RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

AGENDA

5th Meeting, 2009 (Session 3)

Wednesday 11 February 2009

The Committee will meet at 10.00 am in Committee Room 2.

1. **Subordinate legislation:** The Committee will consider the following negative instrument—
   
   the Feeding Stuffs (Scotland) Amendment Regulations 2009 (SSI 2009/21).

2. **Climate Change (Scotland) Bill:** The Committee will take evidence on the Bill at Stage 1, in a roundtable discussion, from—
   
   Stuart Goodall, Chief Executive, Confederation of Forest Industries;

   Allan Mackenzie, Representative of Forestry Commission Trade Unions;

   Dr Calum Macdonald, Forestry Commissioner and Chairman of the National Committee for Scotland, Forestry Commission Scotland;

   Lisa Duggan, Landscapes Manager, Loch Lomond and the Trossachs National Park Authority;

   Angus Yarwood, Convener of the Woodland Task Force, Scottish Environment LINK;

   Janice Cassidy, Policy Officer, Scottish Rural Property and Business Association;

   Gavin Ellis, Director, Scottish Tourism Forum;

   and then from—

   Michael Russell MSP, Minister for Environment, Scottish Government, Anne Cairns, Solicitor, Rural Affairs Division, Scottish Government, Joe O'Hara, Head of the Natural Heritage Management Team, Scottish
3. **Climate Change (Scotland) Bill (in private):** The Committee will review the evidence heard earlier in the meeting.

4. **Rural housing inquiry (in private):** The Committee will consider a draft report.

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The papers for this meeting are as follows—

**Agenda Item 1**

The Feeding Stuffs (Scotland) Amendment Regulations 2009 (SSI 2009/21)  

**Agenda Item 2**

SPICe briefing (private)  

SPICe briefing  

Forestry submissions pack  

Scottish Government analysis of forestry consultation responses  

Scottish Government analysis of muirburn consultation responses  

RSPB submission on muirburn

**Agenda Item 4**

Draft Report (private)

**For Information**

Recent Developments
Submissions on forestry provisions

Submissions from those organisations giving evidence on the forestry provisions on 11 February are attached, namely:

- ConFor 3
- Forestry Commission Trade Union 9
- Loch Lomond and the Trossachs National Park 11
- SRPBA 16
- SE Link 21
- Scottish Tourism Forum 26

Forestry Commission Scotland has not submitted evidence in advance of this meeting but will forward a copy of its Forest Expansion Strategy report when it is published on 9 February. This will be sent out to Members next week.

Submissions from others who have responded are also attached.

- Archaeology Scotland 28
- Balfour, Dr Jean 30
- Blow, Stephen 32
- Fairweather, Peter M 35
- Highland Council 37
- Institute of Chartered Foresters 41
- Ireland, Duncan 43
- James Jones & Sons Ltd 45
- Munro Sawmills 55
- NFU Scotland 58
- National Trust for Scotland 63
- Ross, Chris 66
- Royal Society for the Protection of Birds 68
- Scottish Natural Heritage 74
- Scottish Renewables 78
- Stewart, Emma 81
- Taylor, John 84
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- Tweed Valley Tourist Consortium 94
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SUBMISSION FROM CONFOR

ConFor (Confederation of Forest Industries) represents forestry and wood using businesses from nurseries and growers to wood-processing end-users. It has by far the largest membership of any representative body in the sector and works closely with members who own and/or manage the majority of Scotland’s actively managed non-public forests and who process the large majority of wood from those forests.

Delivering a low carbon economy

In the context of the current consultation on the Climate Change Bill it is important to recognise that the forestry and wood-using sector is well positioned to help deliver the Bill’s aim of developing a low carbon economy in Scotland. The sector contributes nearly £1 billion a year to Scotland’s economy\(^1\), provides employment for 20,000, in particular in rural areas, and has capacity for growth.

The sector is one of the few in Scotland that can boast that the more it expands the greater carbon benefit it provides.

This benefit is realised through planting trees in the right places, and using wood to substitute for more energy-intensive materials. Unutilised wood or solid wood at the end of its useful life can also be used to generate renewable energy.

In order to inform its response to the consultation ConFor organised a number of meetings for businesses across the sector to be briefed on the consultation and to feed into ConFor’s response. Over 100 people attended, and we have received numerous comments that have been used to inform this paper. We therefore trust that this response will be given due weight when being considered by the Committee.

Climate Change (Scotland Bill) – proposals on forestry

1. Do you envisage that the Forestry Commission could play a greater role than it does at present in reducing greenhouse gas emissions or in alleviating or responding to the effects of climate change? If so, what suggestions would you make?

As part of the Scottish forestry and wood-using sector the Forestry Commission (FC) is already playing a valuable role in responding to the challenges of climate change. More can be achieved through a greater focus on partnership activity with the private sector, in part because these businesses can deliver outputs more cost effectively.

\(^1\) cebr report for the Forestry Commission and ConFor (2006)
As an example, the FC is currently raising £15m a year to deliver 2,000 hectares of planting (£7.5m per/1000 ha). £15m in grants to the private sector would deliver 5,000 ha (£3m per/1000 ha).

The FC should support and help deliver a more coherent approach to climate change mitigation. Current activities by FC focus overwhelmingly on supporting the development of the wood fuel market, and do not do enough to promote the use of wood in construction where the carbon and employment benefits are greater.

The public sector should take a lead in promoting the greater use of wood in construction, in particular through its use in public buildings and publicly-funded house building. The FC should do more to recognise and promote the benefits of a hierarchy of wood use that sees wood fuel make its most appropriate contribution to a low-carbon economy in Scotland.

Through the FC’s role in research, it has the capacity to do more to support silvicultural and tree breeding improvements that will make forestry more profitable and increase its carbon impact, as well as supporting the greater use of wood products.

2. Do you consider that either of the Government’s consultation proposals (on entering into joint ventures and on leasing cutting rights) would enhance the Forestry Commission’s role in dealing with greenhouse gas emissions and climate change?

The FC is already able to undertake renewable energy projects on its land and therefore the big opportunity from both joint ventures and leasing (or an alternative mechanism) would be the opportunity to raise additional money - in the case of leasing by realising, upfront, the value of the estate. This money could be used to deliver increased new planting through the private sector.

It is likely that any forest considered for leasing (or an alternative) would be composed of productive softwoods. While the private sector believes it can manage such forests more efficiently, and against the same standards as the FC, this would make only a minor difference to their role in carbon sequestration.

ConFor would wish to raise one important point regarding renewable energy projects on forest land, in particular wind farms. There is potential for a significant loss of productive forest with consequent negative carbon impacts. ConFor has pressed for action to minimise forest loss and to ensure that compensatory planting takes place.

3. Do you envisage any implications for nature conservation, biodiversity or recreational interests from the two proposals and, if so, what are they?

There may be impacts where a renewable project joint venture results in a loss of forest area. Productive softwoods provide valuable biodiversity benefits that are rarely properly recognised.
If leasing of commercial forests owned by FC was to take place we would expect little or no impact on nature conservation, biodiversity or recreation. It is expected that any areas to be leased would have no significant recreational use such as mountain biking or visitor centres, and that the current level of access would remain as provided for under legislation. The Land Reform Act applies equally to private and publicly owned land.

The leased forests would be productive softwood forests and therefore would be managed in that manner by a lease-holder. The same standards of management would apply – the Government’s UK Forestry Standard, and most likely the independent certification standard UKWAS that the private sector, FC, environmental and access groups all endorse.

Questions have been raised about lost potential to secure new and additional biodiversity benefits from these forests or on the cost to groups, such as car rally organisers, of exceptional use of these forests. It is important to note that the FC does not provide public goods for free. These are paid for by public subsidy to the FC. The private sector, including forestry businesses and organisations such as RSPB and Woodland Trust, is able to provide additional benefits if public subsidy is available.

4. Do you believe there are any implications for rural employment from the two proposals and, if so, what are they?

If the joint venture proposal went ahead and this raised additional funding which could be used in forestry then this will have a positive impact on jobs overall.

Leasing of 100,000 ha, if it was undertaken, would result in some displacement of employment between the public and private sectors.

If, and there are currently no guarantees, money raised from leasing and joint ventures was made available to deliver increased new planting then this would stimulate additional employment – see answer to question 5 below.

5. Do you have any other views on these two proposals from the Government?

The proposal to lease forests contains insufficient information on which to determine its impact on Scotland’s forestry and wood-using businesses. ConFor would wish to reiterate the central message from its response to the consultation, that:

- there is benefit in delivering increased new planting;
- this could be delivered by a variety of mechanisms and requires improvements to the SRDP;
- ConFor is keen to utilise both its and its membership’s expertise in developing a way forward that addresses legitimate concerns raised.
In terms of delivering new planting we would note that good information is available on where and how best to establish new forests to maximise carbon sequestration while securing other economic and environmental benefits. Current sustainable management standards provide a firm basis for Scotland to really begin to achieve a target of 25% forest cover.

ConFor recognises the benefit of delivering this within the context of a broad land-use policy. However, there is land currently available and planting a very small part of this now while developing a policy to guide future activity is vital to help secure jobs in the sector at a time of economic downturn.

Internationally agreed climate change targets focus on 2050. If Scotland planted 15,000 hectares a year with 9,000 ha being productive softwood forests then it would deliver the Government’s target of 25% forest cover by 2050 and provide significant, additional carbon benefits - up to 33.5 MtC.

| TABLE: Estimated carbon sequestration for additional productive and broadleaf forest under new planting regimes of 10,000 ha/yr and 15,000 ha/yr from 2010 to 2050 |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Planting regime over period 2010-2050 inc. | Productive softwoods | Broadleaves | Total | Total |
| New planting (ha/yr) | Carbon sequestration (MtC) | New planting (ha/yr) | Carbon sequestration (MtC) | New planting (ha/yr) | Est. carbon sequestration to 2050 (MtC)* |
| 10,000 ha/yr | 6000 | 15.5 | 4000 | 6.9 | 10000 | 22.4 |
| 15,000 ha/yr | 9000 | 23.2 | 6000 | 10.3 | 15000 | 33.5 |

NB On a sustainably managed basis, at 10,000 ha/yr, the total additional forest would continue to sequester 1.1MtC/yr after 2050, and 1.6MtC/yr on a 15,000 ha/yr planting regime.

Such a planting programme would secure significant jobs and investment benefits. For productive softwood forests this is estimated at around 180 new jobs in planting and up to 900 for harvesting, transport and wood processing. Current investment in the sector is running at £100m a year and this would increase significantly.

*Increased use of Scottish wood*

Wood products are low energy materials that can save significant amounts of carbon when substituted for other building materials. Research shows that average savings of 0.8tCO2e can be achieved by replacing 1m3 of concrete/bloc/bricks with 1m3 of sawn timber. Long-term wood products also provide a benefit through their potential storage capacity, estimated at 0.9tCO2 in 1m3 of wood.

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3 Dr A Fruhwald, Hamburg University in CEI-Bois (2006) Tackle Climate Change: Use Wood
ConFor calculates that over the period to 2050 the additional productive forest area achieved from planting 9,000 ha/yr of productive softwoods could provide, based on current proportions, an additional 33.5M m$^3$ timber available to the construction market. This then gives the potential for substitution of materials delivering emissions savings of 27mtCO$_2$. This would be a tremendous resource for Scotland.

Wood can also be used to generate renewable energy. ConFor has campaigned for this to focus on wood that currently has no market, and to promote its use locally and in generating heat. It has also noted that carbon and jobs benefits are higher in solid wood products, not least because these can be used and re-used, and then be made available to generate energy at the end of their useful life. There is a danger that current and evolving public policy could provide such large incentives to burn wood that jobs are lost and the carbon emissions potential of wood is not fully realised.

**Scottish broadleaves and softwoods**

ConFor represents people who own and work with broadleaf woods. We support efforts to manage broadleaf woods sustainably and to develop markets for hardwoods. It is important, however, when talking about climate change mitigation, jobs and investment to recognise the scale and potential of Scotland’s diverse forest and wood-using businesses.

Including Scots Pine, Scotland produces over 6 million tonnes of softwood each year, while hardwood production, including non-native species, is just over 400,000 tonnes for the whole of the UK with the majority of this estimated to be in England.

Scotland is internationally competitive in growing softwoods and producing wood products that have a large market and where there is scope for significant growth. The businesses in the sector are mainly Scottish owned or headquartered.

The sector is unusual in that it combines successful, modern manufacturing with land management that is governed by environmental standards that are second to none.

The sector suffers from an image hang-over from the planting of last century, driven by the FC which did not deliver the multi-purpose forests that are being established today. Those single-species, forest blocks are now being restructured to improve their biodiversity and visual impact. Using lessons learnt from the past there is scope now for a modern forestry and wood-using sector that all Scotland can be proud of.

Unfortunately Scotland’s broadleaf woods are largely unmanaged and provide limited amounts of timber for wood fuel and for small businesses that produce furniture, flooring, etc. The potential for use in construction is limited by the lack of quality trees and the established, highly competitive operations on mainland Europe that dominate the hardwood market. This will not change in
the near future as hardwoods take up to 150 years to grow (against 40 for softwoods).

There is scope for development of the broadleaved resource and of hardwood markets, but by far the largest opportunity for sustainable growth and climate change mitigation sits with the softwood resource, and public policy and its delivery must reflect that.

Stuart Goodall
ConFor
29 January 2009
The Forestry Commission Trade Unions (FCTU) have submitted a full response to the Consultation on the Scottish Climate Change Bill, but we aim in this response to focus on the five questions posed in the Questions for Consultees from the Committee and have answered them in the order set out.

Question 1. Greater role for Forestry Commission Scotland (FCS)

FCS has built up a significant capital asset from the funds allocated by Government over its 90 year history and it has already started to use this asset to contribute to Climate Change planting targets. There is scope to do more on this. The current programme known as ‘Repositioning’ is to raise £15m per year over the three years of the Public Expenditure round from 2007-8 to 2009-10. This is focussed on areas of forest which contribute least to the aims of the 2006 Scottish Forestry Strategy (SFS). The money has then been used to acquire new planting land in areas closer to communities or where planting can contribute to the 10,000ha target for Scotland.

The key aspect to selection of these sites is that it considers all three of the legs of sustainability – economic, social and environmental. It is only when a scoring system shows low values in all of these, that they are considered for sale. The impact on staff is minimal as sales are dispersed around Scotland and there is no element of flooding a market. At the moment, the investment market in woodland is good and prices realised meet expectations.

Question 2. Effects of Joint Ventures and Leasing on FCS role in climate change.

Joint ventures have been widely accepted as allowing added value to the role of FCS. While they can only lease land for non-forestry purposes at present, this provision in the bill will generate greater opportunities for FCS to facilitate developments, particularly in wind and hydro power generation. Initial survey of the FCS estate has shown great potential and income from this should flow in the period about 5-10 years from now.

