QUESTIONABLE DISPOSAL AND MANAGEMENT OF PUBLIC FOREST ASSETS.

*As I did stand my watch upon the hill,
I looked toward Birnam, and anon methought
The wood began to move.
Macbeth, Act 5 Scene 3*

The Woodland League, a not-for-profit NGO that has long campaigned against the sale of *Coillte* public forest assets, are concerned about a possible link between the collapse of the asset-management company, Helvetia Wealth, and Irish pension funds. Helvetia Wealth are the parent of the Irish subsidiary known as the International Forestry Fund (IFF).

In 2010 Helvetia appointed Bertie Ahern to chair the International Forestry Fund (IFF). Dublin-based IFF was funding investment in forestry companies and assets, mainly in Europe, and had expressed an interest in buying *Coillte*, the manager of Ireland's public forests. The latest information on Helvetia is that they have appealed a 1.2 billion Swiss franc bankruptcy charge. In a letter to shareholders, Helvetia provide a basic explanation of what has transpired, they go on to request help to raise one million Swiss francs to avoid bankruptcy.

The Woodland League would like to know the extent of the involvement and exposure of IFUT (the Irish Forestry Unit Trust) in relation to the collapse of Helvetia Wealth. IFUT manage semi-state and state employee pension funds as well as the funds of private investors, including charities. Since 2009, IFUT have accessed €50 million from the National Pension Reserve Fund (NPRF), to purchase forests from *Coillte* to plug the hole in its employee pension fund which, at that time, stood at €179 million. The partners in IFUT, established in 1994 are *Coillte* along with Bank Of Ireland, Allied Irish Bank, and Irish Life, all failed financial entities. *Coillte* used 15 million punts worth of public forest assets as equity in the partnership. *Coillte* has been selling public forest assets to IFUT since 1994, in total approx 40,000 acres have been sold, almost exclusively to IFUT, without any accountability to the public owner of the assets.

Andrew St Ledger, a spokesperson for Woodland League said, "***We also understand that Coillte have a legal obligation to supply IFUT with forest assets when the trust is in deficit***". The *Coillte* Annual Report of 2011, under 'Contingencies and Commitments', makes clear that this is no ordinary financial-arrangement: "The trust deed of the Irish Forestry Unit Trust commits the Group [*Coillte*] to providing liquidity to the fund if it is needed. This commitment would require the purchase of forests by the Group from the Irish Forestry Unit Trust representing up to 15% of the value of the fund. This is subject to an annual limit of the lesser of 5% of the value of the fund or €4,400,000. The maximum amount that the Group can be required to purchase is €38,000,000".

These public assets that *Coillte* sell to IFUT have never been put out to tender in the wider market, to maximise the return which may be in contravention of EU competition rules. Andrew St Ledger, continued, "***We enquired of this situation via a parliamentary question asked by Clare Daly TD in December 2013 to which Minister Coveney could not provide an answer, he responded saying that he was waiting for Coillte to supply the information to his department.***"

Coillte have a monopoly on the supply of timber to the Irish market, being the largest forestry company with access to the public assets as a free resource. According to an Industry representative

who contacted the League, It appears that for many years, after *Coillte* unload their timber harvest, there has been a recurrent annual timber shortfall. IFUT have been conveniently on hand with the timber they have procured from *Coillte* at a fixed rate, which they are then able to sell back to the market at a much higher price. In order to remain competitive, some sawmills have resorted to importing timber from Scotland and beyond, calling into question the repeated claims of sustainable forestry practice by *Coillte* and its lauded FSC ecolabel. This issue was raised, while *Coillte* were before the joint *Oireachtas* committee on Agriculture, at the end of November 2013, *Coillte* were unable to provide satisfactory answers. In a related query, *Coillte* did accept that the department of agriculture was conducting an investigation into claims of falsification of weights of timber harvested by forestry contractors on behalf of *Coillte*.

The Woodland league once again urges Ministers Simon Coveney and Michael Noonan - the only shareholders in *Coillte* on behalf of the Irish people (Coveney holding one share and Noonan being the main shareholder with 99 shares) - to thoroughly investigate these matters surrounding *Coillte* and IFUT. Both appear to be facilitating the ongoing transference of publicly-owned forest assets into private hands and operating as a **cartel** in the forest industry. The league also reiterates its call for the review of *Coillte* report conducted by New Era to be placed in the public domain, adding the urgency to bring *Coillte* along with IFUT into the reach of the reach of the FOI Act.

The League believe that public forest assets have been manipulated and squandered for the benefit of a minority. This has had detrimental consequences for Irish forest policy and, in turn, on the economy of this country. Why are public forest assets and National Pension Reserve Funds being used to prop up and guarantee state employee pensions in the future, preventing a much needed large **annual dividend** going back into state coffers. Why are *Coillte* and IFUT allowed to monopolize the Irish timber supply market, these and many other questions need to be answered.

“The collapse of Helvetia with its links to the Irish forestry industry should serve as another wake up call to the Irish people; major questions remain unanswered as to how our public forest assets are being managed and for whose benefit ” Mr St Ledger concluded.

Time Line for Irish Forestry sector events since the creation of Coillte.

1989. *Coillte* are established as a private limited company under 1988 Forestry Act by a Fianna Fáil government with Bertie Ahern as minister for Labour.

1993 Pensions Act, tax free investment in forestry, no capital gains tax when land is purchased with trees, Bertie Ahern is minister for finance.

1994 IFUT is set up by *Coillte* using 15m punts worth of public forests, with AIB, BOI, and Irish Life.

2009 FF/Green coalition announce possible sale of *Coillte* in line with IMF/Troika demands.

2009 International Forestry Fund is set up by Helvetia.

2009 *Coillte* have pension fund deficit of 179 million euros and sell 33m euros of public forests to

IFUT.

2009 *Coillte* facing major cash flow problem seek National Pension Reserve Fund money, 10m euros NPRF channelled via IFUT to *Coillte*.

2010 *Coillte* sell 30m euros of public forests to IFUT.

2010 Bertie Ahern is made chairman of the International Forestry Fund who express an interest in buying *Coillte*.

2010 The last available IFUT Annual accounts and breach of company reporting requirements.

2011 NPRF total forestry investment stands at 35m euros.

2011 *Coillte* sell 37m euros of public forests to IFUT.

2012 *Coillte* sales to IFUT, the information is not yet available.

2013 *Coillte* pension fund deficit down to 29m euros, *Coillte* employees and ex CEO take separate court case regards the management of the pension funds.

2013 Helvetia charged with bankruptcy in Switzerland.

2013 wind down of NPRF and its remaining funds subsumed into New Era.

Please Contact for more information and quotes...

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NOTES FOR EDITORS

<http://woodlandleague.org/documents/Parliamentary-Questions-2013-12-18.pdf> PQ regards tendering of public forests

<http://woodlandleague.org/documents/HW%20Shareholder%20Cover%20Letter%2020140109.pdf>
Helvetia letter to shareholders

<http://www.youtube.com/watch?v=iSJZu6PdJzs> Swiss TV on sale of Irish forests in 2010 Bertie interview

<http://www.finews.ch/news/finanzplatz/14118-helvetia-wealth-konkurs> Swiss news story regards Helvetia collapse

http://www.helvetia-wealth.com/files/Helvetia%20Wealth_2013_E_online.pdf Helvetia brochure

<http://www.forestry-fund.com/> International Forestry Fund website

<http://www.iforut.ie/> IFORUT Website

<http://www.nprf.ie/Publications/2011/NPRFReport2010.pdf> National Pension Reserve Fund annual report