Leasing as presented by the Consultation document has been widely condemned by the public and is opposed very strongly by the Trade Unions. It considers only the economic aspect of sustainability and fails to recognise the added value of FCS staff in areas where the environment has less natural attractions for environment and tourism. Considerable staff resource and funding has been put into remote rural areas such as the Galloway Forest Park by such ventures as the 7Stanes Mountain Biking facilities.

Question 3 Implications for Nature Conservation or biodiversity.

Joint ventures could release funds for additional planting and if this is the right trees in the right place, as set out in the SFS, could have great benefits for the environment, with protection of peatlands and other Priority Habitat Types currently under threat from over-grazing, opportunities for expansion of native
woodlands and increased development of the woodland environment which has been so successful in allowing parts of Perthshire to be badged as 'Big Tree Country'.

With respect to tourism, the success of the Joint Venture between FCS and the Caravan and Camping Club GB in creating 'Forest Holidays' has shown the potential for this provision to be added to future Scottish legislation not linked purely to Climate Change.

Question 4 Implications for Rural Employment.

There is provision under the National Forest Land Scheme (NFLS) for communities to buy areas of FCS land, but this means many small communities cannot consider this option due to the large sums of capital they would have to raise. A better option would be to allow them to enter into Joint Ventures with FCS to lease the land or work in partnership with FCS to generate local employment opportunities. Heat generation from woodfuel is a particularly good example, with the necessity to increase the use of local sources of fuel and Combined Heat and Power schemes. The reduction in transport on fragile rural roads would be of particular benefit. Leasing as proposed at present will take this opportunity away from some of the most remote communities as the private manager is unlikely to have the same public benefit priorities as FCS.

Question 5 Other views.

We have set out our views above and welcome the opportunity to subject these to questioning by the Committee and expand on the detail on 11th February.

Forestry Commission Trade Union
4 February 2009
SUBMISSION FROM LOCH LOMOND & THE TROSSACHS NATIONAL PARK AUTHORITY

1) Do you envisage that the Forestry Commission could play a greater role than it does at present in reducing greenhouse gas emissions or in alleviating or responding to the effects of climate change? If so, what suggestions would you make?

As a land manager, producer and transporter of forestry products as well as a regulatory authority and producer of best practice guidelines there are a number of areas where the Forestry Commission could play a greater role. These include:

- Making greater use of existing landholdings for renewable energy generation, as proposed.
- Developing markets for wood products.

There is a need to create both local and national markets for timber products. Localised demand will encourage investment and better management of our woodland resource and limit the need for the transportation of products across the country. There needs to be a significant commitment to using more timber products in house building (including insulation products) and further assistance to put in biomass boilers in homes etc. Without development of the demand side we will have a lot of forests (that do help mitigate climate change) but no end markets for the raw material.

- Encouraging more land into forestry

More planting could be encouraged if it were allowed on land that receives Single Farm Payment. This would increase planting and would need no additional government investment.

Early indications suggest that the rate of take up of forestry options under Rural Priorities would be increased if the rates of payment were more attractive.

Woodlands in and around town (WIAT) should continue to be supported as they not only contribute to mitigating climate change but also help to absorb localised pollution and limit leisure travel by providing a full range of recreation facilities within easy travelling distance of major centres of population.

- Developing innovation and best practice in forest roads and timber transport

More sustainable forms of timber transport should be developed to reduce road haulage, specifically options and potential subsidies for rail and water transport should be investigated.
With increasing intensity of rainfall, greater encouragement should be given to non standard engineering solutions for forest roads. Improved designs must reflect the changing climate and aim to minimise erosion and land slippage.

2) Do you consider that either of the Government’s consultation proposals (on entering into joint venture and on leasing cutting rights) would enhance the Forestry Commission’s role in dealing with greenhouse gas emissions and climate change?

LLTTNPA supports the proposal to allow the Forestry Commissioners to enter into joint ventures to develop renewable sources of energy on the national forest estate. This appears, in principle, to be a practical way for the Forestry Commissioners to increase the profitability of the national forest estate while contributing to the mitigation of climate change.

The NPA supports joint ventures between FCS and local communities which provide opportunities for the development of sustainable and affordable community renewable energy schemes. The development of sustainable and affordable energy generation is particularly important for those rural communities, off mains supply, that remain heavily reliant on fossil fuels for heating. This will help to engage and empower communities, creating local solutions for some of the issues of climate change. Any income generated from joint ventures with developers and local communities should be used directly to fund further measures to mitigate climate change.

Within the National Park, medium (generating between 1MW and 20MW with multiple turbines) and small-scale (generating below 1MW) wind renewable energy projects will be supported where, the siting, design, access and scale of the proposal does not create a detrimental impact on the landscape, natural or cultural heritage or has any adverse impacts on local communities or the rural road network. Large-scale wind renewable projects are unlikely to be acceptable. Within the National Park boundary, small-scale (generating less than 1MW) are likely to be acceptable where there is no significant environmental or landscape impact. Energy generation from biomass heating or combined heat and power combustion plants are likely to be acceptable in the National Park where the siting, scale and design, future support infrastructure and production of raw materials, do not have adverse impacts on the natural or cultural heritage of the area or on local communities.

There is an urgent need to undertake a feasibility study on the national forest estate to assess the potential for income generation from renewable energy schemes taking into consideration development constraints. If the potential is sufficient to generate adequate funding for FCS to make a significant contribution to climate change mitigation, leasing of land may not be necessary.
3) Do you envisage any implications for nature conservation, biodiversity or recreational interests from the two proposals and, if so, what are they?

We would draw your attention to the potential impact on bats, a European Protected Species, of siting wind renewable projects within forestry. Early indications suggest that bats may be particularly vulnerable to the localised disturbance created by turbines and this requires further research before specific proposals are developed.

Other key species which may be impacted upon by micro-renewables and associated infrastructure such as tracks, borrow pits etc include red squirrels, otter, water vole, birds, such as raptors and some fish species etc. Guidance would need to be developed to minimise impacts on the natural heritage, prior to this policy being progressed.

The Forestry Commission and Forest Enterprise work to best practice guidelines and aim to combine economic forestry with biodiversity (this is a duty for them under the Nature Conservation (Scotland) Act 2004), minimising landscape impact, community involvement and access and recreation. It is difficult to see how commercial operators, to whom the biodiversity duty does, not apply, will be able to maintain this balance and continue to deliver to high standards.

Whilst land is unlikely to be removed from access rights, the provision of well managed, quality access provision; which is important for a visitor destination such as the National Park, is likely to deteriorate if large areas of the National Forest Estate are leased out.

The siting and scale of micro-renewables can have significant effects on landscape and biodiversity. Cumulative effects can combine to magnify these impacts. In dealing with a single landowner (the Forestry Commission) planning authorities will have greater ability to seek plans and appraisals which can address the potential for cumulative impact. This will become more complex if multiple interested parties come forward individually and potentially in competition.

4) Do you believe there are any implications for rural employment from the two proposals and, if so what are they?

The majority of woodland management is mechanised and involves time limited amounts of skilled/unskilled labour on individual sites. Consequently the majority of private woodland managers subcontract works and an increasing number use management firms to manage contracts and apply for state aid and subsidies where appropriate.

As such leasing arrangements are unlikely to have significant long term impacts on the number of permanent rural jobs in forestry. Rural jobs might be increased if the number of local markets for wood produce were increased as more jobs could be created in the processing and finishing of products.
Micro-renewables are creating new jobs in manufacture and installation; however these are unlikely to be rural as staff are concentrated in manufacturing areas.

5) Do you have any other views on these two proposals from the Government?

The consultation document does not provide enough detail on the proposed offer of leasing and cutting rights over areas of the National Forest Estate to the private sector to fully comment on this proposal. However, we have concerns that the basic principal of selling cutting rights or leasing sections of publicly owned land undermines the concept of a National Forest Estate and may, in the long-term, undermine its economic viability. Whilst leasing may release capital for the delivery of climate change objectives, the disposal of 25% of the most profitable estates may limit opportunities for FCS to cross subsidise work on their less profitable estates. It may also limit opportunities for savings arising from economies of scale.

As a theoretical argument, if the Forestry Commissioners wish to release capital then a case could be made for a disposal policy. This should look across the range of assets, rather than simply at the most profitable and might include small scale disposals to communities or investors. Income could then be used for future acquisition or planting schemes.

However, the NPA remains concerned that either leasing or disposal could undermine the concept of an economically viable, publicly valued National Forest Estate.

The NPA strongly supports the current consultation arrangements on FE Forest Design Plans. All current FDP’s have been subject to stakeholder engagement, including the NPA. FE has a strong policy commitment to improving the environmental value of the National Forest Estate, providing for recreation and conserving the historic environment above and beyond the minimum required by the UK Forestry Standard. The NPA is concerned that leasing of land to a third party, with the principal management objective of profitable timber production, will result in erosion of the environmental value and non-timber interests of the estate and the wider benefits forestry brings to the general public. The NPA is further concerned that leasing 25% of the Forest Estate may lead to pressure to increase timber production on the remaining forest estate, which again may result in a reduced commitment to conserving and enhancing non-silvicultural interests.

The proposal, as outlined in the Consultation Paper, does not discuss funding arrangements for management of the National Forest Estate by the private sector. If third party managers were to be eligible for funding through SRDP (and any subsequent funding mechanisms), and it is difficult to see why leasing/cutting rights would be attractive to the private sector if funding were not made available for management, additional funding would need to be made available through SRDP for planting/management to minimise the
impact on other landowners who would potentially be affected by the additional pressure on the limited funding currently available.

A rigorous selection process for leasing sites will need to be put in place to ensure that other interests are not compromised as a result of change of tenure and management objectives.

With reference to not-for-profit trusts, FCS is a public body, acting for the public interest, so the benefits of transferring profits made from joint ventures or leasing to a not-for-profit trust are not immediately apparent. Indeed, at first glance the added layer of administration may give little advantage.

FCS has led many Challenge Funds over the years and has proven this to be a workable and successful model for prioritising spending to achieve maximum public benefit. The NPA recommends the establishment of a Climate Change Challenge Fund, funded through the revenue received from joint ventures. A Climate Change Challenge Fund could finance a range of measures such as new planting or the use of forests to reduce emissions or mitigate the effects of climate change while keeping the money in the public domain and having it administered through a tried and tested mechanism.

Loch Lomond & The Trossachs National Park Authority
29 January 2009
The SRPBA welcomes the opportunity to provide comments to the Rural Affairs and Environment (RAE) Committee on the provisions relating to forestry in the Climate Change (Scotland) Bill. Under section 47 of the Bill, the Scottish Ministers would be given the power to modify the functions of Forestry Commission Scotland (FCS) if they consider it necessary or expedient to meet greenhouse gas emissions reduction targets under the Bill or for other climate change reasons.

The SRPBA responded to FCS’s Climate Change and the National Forest Estate: Consultation on Forestry Provisions in the Scottish Climate Change Bill on the 27 February. This consultation paper indicated that the Scottish Ministers are considering using the section 47 power to enable FCS to (i) enter into joint ventures with developers on FCS land with the intention of participating in renewable energy programmes, and/or (ii) offer leases and cutting rights over parts of the national forest estate. It is suggested that FCS could use the money generated by these proposals on climate change related projects, such as forest creation.

1. Do you envisage that the Forestry Commission could play a greater role than it does at present in reducing greenhouse gas emissions or in alleviating or responding to the effects of climate change? If so, what suggestions would you make?

The SRPBA believes that FCS could play a greater role in reducing greenhouse gas emissions than it does at present. We consider that the proposal to allow Forestry Commissioners to enter into joint ventures with developers with the intention of participating in renewable energy programmes on the national forest estate seems to be a sensible suggestion. FCS can currently lease non-forested land for any purpose (but not forested land) and has done so for several projects including windfarms. The SRPBA believes that FCS could get better value for Scotland by entering into joint ventures with developers and receiving a share of the profits, thus generating more funds for investment in woodland expansion. Therefore, FCS would be contributing to reducing greenhouse gas emissions by (i) entering into renewable energy projects on the national forest estate and (ii) investing the money raised in planting more trees which lock up carbon, can be used as a renewable fuel resource, are easily recycled and can substitute for more energy intensive materials, thereby reducing carbon emissions.

2. Do you consider that either of the Government’s consultation proposals (on entering into joint ventures and on leasing cutting rights) would enhance the Forestry Commission’s role in dealing with greenhouse gas emissions and climate change?

As stated in our response to question 1, we believe that granting FCS the powers to enter into joint ventures with the intention of participating in renewable energy programmes on the national forest estate will enhance their contribution to reducing Scotland’s greenhouse gas emissions. However,
based on the limited amount of information available to date, the SRPBA does not think that the leasing proposal would enhance FCS’s role in dealing with greenhouse gas emissions and climate change. It is proposed that the money raised from leasing would be put back into future planting which would have benefits for climate change. However, we are apprehensive that the money raised will not necessarily be put back into the forestry sector. The proposed leases will last for 75 years, during which time governments will change and agendas will change. In practice, the government cannot guarantee that money raised will be reinvested into the forestry sector. Any lease arrangement that attempts to ensure that the public’s interest in the national forest estate is retained is likely to be very complex, possibly not 100% effective in the long run and very expensive overall. Furthermore, a 75 year lease does not relate to rotation length and this may lead to the demand for a lease roll over or sale of land.

3. Do you envisage any implications for nature conservation, biodiversity or recreational interests from the two proposals and if so, what are they?

The SRPBA envisages that the money raised from joint ventures will be reinvested back into the forestry sector for future woodland creation. With this additional income stream FCS will be able to fund biodiversity projects and ameliorate recreational opportunities on the national forest estate. However, if the leasing proposal goes ahead, FCS may stand to lose 25% of their land area but because this would include some of their most productive forests they may lose approximately 33% of their income, thus increasing their unit costs. Therefore, less money would be available for nature conservation, biodiversity and recreation. If FCS loses its income stream due to the introduction of a 75 year lease to a private company, there must be a guarantee that any shortfall in finances will be met by the Government in order to continue providing the public benefits noted above.

4. Do you believe there are any implications for rural employment from the two proposals and, if so, what are they?

The SRPBA believes that allowing FCS to enter into joint ventures could potentially create jobs in rural areas of Scotland. On the other hand, if 25% of the national forest estate is leased, including some of the most productive areas of forestry, then it is inevitable that FCS will not be able to fund as many positions as at present. The Minister has argued that there could be an increase in jobs available if the leasing proposals go ahead because the money raised from leasing could be reinvested back into the forestry sector and more positions could be created. However, there is no guarantee that the money will be put back into the forestry sector and the lessee will be under no obligation to employ existing FCS staff because they may already have their own staff.
5. Do you have any other views on these two proposals from the Government?

General comments

- The consultation period was unusually short from 4 November 2008 to 27 January 2009, including the Christmas and New Year breaks. A consultation period of three months is considered more usual and any shorter period makes it difficult for stakeholders to gather opinion and respond fully. We appreciate that the closing date is set early due to the fact that the Climate Change (Scotland) Bill has already been introduced in the Scottish Parliament. However, this suggests that there is some urgency to the government's proposals and it appears that they are all a bit 'last minute'. It has been rumoured that a single investor has already approached the Scottish Government to lease land and this would require the government to rush through enabling powers. The SRPBA is aware that the Minister has dismissed these claims but we would still like to raise them as concerns held by some of our members. In general, the whole consultation process seems rushed and this is evident from the consultation paper itself which lacks any detail about the joint ventures or leasing proposals. This lack of clarity makes it more difficult to formulate a definitive view.

- Before even contemplating whether the joint ventures and leasing powers are a good thing we need to address the main question in the consultation - should the government have enabling powers built into the Climate Change (Scotland) Bill to allow joint ventures and leasing? If it is granted enabling powers then sufficient checks and balances need to be contained within the primary Act to give the forestry industry some comfort that the detailed secondary legislation will be properly consulted upon and scrutinised. We would require confirmation that the secondary legislation will be passed using the affirmative procedure in parliament so that the relevant committee has the opportunity to scrutinise and ask questions of the government. This would give stakeholders an opportunity to engage with MSPs if any changes are required. We do not feel that negative resolution is appropriate in these circumstances.

- The SRPBA would like to know timing for the secondary legislation. We would like to know when we could expect to see draft regulations and need some assurance that the industry will be given sufficient time to scrutinise them. The primary Act must contain an obligation upon Scottish Ministers to consult.

Joint Ventures

- Some have questioned whether or not FCS has the appropriate skills to enter into joint ventures since their expertise is in managing state owned woodland, not renewable energy projects. However, Forestry Commissioners do have experience in management and commerce, consequently they are suitably equipped to enter into joint ventures. FCS can provide the land and management expertise while the other partner(s) can contribute their experience in overseeing renewable energy projects. Therefore, successful joint ventures are achievable.
However, we would like to add one point of caution regarding joint ventures: FCS would have to participate in any losses if projects failed and therefore risks would be taken with taxpayers’ money.

Leases and cutting rights
- How many leases will there be – one lease of the whole 25% of the national forest estate to a single (possibly foreign) investor or a number of leases to private sector interests in Scotland? The former option would be very unpopular with the public as well as some of our members but based on discussions to date it seems more likely.
- Will lease(s) be renewed or extended after the initial period of 75 years? If so, is this not just a sell-off in another name?
- FCS is generally regarded as a good neighbour. How can this benefit to landowners be preserved with the new tenants?
- How will the future of the processing sector be guaranteed beyond honouring existing contracts?
- The SRPBA does recognise that potential lessees will need to make their woods work hard to generate a return and they will have an interest in a competitive and vibrant market for their products. However, unlike FCS they could mothball their timber at times of low prices thus creating supply problems. Private growers have not generally been willing to enter into long term contracts with sawmills since they prefer to sell at times of better prices only and cannot therefore be relied on to maintain continuity of supply.
- Instead of offering leases to new investors, the SRPBA believes that more planting would take place if the rules of the Single Farm Payment, which facilitate ‘armchair farming’, were changed. There are costs and risks involved with planting trees on bare land whereas one can let that land remain bare and receive money for doing so in the form of a Single Farm Payment. Reform of these rules would remove one barrier to increasing planting. It would seem illogical to simply increase grant rates for forestry without firstly addressing this Single Farm Payment barrier. By planting on bare land, land managers could be contributing to a mosaic of land uses in Scotland which would provide both themselves and the wider Scottish population with multiple benefits such as biodiversity benefits, diversification of sources of income and helping to tackle climate change. The SRPBA strongly encourages the development of a rural land use framework for Scotland and we welcomed initial discussions on this topic in September 2008. Scotland needs a framework in order to identify the most appropriate land uses for each area in order to ensure our limited land resource is carefully used.
- The SRPBA believes that if funding was made more readily available to the private sector, they would be willing to increase planting to meet government targets. The SRDP needs to be simplified and streamlined to encourage private foresters to plant, grant rates for new planting schemes need to be increased and restocking grants (including for Sitka spruce) need to be reintroduced because this would ensure that there is no delay between felling and replanting. Private owners and investors have not lost their appetite for planting, as demonstrated by the large oversubscription to
the Ayrshire locational premia under the old SFGS. In short, if the incentive is present, the private sector will provide the forests.

SRPBA
January 2009
SUBMISSION FROM SCOTTISH ENVIRONMENT LINK

Scottish Environment LINK (LINK) welcomes the opportunity to give written and oral evidence to the Committee on the forestry proposals in the Climate Change (Scotland) Bill. Established in 1987, LINK is the forum for Scotland's voluntary environment organisations - 33 member bodies representing a broad spectrum of environmental interests with the common goal of contributing to a more environmentally sustainable society. LINK provides a forum and network for its member organisations, enabling informed debate, and assisting cooperation within the voluntary environmental sector. LINK assists communication between member bodies, government and its agencies and other sectors within civic society. Acting at local, national and international levels, LINK aims to ensure that the environment is fully recognised in the development of policy and legislation affecting Scotland.

Introduction

In principle we welcome the fresh look at how the Forestry Commission Scotland (FCS) can deliver for climate change but we are particularly uncomfortable, as we have highlighted before\(^4\), with woodland creation for carbon sequestration becoming the primary driver for the government and the National Forest Estate (NFE). LINK has repeatedly expressed its view that the best way to respond to climate change is to first reduce greenhouse gas emissions by moving away from carbon based energy production, reducing energy consumption and energy loss. We see carbon sequestration as one of the secondary responses that feature further down the list of the multiple benefits forestry provides.

The plans proposed in the recent consultation and the enabling powers in the Climate Change (Scotland) Bill are controversial and as yet, they have not been fully explained or costed. Our detailed concerns on these proposals are presented below.

It is LINK’s view that these proposals require more considered thought and discussion. As a result we are unhappy with the wide reaching enabling powers in Section 47, Sub-sections 1, 2 and 4 being included in the Bill. Rather we would like to see any specific powers that may be identified, brought forward in the future, after they have been properly explored and consulted upon.

We do however welcome the inclusion of Sub-section 3, a), b), c) and d) (i) which allows the FCS to enter into joint ventures for renewable energy projects because these proposals are specific, directly relevant to the Bill’s aims, and help to enable objectives already set out in the Scottish Forestry Strategy (SFS).

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Question 1. Do you envisage that the Forestry Commission could play a greater role than it does at present in reducing greenhouse gas emissions or in alleviating or responding to the effects of climate change? If so, what suggestions would you make?

It is LINK’s view that there has been a clear change in policy drivers for forestry in the last 18 months, in favour of forestry and woodland creation for climate change ‘mitigation’. LINK has always accepted that creating new woodland contributes to the process of carbon sequestration but it cannot sequester more than a small proportion of the total carbon emissions generated each year.

Government efforts to reduce CO₂ emissions are best concentrated on mitigation activities such as better insulation of the existing housing and office stock, reduction of transport emissions and restructuring our energy supply away from carbon based energy sources.

The National Forest Estate, whilst having a role to play in carbon sequestration, has a greater role to play in climate change adaptation and making space for nature. Unfortunately climate change adaptation has not been properly considered in these forestry proposals.

Therefore, LINK believes, carbon sequestration should not be a primary driver for woodland creation. Rather it should be one of a range of benefits arising from long term, multi-benefit forestry. This would mean carbon storage can be assured in perpetuity and the woodland creation can provide additional benefits to society, such as new and enhanced public access, greater biodiversity, and landscape maintenance and enhancement.

LINK believes that to properly address these issues and to look at the role of carbon across all types of land use in Scotland, we need a Sustainable Land Use Strategy to be implement a holistic approach to integrated land use and delivery of multiple public benefits.

Question 2. Do you consider that either of the Government’s consultation proposals (on entering into joint ventures and on leasing cutting rights) would enhance the Forestry Commission’s role in dealing with greenhouse gas emissions and climate change?

JOINT VENTURES:
In principle we have no objection to legislation being amended to allow FCS to undertake joint ventures with renewable energy companies, subject to appropriate safeguards, because we support the principle of injecting new resources into forestry and climate change delivery. These joint ventures would be directly contributing to the government’s renewable energy targets and could provide funding and expertise in developing our renewable energy sector.

Any joint ventures would require careful consideration and we would expect safeguards to be in place to prevent inappropriate developments and an adverse effect to habitats that must be retained to enable adaptation to climate change. These safeguards should include the following requirements:
• That there is protection for other public benefits such as: Plantation Ancient Woodland Sites (PAWS), woods of high nature conservation value, biodiversity, priority open ground habitats, public access and recreation provision.

• That FCS will undertake full Environmental Impact Assessments on the joint ventures.

• That all proposals will follow the full planning process and any supplementary planning guidance on preferred locations for renewable projects.

Any money raised from such ventures would need to be properly reinvested in climate change actions and a protocol may need to be developed to ensure this delivers the greatest possible environmental benefit, including emissions reductions and wildlife adaptation.

CUTTING RIGHTS
There is considerable concern that by implementing this proposal, other non-timber production public benefits would not be well served. This is largely because the income that the FCS generates from the leased production forest may impact on other multi-benefit forestry it carries out on the rest of the estate.

For these proposals to be considered further, LINK would expect that:

• The economic case is properly laid out. This has not yet happened and therefore it is not possible for us to comment on the financial aspects of the proposals with any confidence.

• A full and satisfactory Strategic Environmental Assessment is undertaken on the fully costed proposals.

• A proper assessment is undertaken of the impact on the remaining FCS activities and ability to deliver the SFS. At present the FCS carry out a complicated balance of economic, social and environmental activities (including for the landscape and the historic environment) within their forests. Transferring the more commercial parts of the national estate for a period of perhaps 75 years could potentially and severely constrain funding of the social and environmental aspects of FCS activities.

• There is a full explanation of how enhanced delivery of non-market benefits will take place. For example meeting the commitments of the Scottish Biodiversity Strategy, UK Biodiversity Action Plan, EU Birds and Habitats Directive and the biodiversity theme of the SFS.

• Evidence is provided that all the capital raised from the leases would be reinvested into forestry and associated climate change actions. So far there have only verbal ‘in principle’ assurances which are inadequate. In the absence of clearly set out protocols and structures we are not be able to further consider the proposals.
Accessibility must be retained if the land is leased. There is a significant difference between a right to access and accessibility.

Any company or body leasing the land would have to ensure that the land was certified against the UK Woodland Assurance Standard (UKWAS) for the entirety of the lease.

There is concern that releasing over 100,000ha of new land into the Scottish Rural Development Programme (SRDP) may lead to increased competition for woodland management funds, without increasing the SRDP budget. LINK would wish to see assurances that high quality land management for biodiversity, landscape conservation, historic environment and access would not lose out.

**Question 3. Do you envisage any implications for nature conservation, biodiversity or recreational interests from the two proposals and, if so, what are they?**

LINK is concerned that the woodland expansion elements of these proposals could threaten the conservation of open ground habitats and species, either by woodland creation, or lost opportunities to restore such habitats. For that reason, LINK urges the Scottish Government and its delivery bodies not to repeat the woodland expansion mistakes of the past, and to actively reverse the biodiversity damage created by inappropriate afforestation. Woodland expansion in Scotland must be carried out sensitively to ensure the protection and enhancement of important biodiversity and the delivery of multiple public benefits.

**Question 4. Do you believe there are any implications for rural employment from the two proposals and, if so, what are they?**

LINK does not have a specific view on the employment implication of these proposals because it is largely outside of our members’ direct remit. We would however say that we would not want to see a reduction of actively managed woodland in Scotland and it would be a disadvantage to the forestry sector if valuable skills and knowledge is not retained within the industry.

**Q.5. Do you have any other views on these two proposals from the Government?**

Within the FCS consultation document, there was a suggestion of creating a not-for-profit trust (NFPT). This suggestion strongly implies a social and environmental purpose for such a body (i.e. public rather than commercial benefit), as well as some stakeholder representation in its governance arrangements, but this is not explicit in the proposals and that gives us some cause for concern.

LINK would need to see the following guarantees in order to further consider the proposal:

- All income from the lease of land and cutting rights to be invested through the NFPT into multiple public benefits through forestry and
related climate change actions. This means investment in climate change adaptation as well as ‘mitigation’.

- The NFPT is constituted to deliver forestry related public benefits and priorities as laid out in the Scottish Forestry Strategy and in particular in relation to climate change ‘mitigation’ and adaptation.

- The NFPT will enable creation of significant areas of new native woodland.

- All woodland creation funded through the new structure should be UKWAS certified.

LINK would not support the idea of the NFPT using lease and cutting rights income to solely create new production forests. All new woodland created should be multi-purpose and provide significant public benefit. If the NFPT creates new woodland in the same proportion as the current estate, it will create 87% exotic species – this would be contrary to the vision of the SFS and would not be supported by LINK. In order to achieve the current SFS vision, more than 6,000 hectares of native woodland is required per annum for the next 50 years (35% of the enlarged forest cover of 25% land area). We cannot see the logic of the NFPT creating more production forest to sell or lease off and create more in a cyclical fashion.

LINK Woodland Task Force,
3 February 2009.

The following member organisations have agreed this statement:

Archaeology Scotland
Association for the Protection of Rural Scotland
Bumblebee Conservation Trust
Butterfly Conservation Scotland
Friends of the Earth Scotland
National Trust for Scotland

Ramblers' Association Scotland
RSPB Scotland
Scottish Native Woods
Scottish Wildlife Trust
Woodland Trust Scotland
WWF Scotland
SUBMISSION FROM SCOTTISH TOURISM FORUM

The Scottish Tourism Forum is delighted to respond to the consultation on the Scottish Climate Change Bill on behalf of its members.

The Forum is the Scottish independent industry body representing tourism and hospitality businesses across many sectors, trade associations, local marketing groups, trade suppliers and businesses that earn their living from tourism or have an active interest in tourism and its importance to Scotland. The Scottish Tourism Forum is positioned as the national strategic voice of the industry and partners need look no further.

STF has a membership base of trade associations, area business groups and individual businesses. Within our membership we have forty five trade associations representing sectors right across the industry and we reach an estimated 6,000 businesses through this network.

STF is funded through its membership with a purpose to unite tourism interests and add value to members’ businesses. We bring public and private players together, to encourage the voicing of opinion about problems, priorities and solutions.

The value of tourism to Scotland is £4.2b annually and the industry has set itself the ambition to grow the economic value to over £6.1b by 2015, by adopting the strategies in the Tourism Framework for Change reviewed strategy. We feel our comments are reflective of this ambition recognising the enablers and barriers to drive growth even during these challenging economic times. The Scottish tourism industry by definition must be here and as such any investment in to tourism is an investment in to Scotland’s future and directly to its communities.

We recognise the important role, both at present and into the future the Forestry Commission plays in its stewardship of around 10% of the countryside of Scotland. This asset is one that is enjoyed by both tourists and local communities alike, it is also seen as having a key potentially role in the further development of the tourism offer in Scotland.

The consultation looks specifically to address four main questions and our response to this is as follows:

1. **What are your views on allowing the Forestry Commission to enter joint ventures, with the intention of participating in renewable energy programs on forest estates?**

The STF see this area as an opportunity for effective local partnerships to be involved at an early stage of planning, to vision and deliver a range of sympathetic initiatives that would be used to engage with visitors and local communities, assisting in the promotion of good practise and driving increased use of the forestry estate.
2. What are your views on allowing Scottish Ministers and Forestry Commission to offer leases and cutting rights over parts of the national estate?

Concerns have been raised over the potential conflicts between areas that have been leased out and there use for recreation. One of the strengths of the Forestry Commission’s activities is their understanding of the needs and potential opportunities within their estate leading to sympathetic development of tourism projects. The role of the Rangers is vital, a much valued resource at the local level, working in partnership to unlock untapped potential (eg Dark Sky’s) and working with communities to deliver benefit to both tourism and local communities. If long term leases are applied this could potentially stifle the further development of these opportunities.

The Commission operates in a fashion that is sympathetic in meeting the potential opposing needs of recreation against timber production and reassurance would be needed to avoid local issues arising.

The current arrangements operated by the Forestry Commission provide opportunities for local operators to be used. It is likely the beneficiaries of the leasing would be able to use national level contracts and this could have a real impact to employment in the local area. If national contracts are applied this would potentially see higher carbon emissions and lower profits from the timber operations.

We understand the criteria for the selection of properties for inclusion in surplus property list, these should be looked at carefully and the development potential should also be identified in partnership before decisions are made.

3. What are your views on (1) transferring proceeds from leases and cutting rights to not-for-profit trust, for investment in woodland creation; (2) transferring the landlord’s interest in this land to not-for-profit trust; (3) ministers stipulating in the constitution of such a not-for-profit trust.

The Forum does not have particular opinions on this question

4. Are there other actions which need to be taken, or are there other changes in legislation which need to be made, in order to allow the public and private forestry sector to contribute to Scotland’s target of reducing emissions by 80% by 2015? If so, please outline what these are.

We would full support Government in its goal to reduce carbon emissions and are not aware of any unforeseen issues relating to legislation.

The Scottish Tourism Forum would be delighted to provide further evidence or information around the points raised if required.

Scottish Tourism Forum, January 2009
SUBMISSION FROM ARCHAEOLOGY SCOTLAND

Summary
Scotland has some of the finest open and historic landscapes in Europe. These are important both to local communities and tourists from around the world. The forestry provisions of the Climate Change Bill are based on the assumption that expanding woodland cover is one of the most effective ways of combating climate change. Archaeology Scotland believes the environmental and economic cost of altering our open rural landscapes has not been properly considered.

Scotland is important internationally for its moorland habitats, open vistas and extensive archaeological & historic landscapes. It is these landscapes that are most at risk from new plantations with ploughing or mounding corrugating the landscape, inhibiting access and destroying the habitats and archaeological landscapes that have been forming since the last ice age. These landscapes attract visitors from outside the country and support our tourist industry. Increasing woodland cover in Scotland will remove carbon from the atmosphere within the 30-year plantation cycle, but this must be balanced with other interests in the countryside, whether the production of food or the retention of our open and iconic historic landscapes. The latter have been formed over thousands of years, both in response to previous climate change and human actions. Archaeology Scotland believes that the inclusion of forestry provisions within the climate change bill are based on the proposal to increase Scotland’s woodland cover to 25% by 2050 at a rate of 10,000 hectares of new planting per annum. This was only an aspiration in the Scottish Forest Strategy and now appears to have become a target. Extra funding is now being sought through challenge funds to increase the rate of planting to achieve this. While it is natural for the forest industry to argue for increased funding for this sector, Archaeology Scotland would question whether this is necessarily the best use of government funding in response to climate change. Proposals to expand woodland cover should form part of a much wider debate on rural landuse and its social and economic value to the Scottish people.

1. Do you envisage that the Forestry Commission could play a greater role than it does at present in reducing greenhouse gas emissions or in alleviating or responding to the effects of climate change? If so, what suggestions would you make?

Forestry Commission Scotland does excellent work at present on promoting responses to Climate Change both in supporting community responses and industrial level activities. If the attitudes developed within FCS were more prevalent across rural Scotland, behaviour change in response to climate change would be more extensive. Of course FCS could spend extra funding on climate change responses but this has to be balanced with spending in other sectors.
2. Do you consider that either of the Government's consultation proposals (on entering into joint ventures and on leasing cutting rights) would enhance the Forestry Commission's role in dealing with greenhouse gas emissions and climate change

Archaeology Scotland is not convinced that the proposal to lease cutting rights will necessarily increase FCS’s role in responding to climate change. The business case for this has not been made and it is unclear what the impacts of such activity would be.

3. Do you envisage any implications for nature conservation, biodiversity or recreational interests from the two proposals and, if so, what are they?

Archaeology Scotland is concerned that the excellent work that FCS currently carry out in support of environmental protection and social activities within the national estate would be at risk if the income from the leased land was earmarked exclusively for climate change activities. We would include in this category landscape and the historic environment, as too often biodiversity is used a short hand for the environment when a much wider definition should be used. FCS is the largest manager of Scheduled Ancient Monuments in Scotland, having responsibility for 328 Scheduled Ancient Monuments, 30 Listed Buildings, 16 Designed Landscapes and 8,000 unscheduled sites. FCS agreements to manage positively the monuments in its care would be put at risk by this proposal, as it remains unclear how far FCS commitments to landscape, environment and recreational access would be transferable in practice or how they could be enforced.

4. Do you believe there are any implications for rural employment from the two proposals and, if so, what are they?

Archaeology Scotland believes that there will be reduction in rural employment from the leasing proposal. Commercial companies buying the lease of the proposed woodlands would have to reduce current costs to create a profit and though TUPE agreements may maintain employment in the short term we do not see these as being sustainable in the long term.

5. Do you have any other views on these two proposals from the Government?

As expressed above, Archaeology Scotland believes that a fully-costed business case with a comprehensive Strategic Environmental Assessment should have been carried out before inserting these proposals into the Climate Change Bill. The Scottish Government should produce an integrated rural land use strategy before committing one sector alone to major structural change. Such a rural strategy must include and evaluate historic environment, tourism, landscape, recreation and community interests as well as farming, forestry and biodiversity concerns.

Archaeology Scotland
27 January 2009
SUBMISSION FROM DR JEAN BALFOUR

Provisions for Forestry in the Climate Change (Scotland) Bill

There is concern over the Government's proposal to create long term leases over Forestry Commission land. There are other ways of providing resources for forestry in Scotland, through joint ventures and grant schemes. This last has been lacking for the last 2 years. The government's proposals give no security on whether cash from leases would remain with the Commission and in forestry. The proposal would fragment the Forestry Commission and create inflexibility for the future. The Forestry Commission has been and continues to be central to the development of the forest industry in Scotland.

1. Do you envisage that the Forestry Commission could play a greater role than it does at present in reducing greenhouse gas emissions or in alleviating or responding to the effects of climate change? If so, what suggestions would you make?

Answer: Yes
The Forestry Commission given the resources could increase the planting of new productive woodlands and enhance the management of existing ones by themselves and the private sector.
Such woodland can be used in construction and the making of other artefacts which use less energy than other building materials and store carbon.

The proposals to plant 10,000ha per annum should be at least two thirds productive species. It should be recognised that new planting has decreased over the last 10 years and that wind farm developments have resulted in significant cutting of woodlands thus reducing our national resources.

2. Do you consider that either of the Government's consultation proposals (on entering into joint ventures and on leasing cutting rights) would enhance the Forestry Commission's role in dealing with greenhouse gas emissions and climate change?

Answer: The joint venture proposals should be supported, always provided that the income remains with the Forestry Commission and is used for forestry and forestry support (planting and management); thus increasing productive woodlands for carbon benefits.

The leasing/ cutting rights should not be supported. The removal of 25% of the Forestry Commissions productive woodland (33% of income) would fragment our national forest and would increase the Commissions unit costs and threaten resources for research which benefits the whole forestry sector. There would be significant cost of setting up leases and monitoring them.
75 year leases have been proposed, this is not related to rotation length. Tenants would therefore be required to manage woodlands they had replanted, and would not harvest and wish for extensions or sale. It would in practice be privatisation.
There are proposals that there should be one, or possibly two tenants. Unlike FC, a tenant might 'mothball' potential timber supplies at times of lower prices thus disrupting the supply chain. Such tenants would be unlikely to enter into long term contracts (LTC). Saw millers would then be reluctant to invest. (They are currently regarded as among the most efficient saw millers in Europe). There would also be job losses. None of this would be beneficial for carbon storage.

3. *Do you envisage any implications for nature conservation, biodiversity or recreational interests from the two proposals and if so, what are they?*

Answer: No, provided the UK forestry standard applies.

4. *Do you believe there are any implication for rural employment from the two proposals and, if so, what are they?*

Answer: Joint ventures could create new jobs. Land easing proposals would result in the loss of expertise with the loss of jobs in FC. The affect of loss of confidence by the timber industry could result in job losses and a slow down in sawmilling investment.

5. *Do you have any other views on these two proposals from the Government?*

Answer: Continue to progress joint ventures on the basis that cash realised would remain in the forestry sector (FC and private sector)/

I am happy to discuss these matters in more detail

Dr Jean Balfour
Jan 2009
As a person involved in conservation land management for over 15 years, I would like to submit some comments for your consideration regarding the consultation for proposals involving the public forest estate in the Climate Change (Scotland) Bill;

1. *Do you envisage that the Forestry Commission could play a greater role than it does at present in reducing greenhouse gas emissions or in alleviating or responding to the effects of climate change? If so, what suggestions would you make?*

I believe that the Forestry Commission Scotland (FCS) has a pivotal role to play in leading the forestry sector in helping to mitigate against climate change. The national forest estate is and should continue to be managed in the public's best interests and the challenges of climate change, the long term impacts of which are still unknown, require a long term and considered approach to land management. I believe that the short term aim to release funds to help deliver political targets is not in the best interests of the public, the forests or climate change. This is because the private sector is driven by market forces, which are likely to lead to increased harvesting of timber for economic gain resulting in an increased loss of stored carbon rather than longer rotations that the FCS operate or, may I suggest long term retention of standing timber to help keep carbon locked up. FCS is in an unique position in the forestry sector being able to demonstrate best practice to land managers, be supported in developments by Forest Research and operate the national forest estate with economics, recreation and the environment all treated as a high priority.

At this time, taking the opportunity to review best land management practice in light of climate change should be wide ranging and include conservation of peatlands, restoring them to active bogs and from carbon emitters to carbon sinks again. Consideration should be given to broadleaf planting as well as short term carbon capture in conifers to support wildlife as it responds to climate change and where possible woodlands could be designated for long term retention instead of harvesting.

2. *Do you consider that either of the Government’s consultation proposals (on entering into joint ventures and on leasing cutting rights) would enhance the Forestry Commission's role in dealing with greenhouse gas emissions and climate change?*

I believe that reviewing the legislation and allowing FCS to enter into joint ventures would be very beneficial to the organisation and to the Scottish Government. The potential income from windfarms on FCS land for example would generate significant additional income that may be invested in woodland expansion, wider environmental and public benefits and help reduce the FCS operational deficit.

I strongly disagree with the proposal to lease cutting rights, particularly in view of the non-existant information provided by the Scottish Government to support
its case. Leasing the most productive areas of the national forest estate will reduce the income generated by FCS to help support its work, is likely to increase the operational deficit if, as we are reassured, the standard and level of recreational and environmental service is to be maintained at current levels and will, I am sure, lead to a reduction in the standards of management of the leased areas. As I mentioned above, with economics being the number one driver in the private sector, thinning and felling rotations are likely to become shorter, reducing the effectiveness of the forest in storing carbon.

There have been moves within FCS in recent years to carry out habitat restoration of peatland habitats and this is very unlikely to take place under the private sector without additional funding in the form of SRDP payments or reductions in the value of the lease agreements. I am concerned that if the private sector were sufficiently motivated to apply for SRDP payments, then the complex and competitive scheme would be even more thinly spread than it currently is.

3. Do you envisage any implications for nature conservation, biodiversity or recreational interests from the two proposals and, if so, what are they?

I would envision the potential for positive benefits coming from joint ventures, both from increased income, but also from partnership working with the private sector and local communities.

I would expect a negative impact on nature conservation and management for biodiversity in leased areas under the private sector, because without external funding it is not in their interests to invest time and effort in these measures. I can't comment on the recreational impact in the leased areas as I understand that they would be the more remote and less visited areas, but I would be concerned about the knock on impact to the rest of the national forest estate from the reduction of income from these most productive areas.

The loss of SRDP money to these areas to help support work that is currently done in-house by FCS would also result in a negative impact on the environment and rural business in the wider countryside.

4. Do you believe there are any implications for rural employment from the two proposals and, if so, what are they?

Rural employment may be increased through partnership working, whether through more FCS staff to facilitate these partnerships, or staff or local contractors on the ground to implement practical projects in the forests. Operationally, FCS varies in it's approach across Districts, either harvesting timber themselves and selling at the roadside, or selling timber standing which is then harvested by contractors. I don't know what is the best approach economically or for rural employment.

FCS is not market led like the private sector has to be but, I believe, helps to support aspects of the private sector through difficult times, continuing to harvest timber and sending this to sawmills to help keep the trade going. If the timber price drops below an economic threshold then the private sector have no choice but to stop harvesting, putting the industry at risk.
5. *Do you have any other views on these two proposals from the Government?*

I would like to suggest that when the SRDP funding is reviewed, that payments for woodland expansion are significantly increased to make landowners and land managers more interested in new planting, e.g. new shelterbelts, small copses, targeted links to improve habitat linkage, etc.. Despite significant funding, it would appear to be difficult for FCS to purchase a sufficient number of large areas of land (in the central belt at least) to achieve the targets set by Government in the time scale and is it more likely that far more numerous, but smaller plantings by farmers and landowners would help contribute to the target far more effectively? The Conservancy and bodies such as Central Scotland Forest Trust or The Woodland Trust do have a very significant role in this sort of expansion.

Peatland restoration should be factored in as part of the work to reduce emissions and help to lock up carbon - FCS in Scottish Lowlands have a large raised bog resource which should be restored to active peat bogs.

To expand native woodland in the uplands, a tougher stance on deer control should be developed to reduce deer numbers to allow recolonisation with scrub and woodland.

Careful consideration should be given to the establishment of new woodlands to ensure that a combination of native broadleaved trees as well as quick growing conifer species are utilised to help lock up carbon in both the short and longer term.

Stephen Blow  
28 January 2009
SUBMISSION FROM PETER M FAIRWEATHER

As a retired forester who spent all his career in the private sector I am pleased to have the opportunity to comment on the proposals on forestry in the Climate Change (Scotland) Bill and do so as follows on the five questions posed:-

1. In so far as it is believed that the growing of trees – although some doubt the efficacy of the growing of conifers in Northern latitudes for this purpose – help to lock up carbon then I have no objection to the F.C. expanding its planting programmes but suggest greater emphasis should be given to growing timber producing hardwoods which will help to reduce our reliance on importing timber especially from rain forest areas. In this connection I would draw the committee’s attention to the recently announced research to be undertaken by the University of Edinburgh into the precise locations of where carbon is being produced and released into the atmosphere.

2. I am totally opposed to the egregious proposal to lease out 25% of the F.C.’s most productive forest to the private sector – the ‘boring’ parts according to Mike Russell, the Environment Minister, in a recent contribution to the Scotsman. (It is alarming to learn how the Scottish Government view commercial activity). My reasons are as follows:-
   a) I have no confidence that the timber areas leased will not be undervalued – most of the State assets which have been disposed of to date have been grossly under valued.
   b) The highly successful wood utilisation industry – sawmills, pulpmills, and board mills – rely heavily on continuous supplies which the F.C. is able to provide; The private sector will not do likewise as is evident at the present time when timber prices are so low.
   c) It is argued by the critics of the F.C. that they require a substantial subsidy from the taxpayers. I suggest that if 25% of their commercial forest is removed they will in effect become more indebted.

3. Some of the most productive / profitable conifer forests on the West of Scotland are also popular and important to the local tourist industry. There is absolutely no doubt that the F.C. has a more open door policy than the private sector and even when they are welcoming it is usually because they have been well rewarded by the public purse.

4. In fact the F.C. does not presently have as good a record in employing ‘workers’ as previously with much of the work now being done by contractors but there is no evidence to support the view that the private sector will do any better. In the past the F.C. was the main source of training for foresters and workers for the forest industry and it is to them that the private sector owes its awareness of and support for conservation, biodiversity and health and safety.

5. The F.C. have over the past 90 years built up one of the most successful publicly owned industries in the World and the Scottish Parliament earns no credit in attempting to plunder their success for its ill thought out schemes to justify it bankrupt energy policies.
Peter M. Fairweather MICFor
28 January 2009
SUBMISSION FROM THE HIGHLAND COUNCIL

GENERAL COMMENTS

1 This consultation is to be welcomed. It strongly argues the role of forestry in helping to combat climate change and it is important that that role be fully maximised as well as gaining the support of the Scottish people. The Minister for Environment is to be applauded in bringing forward this debate and the crucial role for forestry.

2 The proposal to offer leases and cutting rights over parts of the national forest estate, has however resulted in a vigorous debate both within and outwith the forest industry, not to mention Commission employees themselves. The proposal represents a fundamental sea-change in the way the estate is managed. It is of concern that such a significant proposal has “come out of the blue” and is perhaps premature given that FCS is currently undertaking a wider options review of the national forest estate.

3 For FCS to pursue any significant programme of woodland creation will be dependent on the availability of suitable and affordable land. This is seen as a potentially major constraint and perhaps puts the argument for incentives (existing and additional) to be mainly placed with existing land owners and occupiers.

4 It is reported that leasing some 25% of the national forest estate could provide some £200M for reinvestment. It is not clear if the current economic downturn has been factored into the above assumptions. Timber prices have fallen some 25% in the past six months and are likely to fall further.

5 There is no guarantee that all sums raised would necessarily go into forestry related climate change activities. In the event that £200M was made available, it is unlikely that the forestry industry would be able to spend such a sum in one financial period.

6 The annual net cash cost of FCS is around £90M (08/09). Timber receipts are crucially put against that cost These amounted to some £43M in 08/09. The potential, very significant loss of receipts (estimated in the order of a third and perhaps more given likely sawlog content) places real concern over the ability of FCS to continue its present function and the delivery of multiple benefits to the Scottish people.

7 It is not clear if any lease and cutting rights agreement will require the timber to supply Scotland’s wood processing sector or if it will be available for export.
RESPONSE TO SET QUESTIONS

Question 1: What are your views on allowing the Forestry Commissioners to enter into joint ventures with the intention of participating in renewable energy programmes on the national forest estate?

Response: The Highland Council (THC) warmly welcomes the opportunity for the Forestry Commissioners to enter into joint ventures with developers and local communities and subject to the following considerations;

- Secure and maximise opportunities to benefit from joint ventures, including an equity stake in investments.
- Joint ventures that involve community ownership.
- Extend range of joint ventures to include biomass, especially wood fuel.
- Appraisal process requires to consider development on peat and carbon flux issues.
- Public Sector Reform Bill may offer a wider use and benefits from joint ventures.
- Working with Carbon Trust ('Partnership for Renewables') to develop and manage on site renewable energy projects.
- Opportunity for partnerships with LA's in providing heat and power for local communities.

Question 2: What are your views on allowing Scottish Ministers and Forestry Commissioners to offer leases and cutting rights over parts of the national forest estate?

Response: THC has very strong reservations over these proposals and does not support them. A criticism of the consultation paper is that it offers limited detail, and no business case to underpin the proposals. THC main concerns are as follows;

- Lack of business case – to demonstrate overall public benefit and forestry’s contribution to climate change.
- Scale of proposals and control retained by one party.
- Impact on the function and funding of the remaining part of the national forest estate.
- Loss of regional presence.
- Impact on the stability and development of timber markets as presently underpinned by FCS.
- Impact (immediate and longer term) on FCS employees and the communities they live in.
- Loss of community acquisition opportunity through the National Forest Land Scheme.
- Loss of a wider range of non-market benefits as provided through FCS and which will be greater than provided through any lease arrangement.
No guarantee that funding raised will be placed specifically to forestry related climate change measures.

Potential for further leases.

Member states of the E.U. have generally supported and protected their national forests.

Question 3: What are your views on (i) transferring the proceeds from leases and cutting rights to a not-for profit trust for investment in woodland creation; (ii) transferring the landlord’s interest in this land to a not-for profit trust; and (iii) Ministers stipulating the constitution of such a not-for profit trust.

Response: Please refer to the response to Question 2.

What problem does the Trust resolve – option of increased accountancy flexibility to FCS?

How will it operate – membership, structure and powers?

How do you guarantee that Trust reflects public interest?

Results in reduction of other Government funding?

Question 4: Are there other actions which need to be taken, or are there other changes in legislation which need to be made, in order to allow the public and private forestry sector to contribute to Scotland’s target of reducing emissions by 80% by 2050? If so, please outline what these are.

Response:

Fully maximise opportunities for joint ventures.

Consideration of only cutting rights over a greatly reduced scale and range of sites.

Opportunities for some considered and limited expansion of the ‘Repositioning Programme’.

Early and significant refinement of SRDP, including simplified application and approval process.

Targeted funding (e.g. Locational Premiums).

Early revisit of fiscal support to encourage increased investment level and industry confidence.

Active encouragement of agricultural sector to plant trees and use wood fuel.

Proven benefits of communities and FCS working together to deliver a wide range of rural benefits (Sunart Oakwood Initiative).

Woodland creation partnerships with other public agencies and land based organisations (e.g. SNH, MOD, Scottish Water, National Trust, RSPB, Woodland Trust).

Audit of public land suitable for woodland creation.

Maintaining and enhancing carbon stocks in trees or soils through longer term management and role of unmanaged woodland.
Agenda Item 2

- Redistribution of Government spending to forestry.
- Carbon Trading.
- Opportunities of ‘Futures Market’ in raising funds at this time.
- Urgent need for an integrated Land Use Policy.
- Early update of Indicative Forestry Strategies with a clear promotion for woodland creation.

The Highland Council
28 January 2009
SUBMISSION FROM ICF

The Institute of Chartered Foresters (ICF) appreciates the opportunity to comment to the committee on the forestry proposals under section 47 of the Climate change (Scotland) Bill.

ICF is the only Chartered Institute for forestry and arboriculture in the UK. Its members work in all aspects of forestry and forest management in both Forestry Commission Scotland (FCS) and the private sector.

ICF strongly supports (a) powers for FCS to enter into joint ventures with developers on forestry land. ICF notes (b) that powers are also sought to lease cutting rights to more commercial parts of the national forest estate. Leases whether for forests or cutting rights raise a number of issues which as yet have not been clarified.

ICF would in general wish to see some constraints on overall enabling powers to Ministers, to safeguard forestry and forest resources in Scotland.

Turning now to the specific questions:-

1. Do you envisage that the Forestry Commission could play a greater role than it does at present in reducing greenhouse gas emissions or in alleviating or responding to the effects of climate change? If so, what suggestions would you make?

Yes, given resources. FCS could increase new planting along with management of existing forests. It could also support the private sector in doing so. (It should be noted that there has not been a grant scheme for two years and the new SRDP scheme is both bureaucratic and difficult to operate).

2. Do you consider that either of the Government’s consultation proposals (on entering into joint ventures and on leasing cutting rights) would enhance the Forestry Commission’s role in dealing with greenhouse gas emissions and climate change?

Answer: (i) Joint Ventures would be beneficial and allow for innovation. It would also create significant resources to the benefit of Question (1) above. (ii) Leases are proposed for 25% of Forestry Commission Scotland estate which equates to approximately 33% of FCS income. This will increase Forestry Commission Scotland unit costs. If these are 75 year leases they will be expensive to monitor and will create inflexibility for the future. Roll over of leases or sale may result.

3. Do you envisage any implications for nature conservation, biodiversity or recreational interests from the two proposals and if so, what are they?

No, provided the lessee is compelled to subscribe to the UK Forestry Standard, and any future amendments to it, an acceptable minimum level multipurpose management would be maintained.
4. Do you believe there are any implications for rural employment from the two proposals and, if so, what are they?

Forestry provides significant jobs in rural Scotland and in sawmills and processing plants. (The saw milling sector is one of the most efficient in Europe)

Joint Ventures can only be beneficial in employment terms since they stimulate activity. However, leases of forested land/cutting rights to others would reduce the FCS holdings significantly and increase its unit costs. It could mean the loss of regular timber contracts to the timber trade, thus reducing employment and risking investments made or planned by the timber trade. The Forestry Commission has been and remains crucial in making available steady flows of timber to saw millers and processors.

5. Do you have any other views on these two proposals from the Government?

Proposals for leasing/cutting rights have so far been without detail or consideration of the many issues that could arise. This is a matter of concern. ICF would be ready to discuss these further.

ICF
26 January 2009
SUBMISSION FROM DUNCAN IRELAND

The Forestry Commission was established in 1919 with the purpose of increasing Great Britain’s forest cover. With pressure on limited timber reserves during the First and Second World Wars the main aim of the afforestation programme the Commission was charged with was to provide a strategic reserve of timber.

When Great Britain developed a nuclear deterrent the need for a strategic reserve of timber was removed, but the demand for forests remained due to new objectives. Scotland has always contributed significantly to the total coverage of British forestry and the national forest estate has adapted to meet new objectives while steadily increasing in area. The Forestry Commission’s role has seen it respond to changing demands; health, recreation, environment, education and landscape benefits have been embraced by the organisation.

Throughout these changing objectives the Forestry Commission has been able to adapt because of the huge variety of forest and habitat types that comprise the national forest estate. The diversity of our forests has provided the steady foundation to adapt to changing demands and only through maintaining control over the entire forest estate will the Forestry Commission be able to provide the sort of forests that will have the flexibility to respond to current forest objectives such as reducing climate change and those of the future, as yet unknown. This is the essence of sustainability.

The process of forest expansion has not been achieved without mistakes; huge public backlash resulted across Scotland from the planting of the ‘Flow Country’, with negative habitat consequences. Against the spectre of the Flow Country afforestation the Forestry Commission has striven to regain public support. Faced with a public highly in-tune with environmental issues improving its public image has been a long process with huge developments made in environmental habitat creation and recreation provision.

Maintaining the versatility of forestry to respond to changing forest objectives is not a case of dogmatically maintaining ‘risk adverse’ management. It is a case of safeguarding a resource that has taken nearly a century to establish since the founding of the Forestry Commission. A resource that has been hard won and achieved through large public investment on behalf of the people of Scotland and that through its current size and diversity has the flexibility to adapt to our changing needs.

Leasing the most productive components of the national forest estate in Scotland will threaten the security of sustainable management provided by the Forestry Commission. The leasing proposal has the potential to be another ‘Flow Country’ disaster with all the associated political fallout for comparatively little economic gain.

The people of Scotland to whom the national forest estate belongs have the right to a forest reserve that is safeguarded in perpetuity to provide them with
the multitude of objectives they place on this vital resource. This is too great an asset to risk putting under control of commercial companies that are solely motivated by profit, not the needs of the Scottish people. Entering into leased cutting rights would not enhance the Forestry Commission’s role in alleviating climate change and the political, financial and environmental repercussions of so doing would be negative.

Best practice standards exist to which all forests in Scotland should be managed in order to achieve recognised certification. However, achieving exceptional standards for environmental and recreation management above minimum certification criteria is where the Forestry Commission have set their standard, delivering world class public access and environmental management for Scotland.

All this is at risk if the Forestry Commission loses the revenue from the most productive 25% of the national forest estate. There is no guarantee that revenue for the proposed leasing scheme will be used for future afforestation and while many climate change reduction initiatives may be supported by the anticipated revenue this is no substitute for our existing safeguarded tangible forest asset.

Leasing the most profitable of the nations forests to private companies would place huge economic power in their hands with no safeguards for the timber processing sector which the Forestry Commission has always safeguarded by maintaining the flow of timber despite poor prices. The strategy of any company set on maximising the financial benefit of forestry assets would be to halt timber production during depressed timber prices with terrible consequences for the forestry harvesting and processing industries. These industries are vital for rural employment. The consequences for rural employment and resulting political backlash should not be underestimated in a nation where resentment for historical injustice to the rural population still resound.

For nearly one hundred years the Forestry Commission has been the custodian of the national forest estate in Scotland. The proposals of the Climate Change (Scotland) Bill allowing leasing of this most valuable asset risk failing the people of Scotland and Great Britain, and compromising the sustainability of forestry in this country for the next century.

Duncan Ireland
27 January 2009
SUBMISSION FROM JAMES JONES & SONS LTD

What are your views on allowing the Forestry Commissioners to enter into joint ventures, with the intention of participating in renewable energy programmes on the national forest estate?

In principal James Jones & Sons Ltd (“JJSL”) does not have any objection to the proposal of participation in renewable energy programmes. The renewable energy programmes should however be backed up by proven scientific evidence that the outputs are likely to yield lower CO2 emissions and meet the Government targets.

For this proposal to be widely accepted by the entire Scottish forestry industry there needs to be ecoconditionality between all of the government’s aims and targets. This will require an approach that balances all the environmental and economic needs of the entire supply chain. Legislation and standards must be clearly defined to safeguard all of the interests and variances that exist between sectors.

There are some fundamental issues which would need to be addressed which would ensure unqualified support:

1. Will the afforested land area that might be designated to renewable energy programmes be replaced in other areas? This is vital to ensure a net increase in forested area to maintain carbon sequestration form forests in the UK.
2. There are currently a large number of wind farm proposals awaiting, or having been granted, planning approvals. This has meant that a significant volume of standing timber will be felled in a very short period of time, and sold to a market that is currently contracting (mill slowdowns, mill closures, additional downtime, redundancies, poor end user demand etc.). This is clearly devaluing the financial returns to the Forestry Commission when it can least afford diminishing revenues. The principal projects are per the following table:

<table>
<thead>
<tr>
<th>Site</th>
<th>Volume</th>
<th>Proposed completion date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bien an Turk, Argyll</td>
<td>80,000T</td>
<td>August 2009</td>
</tr>
<tr>
<td>Arracliach, Ayrshire</td>
<td>150,000T</td>
<td>Infrastructure to be completed 2009</td>
</tr>
<tr>
<td>Clyde</td>
<td>350,000T</td>
<td>September 2010</td>
</tr>
<tr>
<td>Harestanes, Ae</td>
<td>150,000T</td>
<td>Start 2010</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>730,000T</strong></td>
<td></td>
</tr>
</tbody>
</table>

3. Significant volumes such as these being marketed in a short period of time create problems for the entire supply chain.
   a. Dislocation of harvesting machinery (currently a major issue)
   b. Dislocation of haulage contractors (currently a major issue)
   c. Disturbance on other long term contract agreements (currently a major issue)
d. Effect on price throughout the supply chain (currently a major issue)

4. Where areas are deforested for renewable energy programmes what action will be taken to ensure certification of the harvested timber? There is evidence currently that much of this volume will be unlikely to be certified (Reference: UKWAS Interpretation Panel. Note 7. October 2008). How will this issue be resolved?

5. Will the revenue generated by these joint ventures be ring fenced back in to new replanting schemes or will the revenue stream be utilised to fund other renewable energy programmes? What guarantees will be provided?

6. Failure to restock felled areas or to replant new areas will create uncertainty in the sawmill and panel board sectors and will result in the postponement, or more likely the cancellation, of any major processing investment programmes.

7. Who will be granted the ultimate responsibility for decision making, regulation and arbitration on these investments and programmes:
   a. FCS?
   b. Government?
   c. Ministers?
   d. Trusts?
   e. JV Partners?

8. Will the Forestry Commission, in the future, be allowed to sell standing or harvested timber to the proposed joint ventures even if it is an equity participant? What conditions will be applied to ensure competitive tendering?

9. What conditions will be placed on energy generators looking to clear fell large land areas?
   a. Restocking
   b. Comparable land coverage of forestry on alternative sites
   c. Certification issues also apply to this point as per point 4 above.

10. On page 5 of the Paper, the following statement is made: “…and, if it were possible to release capital from the estate, this could provide additional funding for woodland creation. Both these opportunities are currently constrained by legislation, but suitable provisions in the Scottish Climate Change Bill could help remedy this.”
   a. The current repositioning programme already releases capital by selling off certain areas with the intention of purchasing land for more productive forestry.
   b. The “suitable provisions” should therefore be capable of ring fencing the proceeds and providing the “additional funding” required.

There is significant concern within the timber processing sectors that a headlong rush in to renewable energy programmes will starve the sector of roundwood, particularly of the smaller diameter logs. The small roundwood harvested from the UK’s forests contribute the following key facts:

1. JJSL has invested more than £100M in sawmilling capacity in Scotland over the past 25 years and sales of pallet and packaging products account for more than 40% of turnover per annum.
2. 8,000 direct jobs in the UK in the wooden pallet and packaging sector
3. These jobs are supported by more than 20,000 direct and indirect jobs in the UK sawmilling and forestry sector.
4. In UK 60M wooden pallets are produced per annum and the majority of the UK’s pallet boards are supplied directly from UK grown forestry and processed in UK owned sawmills.
5. In Europe 400M wooden pallets are produced per annum.
6. In Europe wood packaging provides a market for almost 20% of timber production.

Due consideration must be given to the processing sectors to ensure that they remain vibrant and able to support UK pallet producers. Demand for UK produced pallet and packaging is very elastic. The biomass sector through economies of scale, government subsidies and purchasing power could squeeze the competitiveness of UK sawmill producers and restrict the flow of palletwood and small roundwood timber. Two key recent statements support the view that the two sectors can exist together, but requires thorough scrutiny:

1. “If 30% of the waste wood currently sent to landfill were used, it would generate 2,600 Gwh of electricity and save 1.15M Tonnes of CO2 equivalent emissions.” (Defra, Waste Strategy for England, 2007)
2. “Forestry…can make a significant contribution to reducing greenhouse gas emissions...by using wood as a substitute for energy intensive materials.” (UK Government, Securing the Future – Delivering the UK’s Sustainable Development Strategy, 2005)

The Government should also not be blinded to the supply chain benefits that the wood processing sector provides towards mitigating climate change, particularly in the construction sectors. Failure to support the sawmilling and panel board sectors would represent a gross misjudgement and would prevent architects, specifiers, house builders and contractors from meeting the challenges of zero carbon housing and high scoring environmental profiling. The following are key statements which should not be overlooked:

Whilst renewable energy programmes can meet Government targets, these should not disguise the benefits that trees and forestry have on the environment. A few key facts are listed below:

1. Commercial woodlands absorb 1T of CO2 per m3 of growth (Edinburgh UNECE/FAO, State Centre for Carbon Management)
2. On average trees absorb a tonne of carbon dioxide for every cubic metre’s growth – and they produce almost three quarters of a tonne of oxygen – helping to create the air we breathe.
3. Other respondents will argue more coherently the scientific facts and benefits.
4. Substituting a cubic metre of wood for other construction materials (concrete, blocks or bricks) results in savings of between 0.75 and 1.1 tonne CO2.
5. A tonne of brick requires four times the amount of energy to produce as sawn softwood, concrete five times, glass six times, steel 24 times and aluminium 126 times.
6. 3 tonnes of CO2 can be saved by using timber frame from the 20 tonne CO2 footprint of a typical 3 bedroom detached house.

7. Wood also provides a more cost-competitive solution to achieving higher ratings levels for the Code for Sustainable Homes, through the materials credits.

8. Waste wood from the demolition of buildings at the end of their life can provide a useful bioenergy resource as a substitute for fossil fuels.

9. Using waste wood as a carbon neutral energy source increases the CO2 benefit of using wood as a construction material in the first place and will be reflected in even better LCA scores.

10. Already the advantages of timber frame, the lower on-site labour costs, the reduced construction time, earlier weather-tight conditions and reduced snagging, have led to significant growth in timber frame’s share of the UK’s new housing starts.

11. Timber frame now accounts for over 22%, from just 12% at the beginning of the decade.

12. ‘The thermal conductivity of softwood timber is typically some 6 times lower than brickwork or heavyweight concrete block, over 8 times lower than concrete, almost 400 times lower than steel and over a thousand times lower than aluminium.’ This means wood is more effective at preventing heat loss than any other mainstream construction material. TRADA, Energy Efficient Housing – A Timber Frame Approach, 1989

In conclusion, JJSL does not object to the Government’s Climate Change aspirations and targets. However, the following key points must be agreed to unless the Government wishes to see the contraction of rural employers, a vibrant industry and a sector which contributes significantly towards carbon emission reductions:

1. Funds raised must be ring fenced within the Forestry Sector, both now and in the future. Legislation will be required to safeguard this core premise.

2. Where afforested land is converted in to other forms of renewable energy programmes, replanting equal to or greater than the felled forestry must be carried out.

3. Where commercial forestry is removed, a proportionate amount of commercial replanting must be carried out.

4. Renewable energy programmes must be phased and planned to avoid the wholesale “dumping” of felled material on to the market at any one time.

5. A solution to the certification problems must be agreed before a headlong rush into clear felling, without commercial restocking, is carried out.

6. Clear felling windfarm areas, and burning the material is not a viable solution.

7. Further clarification is required on what the definition of “joint ventures” means.

8. The effect of continuing subsidies, ROC’s etc on the energy sector’s ability to pay more for log classes which have an intrinsic
value to the processing sector must be fully evaluated and considered.

9. Will the joint venture partners be eligible to participate in the lease and cutting rights too?

What are your views on allowing Scottish Ministers and Forestry Commissioners to offer leases and cutting rights over parts of the national forest estate?

The offering of leases and cutting rights is not a new proposal, and the Consultation Paper offers no real guidance on the strategic direction that is likely to be adopted. There are 19 principal concerns which are laid out below:

1. Michael Russell stated on 4th December 2008 that he would agree to the establishment of a working group to look at the terms of any lease. If this working group does not materialise or is censured in some way, JJSL will not support the consultation process or the resultant Bill. Without a working group, clear terms of reference and assurances that the findings will be pursued, industry has no confidence that its genuine concerns will be heard or acted upon.

2. JJSL is supportive of Government Scottish Forestry Strategy objectives and especially of increased woodland cover. A critical balance of commercial vs non commercial species must be maintained in order to provide the long term security to the processing sector.

3. Do these Scottish Forestry Strategy objectives however require the dismembering of FC to achieve the stated objectives?

4. Government objectives can be delivered just as well by a combination of State and Private forests.

5. FES incurred a deficit of £29.1M (2007-08), despite an income increase of £5.4M to £42.1M from sales of timber. Leasing off 25% of the most productive land and forestry will only exaggerate any future FES deficits and reduce future income streams.

6. Will money raised from leases be hypothecated to more woodland cover and in particular productive forestry?

7. It would appear that any money raised could be utilised in other climate change objectives for a low carbon economy. From a processors perspective this will be unacceptable and could result in a tightening of supply, and the slow death of a currently vibrant rural economy.

8. There are clear examples, historical and present, where the private sector has withdrawn from harvesting and marketing of wood where log prices drop below a particular level.

9. Already within the first few weeks of 2009 JJSL is aware of a number of private forestry investors who will not be bringing timber volumes to market. One investment portfolio harvested in excess of 200,000T in 2008 and have indicated that they will withdraw from a similar programme planned for 2009. Private growers have the liberty to do so, but this will increase the already intolerable margin pressure on the sector.

10. It is stated that the lease will be for a period of 75 years? Will the lease be transferable and tradeable? What safeguards would the
Government instigate to prevent any tenant receiving a significant capital gain on disposal? Would the Government participate in any capital gain?

11. If the lease is tradable how could the Government control any subsequent tenants? How could the Government prevent a subsequent tenant from operating in ways which could be detrimental to the forestry sector?

12. It is suggested that a term of 75 years has been recommended by the Scottish Executive’s Environment and Rural Affairs Department, and their financial advisors, and that a discount of 15% has been factored. A greater opportunity for competitive tendering and financial liquidity would be for shorter management contracts of say 5 years.

13. Which areas are likely to be leased?

14. If leases do not comprise entire Forest Districts, fragmentation of the remainder will inevitably lead to increased management costs on the remainder.

15. If the areas are fragmented does this mean that there will be a greater probability of multiple owners, thereby increasing the uncertainty for processor groups?

16. If there are multiple owners leasing smaller areas of land this could increase the probability that timber is not brought to market in a managed and proactive fashion in a downturn.

17. Multiple ownership will create fragmentation and decrease transparency of production forecasting and forward management and harvesting programmes.

18. If the first lease is deemed to be a success by Government, there is a presumption that the remaining 75% of the plantation and productive forestry could be leased at a future date. What guarantees, if any, will the Minister provide that this will not take place? In the meantime considerable uncertainty will prevail in the industry and is certain to stifle vital rural development and investment.

19. There is no indication within the paper that gives any information on the possibility/probability that renewable energy programmes may exist or occur within the leased land. What provisions and conditions will be made to ensure that FCS benefits from the resultant revenue streams, rather than the tenant? What guarantees will be made that these revenue streams are committed back to replanting programmes?

The issue of Long Term Contracts is an extremely important area which will require full scrutiny from existing LTC holders. These have brought about stability and security to the sector and any removal of these, now or in the future, will negate the levels of support for the Bill.

1. What guarantees will be provided to current holders of Long Term Contracts?
2. Either direct replacements or other safeguarding Long Term Contracts contracts need to be adopted by any leaseholder.
3. The majority of LTC’s are contracted for 5 years with an option to extend for a further 5 year period. Any potential leaseholder could simply ignore or waive the “option” which make the Minister’s
guarantees of honouring contracts meaningless without concrete safeguards.

4. Alternatively a mechanism of “right of first refusal” could be implemented to offer the current contract holders the opportunity to take up the volume allocations over longer durations. This would ensure stability of supply to processing companies.

5. What guarantees will be made to ensure that LTC’s will continue to be negotiated and issued during the consultation process? Failure to provide these vitally important mechanisms, particularly in the current climate, will diminish confidence amongst end users.

6. The majority of capital expenditure programmes are predicated on mutually convenient, long term contracts between FES and private enterprises to ensure continuity and security of supply. Failure to support these will result in a contraction of new investments.

The economic downturn in 2008 has been unprecedented and severe. As a result of consultation with industry representatives, FES agreed a series of measures that would provide some assistance to processor groups. This was published on 26th November 2008 by Brian Mahony, Director, Forestry Commission Harvesting and Marketing, in conjunction with Confor and UKFPA. Leasing off circa 25% of productive forestry will remove any fall back mechanisms that the Forestry Commission has provided and could result in large scale closures and companies entering into administration. The following key points were made:

1. “FC wish to see the forest industry delivered as intact as possible into the next upturn and request all involved to contribute to this goal.

2. In support of these principles the Forestry Commission will aim to support both movement of timber and cashflow by:
   a. Continuing to operate its normal contract and credit arrangements.
   b. Offering a constructive approach to agreeing reasonable extensions to existing contracts with the objective of securing completion as soon as is practically possible.
   c. Enabling customers to work existing higher priced contracts alongside more recently purchased lower priced contracts in order to reduce their impact on cashflow.
   d. Offering customers the opportunity to seek deferral of an agreed portion of sums due.
   e. Continuing to offer planned Sales Plan volumes to the market.
   f. Setting sale reserves based on a realistic view of the market. FC will be provided with monthly market price information from the Trade Associations.
   g. Ensuring that harvesting contractors and hauliers are paid promptly in accordance with contract terms and conditions.
   h. FC will enter discussions with any customers who request support.”

It is too early to state whether these measures have staved off any more redundancies, but this form of public/private collaboration and partnering
would be severely limited in the future through the ownership dilution of the national Forest Estate.

The current consultation process refers to 25% of the National Forest Estate being leased. The following critical points need be addressed:

1. The areas under consideration are some of the most productive and profitable in the Estate and by current estimates could yield approximately 1M Tonnes per annum.
2. It is understood that in order to achieve this volume, the felled area will be eligible for grants thereby increasing the pressure on the already poorly functioning process.
3. The core commercial area of 150,000 hectares would yield in excess of 1m tonnes of timber per annum on a 50 year rotation. This programme of felling would clear some 3000 hectares per annum for restocking.
4. Based on the current SRDP grant rates for forest restructuring the lessee would be eligible for approximately £500 per hectare totalling £1.5m per annum. It is also conceivable that a private owner would seek additional grants for work required, and currently being carried out by FE, to meet UK forestry and certification standards. Applications and demands for grants would commence immediately after the approval of the lease.
5. Inevitably the additional requirement for this new area of “private” land will add to the existing burden and requirements for funding on this potentially oversubscribed SRDP scheme and lead to the significant dilution of existing grant rates or exclusion of valuable projects in the future.
6. Currently the "cost" of replanting felled areas, which is mandatory for felling and revenue generation to occur, is covered within FE budgets. Following the lease of forestry land from FES this cost will fall to the lessee under the support of current and future schemes. Overall the capitalised burden of this could be well in excess of £112M over the 75 year period of the proposed lease.

In conclusion, the following points need to be addressed:

1. The setting up of a lease “working group” to set out the conditions of the lease terms and conditions must include representatives from the processor sector.
2. A full cost benefit must be carried out in a transparent fashion to prove publicly that the leasing of 25% of the most productive and profitable forestry area is viable, and importantly to justify the cost structure of the remainder of FES/FCS.
3. Money raised from the lease MUST be ring fenced and utilised solely for the purpose of replanting and restocking and to meet the 10,000 hectare annual new woodlands target.
4. Full transparency of the areas chosen and an impact assessment carried out in relation to the impact on localised processors.
5. Multiple, fragmented ownership will not be supported.
6. Leaseholders must be beholden to eh existing LTC’s and the options that currently exist to roll forward in the future.
7. Forward management and harvesting programmes must be publicly issued, pre lease, to ensure that the security and continuity of supply is guaranteed under new ownership.
8. Guarantees that the Government does not have plans to carry out further leases on the remaining 75% of productive forestry.

What are your views on (i) transferring the proceeds from leases and cutting rights to a not-for-profit trust, for investment in woodland creation; (ii) transferring the landlord’s interest in this land to a not-for-profit trust; and (iii) Ministers stipulating the constitution of such a not-for-profit trust.

The establishment of a trust could ensure that the safeguards that the processing and panel sectors require, but it appears to have been given little thought or definition by the architects and authors of the Consultation Paper. The following issues require to be considered:

1. A not for profit trust appears to offer little other than an additional layer of administration and significant cost, performing duties and functions currently being carried out by FES.
2. Under the correct safeguards a not for profit trust could act as a body which can define and manage the different and divergent views of all stakeholders in forestry.
3. What would FES do then?
4. What would be the cost of rationalising FES, and would the proceeds from the lease be utilised to meet the significant liabilities of a contraction of FES.
5. No mention has been made during the consultation process of the all the other important functions that FES conducts eg planning, recreation, forest research, climate change research, publications, PR etc. Who would assume the responsibility for all of these diverse and important functions?
6. The Scottish Executive’s Environment and Rural Affairs Department, and their financial advisors, appear to have ignored these important departments during the due diligence and appear to have concentrated solely on revenue generation rather than significant practicalities of setting up a not for profit trust which would operate in parallel and potentially in conflict with FES if it was set up.
7. Michael Russell stated on 4th December 2008 that he would agree to the establishment of a working group to look at the terms of a long term lease. JJSL would expect that this statement would apply equally to any not for profit trust due diligence.

Are there other actions which need to be taken, or are there other changes in legislation which need to be made, in order to allow the public and private forestry sector to contribute to Scotland’s target of reducing emissions by 80% by 2050? If so, please outline what these are.

James Jones & Sons Ltd has looked at a number of different scenarios and options and would welcome the opportunity to discuss these in more detail. The forestry sector and the entire wood chain from cradle to cradle has a huge
amount to offer to the Scottish emission reduction target of 80% by 2050. By potentially stifling the innovation, investment, R&D, employment and GVA contribution the Scottish Government, through disturbing the forestry distribution channels, will both hinder the industry and not meet the ambitious targets.

Through the pursuit of gaining a windfall gain of £200M the Government will be potentially jeopardising private enterprises and the entire rural economy for short term gain. This consultation does not provide the safeguards or the solutions.

There are a number of specific areas that should be considered, in addition to all of the comments already made in reference to the questions above:

1. A processing sector group meeting with the Minister to air concerns and to provide information on alternative propositions.
2. The timing of the proposal given the economic downturn
3. Implementation of the proposed improvement plan and continued development of the SRDP and grant mechanisms
4. Defence of UK processing sector to allow it to contribute to the low carbon economy eg construction, environmental profiling
5. Defend domestic, UK businesses
6. Simplify the process of changing land use from agriculture to forestry
7. Relax current restrictions to make more land available for new woodland creation
8. Review of the single farm payment mechanism and neutralise its effect of discouraging a change of land use to forestry
10. The environmental costs to any change in ownership
11. Social/Community impacts
12. Defend the work and outputs of Forest Research.
13. If FES in control of a single private operator – at an extreme all harvested production could go to Co-Gen.
14. Can FES be more efficient and cost-effective yielding greater returns to Government

James Jones & Sons Ltd
28 January 2009
SUBMISSION FROM MUNRO SAWMILLS LTD

Response of Munro Sawmills Ltd to RAE committee on Forestry proposals in the proposed Climate Change Bill

1. Do you envisage that the Forestry Commission could play a greater role than it does at present in reducing greenhouse gas emissions or in alleviating or responding to the effects of climate change? If so, what suggestions would you make?

Currently, because of environmental constraints the Forestry Commission replants only 70% of the woodland area it fells. The rest is open space, natural regeneration, ecological areas, slow growing hardwoods. In order to just maintain the existing forest cover large areas of new planting are required every year. The most effective carbon capture trees are fast growing conifers in plantations. If you are serious about carbon capture you have to embrace this idea, or we will end up with low density hardwood scrubland with little carbon capture potential.

This idea is unpopular but it must be faced that at the present time, because of environmental constraints, the Forestry Commission (and the Private sector) are losing productive forest and releasing more carbon from this sink.

How can new planting (and proper replanting) be stimulated? If the government attempts this it will be expensive and controversial. Current priorities are for environmental concerns, access, community woodlands, woodlands around towns etc. None of these issues aid carbon capture and have no direct benefit in what is, after all, a Climate Change Bill. It would be difficult and contentious for the government to buy large areas of land for planting. The solution has to be in the private sector where large areas of land are available for planting, and given the right incentives estate owners will be ready and willing to create new forests. This would have a direct and rapid effect with less controversy.

2. Do you consider that either of the Government’s consultation proposals (on entering into joint ventures and on leasing cutting rights) would enhance the Forestry Commission’s role in dealing with greenhouse gas emissions and climate change?

With regard to joint ventures we welcome any activity which will increase the viability of the Forestry Commission without impinging upon its normal commercial customers. Income from these sources should be put to use in maintenance and expansion of the national forest estate.

We have grave reservations on Forest Leasing. Handing 25% of the Forestry Commission estate to one leaseholder would seriously jeopardise investment in the timber processing industries currently supplied by these woodlands. In the event of leaseholder default there would be no guarantee of proper replanting after felling and the carbon sink would be depleted. Rather than hand over woodlands to the private sector we feel the Commission should
retain its productive woodlands and the Private sector should be encouraged to plant new woodlands.

3. *Do you envisage any implications for nature conservation, biodiversity or recreational interests from the two proposals and, if so, what are they?*

It would be harder for the Commission to regulate a leaseholder to comply with their environmental standards etc than it would be for them to retain control of the woodlands so, yes, these aspects would all suffer.

4. *Do you believe there are any implications for rural employment from the two proposals and, if so, what are they?*

The leasing idea would remove the need for local employment in the areas under question. The work would be done by contractors and city based managers with fewer people on the ground. There can be no guarantee that the leaseholder would continue to cut in hard times when sales are unprofitable. This would lead to discontinuity of employment rurally, and worse could precipitate the decline and collapse of wood processing industries in small towns and rural areas. (We are in Dingwall)

5. *Do you have any other views on these two proposals from the Government?*

We believe Forest Leasing is a bad idea for several reasons:

From the processors point of view it would lead to one leaseholder holding a huge area of Forest, effectively gaining control of the roundwood market in one particular area. The effect would be to stifle investment (who would invest with no security of log supply?) and to starve processors of raw material when times are hard and the roundwood price is low. Remember the UK timber industry is very much a commodity market and with only a 20% market share UK producer selling prices are set by import prices. If the leaseholder refused to sell for a period because of low prices the industry would collapse. It would be impossible to create terms that would force the leaseholder to sell in bad times. If the leaseholder were a foreign investment corporation it could export roundwood leaving the UK industry to sink without trace. If the leaseholder were an energy company (such as Drax or E-on) it could burn the total output of the forests and destroy the existing processors. If the leaseholder were a processing company it would have a virtual monopoly and destroy all competition in the industry. These and other points have all been eloquently made in a recent letter from Tom Bruce-Jones to the Minister, of which we were a signatory along with the majority of Scottish processors.

From the monetary point of view it is a massive gamble. Who knows what the price of timber will be over the next 75 years? Any leaseholder will take a conservative estimate of likely returns and bid accordingly. Therefore it is inevitable that the lease will generate less return than normal sales practice. Future generations will look back with anger at any government that leases an
asset for so long a period for such a short term gain! Current long term contracts with the Forestry Commission are subject to constant price negotiation ensuring the maximum possible return at any one time. Thinking you can forecast and fix the price for 75 years would be foolhardy.

From the legal point of view it is fraught with danger. Attempts to ensure continuity of supply to processors would be very difficult as price would have to be negotiable and this would negate any conditions imposed on the lessee. Sanctions against the lessee for failure of contract on matters such as access, environment and replanting would be a minefield – and too late if breaches have occurred. And in hard times how could the lessee fulfill conditions if no income is available to do it? What happens if the lessee goes bankrupt or is subsumed into another organization, possibly abroad. There is a huge devil in all this detail and no obvious way to circumvent it.

From the timing point of view it is inopportune. Apart from all the above reservations there could not be a worse time to lease assets than the present. Our currency is on the slide; our economy is in recession. You will get the worst possible price. This is the time to hold non-monetary assets that will not devalue. What could be better than standing timber? Remember Gordon Brown selling off our gold reserves at the worst possible time? Do you want to be cast in the same light?!

Munro Sawmills Ltd
28 January 2009
SUBMISSION FROM NFU SCOTLAND

Introduction

1. NFU Scotland recognises that the Minister for Environment, Michael Russell, launched a consultation paper outlining proposals on 4 November 2008 to generate funding in order to plant more trees as part of plans to increase the area of Scotland covered in woodland by the second half of this century.

2. In the consultation, Scottish Ministers are asking Forestry Commission Scotland (FCS) to work up options to create funds via the national forest estate in the name of tackling climate change, while also safeguarding the important public benefits that the estate generates throughout Scotland.

3. NFU Scotland acknowledges that the consultation relates to legal provisions in the Scottish Climate Change Bill that may help with these aims, such as the potential to give Ministers the power to modify certain functions of FCS. This is not of primary or overriding concern to NFU Scotland.

Summary

4. NFU Scotland has some major concerns that these proposals may well adversely impact on Scottish agriculture if they are given the go ahead. These can be summarised as

- NFU Scotland is extremely concerned by the potential adverse impact that these proposals may have on the future development of many rural areas where farming plays the principal and pivotal role in securing and enhancing a huge range of economic, environmental and social benefits.

- NFU Scotland considers that the final outcome of these proposals, skewing the funding balance within the Scotland Rural Development Programme (SRDP), could have a major impact on the entire Scottish agriculture industry - including upstream input suppliers and downstream processors - and all that it underpins in rural Scotland.

- NFU Scotland doubts very much whether this approach to tackling climate change will achieve anything positive. It is naive in the extreme to think that simply planting more trees on mainly agricultural land, to lock up carbon, will make a significant contribution in addressing what is a global and complex problem.

- Given the uncertain and variable impacts that climate change will have on Scotland, and globally, NFU Scotland considers that a far more sophisticated approach to tackling climate change is required - rather than simply expanding tree cover across productive agricultural land.
NFU Scotland considers that it would be far more effective to divert funding to farm businesses in order that they can take informed and supported decisions so as to adapt agricultural practices and mitigate climate change impacts, and thereby deliver a range of wider rural development benefits as a consequence.

NFU Scotland considers that agriculture’s function could have an even greater positive impact if the policy environment in which farming and farmers currently operate in were more receptive to agriculture’s primacy in both land use and tackling climate change.

NFU Scotland believes better integration between currently separate policy themes such as farming and food, forestry, flooding and biodiversity - all of which are linked to land use and require some degree of spatial co-ordination and co-operation across different parcels of land and therefore different farms - must be pursued.

NFU Scotland considers that there is a real need to avoid overly simple or naive policy approaches to tackling climate change - and the blunt tool of diverting resources to planting trees on good agricultural land falls right into that trap.

Attention also needs to be paid to designing market mechanisms to promote mitigation - agriculture’s inclusion in an emission trading scheme should be explored.

In what effectively becomes a land use debate, NFU Scotland firmly believes there must be a focus on preserving and enhancing the benefits delivered by active farming and food production - including those in relation to climate change.

There is a limit to the uses that any area of land can deliver and the Scottish Government must recognise that if it is to reconcile concurrent policy aims.

Background

5. On 29 January 2008, the Scottish Government launched a consultation on its proposed Scottish Climate Change Bill that sets out a target to reduce emissions by 80% by 2050. It pointed out that the debate has clearly shifted in recent years from whether climate change is happening to what is causing it and what needs to be done about it.

6. It suggested that climate change presented major challenges for Scotland’s land using industries, but that a well-planned and co-ordinated adaptation response would minimise the negative impacts and highlight potential opportunities.
7. The Climate Change Bill was brought forward to create mandatory climate change targets to, among other things, drive decisions in government and business, create and enable new means of reducing emissions and adapting to climate change, and provide a strong example to other countries.

Tackling Climate Change

8. NFU Scotland considers that the Scottish Government is well placed to influence many of the policy areas central to a strong mitigation and adaptation response in Scotland. NFU Scotland supports the development of a Scottish adaptation strategy to identify priority adaptation action required in Scotland and to clarify roles and responsibilities in achieving this action.

9. However, whilst the existence of climate change is widely accepted, there is still some uncertainty in the pace, pattern and magnitude of this change. Nevertheless, it is expected that, on average over the course of this century, annual temperatures will rise whilst precipitation will increase in winter but decrease in summer. In addition, the frequency and intensity of extreme events such as storms or droughts may increase, possibly sooner than changes to average conditions.

10. As a result, most areas in Scotland are likely to experience a longer agricultural growing season. Improved crop and grass growth will lead to new enterprises becoming viable as their biological limit extends northwards.

11. Conversely, the viability of some existing enterprises will reduce due to, for example, increased soil moisture deficits or heat stress. Equally, some existing and new weeds, pests and diseases will become more common in warmer and wetter conditions. Within this, there will be regional variation across Scotland - as with current conditions from north to south and west to east.

12. Therefore, given the uncertain and variable impacts that climate change will have on Scotland, and globally, NFU Scotland considers that a far more sophisticated approach to tackling climate change is required - rather than simply expanding tree cover across productive agricultural land.

13. NFU Scotland considers that it would be far more effective to divert resources to farm businesses in order that they can take informed and supported decisions in order to adapt agricultural practices and mitigate climate change impacts, and thereby deliver a range of wider rural development benefits as a consequence.

14. In responding to the challenge and opportunities posed by climate change, individuals and representative bodies across the farming industry have a key role to play.
15. In adapting to climate change, farmers and other land managers need to be aware of the potential positive and negative influences of climate change and adjust their business practices accordingly. For example, within-season adjustments to the timing of field and marketing operations and longer-term adjustments such as choice of livestock breed, mix of enterprise and business structure and land use system.

16. Farmers and other land managers also need to contribute to mitigation of climate change. This may require wider adoption of current best management practices, such as nutrient budgeting and energy efficiency informed by carbon and energy audits but, given appropriate policy support, more significant adjustment to the nature of agricultural land management could be achieved to provide ‘win-win’ outcomes.

The Balance of Land Use in Scotland

17. NFU Scotland is clearly of the view that Scottish agriculture and individual farm business can make a very positive contribution to tackling climate change. At the same time, the industry takes the principal role in rural development - not least through its contribution to local economies and delivery of other landscape and biodiversity benefits.

18. However, NFU Scotland considers that this function could have an even greater impact if the policy environment in which farming and farmers currently operate in were more receptive to agriculture’s primacy in both land use and tackling climate change.

19. NFU Scotland believes better integration between currently separate policy themes such as farming and food, forestry, flooding and biodiversity - all of which are linked to land use and require some degree of spatial co-ordination and co-operation across different parcels of land and therefore different farms - must be pursued.

20. This is essential because climate change issues can not easily be separated from other aspects of land use policy, or from broader sustainable production and consumption issues. It is essential that there is co-ordination and consistency of climate change policy across all other areas of the economy. In particular, adaptation and mitigation options need to be compared across, not just within, sectors to ensure comparability of true costs. NFU Scotland seeks clarity and consistency of approach to climate change targets and responses across all sectors.

21. In the short-run, the scope for modifying SRDP measures and funding must be explored to ensure that farming, as well as forestry, can play a lead role in tackling climate change. NFU Scotland considers that there is a real need to avoid overly simple or naive policy approaches to tackling climate change - and the blunt tool of diverting resources to planting trees on good agricultural land falls right into that trap.
22. Instead there is a need for policies structured to allow for localised flexibility, whilst achieving national aims. For the longer-term, attention needs to be paid to designing market mechanisms to promote mitigation - agriculture’s inclusion in an emission trading scheme should be explored.

23. The proposals for the forestry provisions in the Scottish Climate Change Bill also raise more fundamental questions of how Scotland uses its land. NFU Scotland firmly believes there must be a focus on preserving and enhancing the benefits delivered by active farming and food production - including those in relation to climate change.

24. Scotland’s farmland can not reasonably be expected to deliver against all Scottish Government policies on food, flooding, climate change, tourism, access and inclusion without some trade-offs. If farmland is to deliver multiple public benefits, then there needs to be a proper evaluation of its worth backed by fully resourced and accessible measures that allow farmers to optimise that ‘value’ for the greater good.

25. The stated intention that this study does not focus on land ownership but instead looks at productivity is clearly welcome. While the findings of this study are not due to be presented until late next year, the fundamental changes taking place in Scotland’s hills and uplands means that decisions to address those changes need to be made on an ongoing basis rather than waiting until the study reports.

26. The Scottish Government must face up to the clear conflicts in land use that are raised by such proposals. Every year 1,200 hectares of ‘greenfield’ - an area the size of a large town - is lost to housing and industrial development. That development is generally taking place on some of Scotland’s most productive arable land, with that limited resource lost to food production forever.

27. At the same time, the Scottish Government has set itself the target of forestry coverage on 25% of Scotland’s land area. Any expansion in forestry area is likely to take place on ground traditionally used for grazing livestock. The Scottish Government, therefore, must also address whether the priority lies with active farming and food production - and all the rural development co-products that go with that - or elsewhere.

There is a limit to the uses that any area of land can deliver and the Scottish Government must recognise that if it is to reconcile concurrent policy aims.

NFU Scotland
3 February 2009
The National Trust for Scotland (the Trust) welcomes this opportunity to comment on this consultation on forestry provisions in the current Climate Change Bill. The main comments are set out below under Consultation Questions as set out in the Consultation Proposal.

Introductory Comments
The Trust’s comments are informed by both its role as the conservation charity that protects and promotes Scotland’s natural and cultural heritage and its roles as property owner and woodland manager.

We recognise that climate change targets and increases in woodland cover have been included in national strategies on Climate Change and Forestry and in principle see merit in looking at how all sectors can make greater contribution to tackling climate change. The Trust has considerable concerns though about some of the proposals contained in the Consultation Paper and the way they are set out without adequate supporting information.

As a result the consequences and merits of the proposals cannot be adequately assessed and we see potential disadvantages and risk from the public perspective which we consider below. We also note that despite the new importance given to woodland expansion and concern for climate change at present only 6500 hectares of grant aided woodland on average is being created per year compared with some 14500 hectares in the 1980’s (Figure 4: Grant aided woodland creation over the last 40 years - ‘Discussion Paper on Woodlands Expansion in Scotland’ June 2008).

The rest of this letter gives the Trust’s responses to the specific questions raised in the call for written evidence.

Consultation Questions
The key points the Trust wishes to comment on are:

Q 1: What are your views on allowing the Forestry Commission Scotland (FCS) to enter into joint ventures, with the intention of participating in renewable energy programmes on the national forest estate?

FCS already undertakes joint ventures for renewable energy projects. The arrangements for any new joint venture are not clear and are set out in only the very broadest terms. However it is our understanding that there could be potential from joint ventures for FCS to offer greater added value, develop its project management expertise, increase its revenues and expand community engagement. The Trust would be in support of further consideration being given to enabling FCS to carry out more joint ventures including those for renewable energy generation as long as these follow appropriate planning and environmental assessment procedures, are located and sited appropriately with safeguards being met for landscape and other aspects of natural and cultural heritage.
Q 2. What are your views on allowing Scottish Ministers and the Forestry Commissioners to offer leases and cutting rights over parts of the national forest estate?
The Trust is concerned that little detail is offered to support the figure for additional income, which seems small in relation to the cost of renewable energy generation development, nor for justifications for the scale and time spans under consideration. The potential for the removal of such large areas of land for such a long time could erode the concept and the operation of a ‘national forest estate’. The Trust does not see adequate evidence that the changes proposed will bring the degree of benefit suggested nor that there has been any analysis of the risks that there may be for sensitive landscapes, protected woodlands, the public interest or for the operations of the FCS. FCS currently takes a strong lead in delivery for most woodland Biodiversity Action Plan priority habitats and species and has done much to develop its remit in relation to cultural heritage issues including protection of archaeological remains, historic but unlisted buildings, public access and recreational uses. These broader yet important sustainable activities might be put at risk.

Q 3. What are your views on (i) transferring the proceeds from leases and cutting rights to a not-for profit trust, for investment in woodland creation; (ii) transferring the landlords interest in this land to a not-for profit trust; and (iii) Ministers stipulating the constitution for such a not-for profit trust.
The Trust has concerns that transferring leases away from FCS would reduce its income, especially as these are to take place over areas where ‘the timber production element is dominant’. A not-for profit Trust, as a new and additional organisation rather than one that already exists with other income streams, would have to offset its own and additional set-up, management and public duty costs against income that might have accrued to FCS. This could mean FCS would receive less than it currently does from such leases and so have less to spend on the rest of the estate, weakening its strategic position, eroding the quality of management, losing its expertise and so reducing the delivery of public benefits, even those directed towards climate change.

It is also disappointing then that no consideration or assurances have been made about the sort of conditions for such transfers or leases. No reference is made to requirements to address planning, environmental assessment and consultation procedures, to carry out new forestry to UKWAS certification, to meet forestry ‘best practice’ standards, to provide a range of public benefits like access, amenity, educational and employment benefits, co-ordinated network creation with FCS and others, biodiversity improvements and respect for Scotland’s species. Lease conditions and arrangements may bring further loss of income due to a need for independent monitoring of performance.

The not-for profit trust is to be constituted to reflect the ‘public interest’ and ‘appropriate objectives and arrangements’ but the consultation should have been more explicit, for example, about aims for sustainable woodland activities, the sort of provision for public benefits and the involvement of local communities.
Q 4. Are there other actions which need to be taken, or are there other changes in legislation which need to be made, in order to allow the public and private forestry sector to contribute to Scotland’s target of reducing emissions by 80% by 2050. If so please outline what these are.

The Trust recognises that the primary focus in the Climate Change and Sustainable Development Strategies is on reducing CO2 emissions from buildings and transport through energy efficiency and the development of alternatives to carbon based energy systems. As a step to interpreting and addressing these aims the Trust supports calls for an explicit duty towards Sustainable Development for all public bodies.

The ability of the forestry sector to contribute to Scotland’s targets then needs to be viewed against such a perspective and balanced against a range of public benefits including enhancement of the natural and cultural heritage. We understand there are best practice and low impact silviculture systems that can contribute to emissions reduction and ways should be explored on how to promote these as standards across the whole industry.

The Trust has also pointed out in a previous consultation response on Woodland Expansion that there is a need for better understanding of the balance between the release of carbon from different soil types and the amount of carbon sequestration achievable by woodland growth. If cyclical cropping is encouraged then the benefits of sequestration will be consequently limited.

For the avoidance of doubt the Trust is happy that these views be made available to the public. We would be grateful to be kept informed of progress in this matter and for a copy of the proposed consultation report and of the Report to Ministers. In view of the urgency in considerations on the Climate Change Bill we are offering similar comments to the Clerk of the Rural Affairs Committee and to SPICe. I hope that this response will be helpful. Please contact me if any of my colleagues or I might be able to provide any additional information or clarification.

The National Trust for Scotland
29 January 2009
SUBMISSION FROM CHRIS ROSS

1 I agree with the proposed change in legislation to allow FCS to enter into joint ventures. Income from such ventures should be ring fenced for Forestry and flexibility given to FCS accounting to enable monies to be rolled over into subsequent years to even out the income stream.

2 I am against any proposal to lease out areas of the national forest estate or allow cutting rights. Changes in legislation to allow this are unnecessary as the objective of meeting the planting target of 10,000ha per year could be funded through an increase of the repositioning programme (see 4 below).

Leasing out large area of the forest estate is unlikely to realise the full market value of the asset while losing control of the land and so be able to respond to or take advantage of future changes in land use priorities or opportunities.

The leasing out of the 25% most productive areas will reduce FCS income by an estimated 35% leaving a funding gap for managing the remainder of the national forest estate as the minister has stated that no extra funding will be available.

Although this may not have an impact on the delivery of nonfinancial benefits in the short term these areas are bound to suffer in the medium to long-term, as investment will be greatly reduced. The ministers recent restriction on any significant further investment in mountain biking trail building by FCS can be seen as a precursor to future policy made necessary by reduced budgets.

There is no guarantee that any money raised through leasing or cutting rights would be reinvested in forestry and even if £200m was raised up front the forest industry wouldn’t be able to respond to investing that amount in one or even two years. This money would then be lost to forestry and funding to achieve the new planting objective would fall short in subsequent years.

The guarantees made to FCS staff by the minister in letters to the press are disingenuous. To say that there will be no compulsory redundancies and that any staff not wishing to transfer to a private company ignores the reality that if you reduce the size of the estate and the budget of FCS you have to reduce staffing costs. Many of the lower grade staff in the FCS are non-mobile and refusal to transfer to another area would be considered to be resignation.

The safeguards under the TUPE regulations are not as good as they are made out to be, once transferred conditions of service can be changed or redundancies made if an economic justification can be made.
The likely concentrating of the areas to be leased will also result in a significant social and economic cost to these areas.

3 As stated I am against leasing of the national forest estate and removing this from the bill would remove any argument for creating Trusts.

4 As stated above it is my view that the most practical and cost effective way of raising the extra funding from the forest estate for new planting until the income from joint ventures becomes available is an increase of the repositioning programme to £30m a year. This would allow areas throughout the country that don’t meet FCS’s core objectives to be sold, realising their full value and without high local impact.

Chris Ross
27 January 2009
Summary
RSPB Scotland welcomes the opportunity to contribute to the debate around the management of Scotland’s forests in relation to climate change adaptation and mitigation. We support the ambitious targets for reducing greenhouse gas emissions in the draft Climate Change (Scotland) Bill. These targets must be met in an environmentally sustainable manner, protecting Scotland’s wildlife and giving it the best chance to respond to our changing climate. We are concerned that the forestry provisions are distracting from discussion of the urgency of reducing our emissions and how we propose to meet the targets.

It concerns us also that forestry has been isolated as a form of land use and that other aspects of Scotland’s land use - which contributes 25% of Scotland’s greenhouse gas emissions- have not been included in the Bill, nor are they being debated.

We strongly support the idea of Forestry Commission Scotland being able to participate in environmentally appropriate joint ventures to address climate change under Section 47 (3).

We consider that the broad nature of the provisions in Section 47 (1), (2) and (4) would alter the legal basis of Scottish forestry regulation, policy and practice and risk undermining existing government commitments on biodiversity objectives and sustainable forestry.

Reports that up to a quarter of the state forest will be put out to long-term lease cause us potential concern. We fear that it could restrict the Scottish Government’s ability to improve the biodiversity value of this land, and to meet public policy objectives of the Scottish Biodiversity Strategy, UK Biodiversity Action Plan, the EU Birds and Habitats Directives and the Ramsar Convention. The role and function of the National Forest Estate must be strategically considered and planned. Leasing options must enhance public benefits and should the lease proposals go ahead, a new environmental reference group should be established to vet lease applications and subsequent management plans.

Vital conservation and climate adaptation work funded by the Government's land management grants for farm and croft land must not be compromised by the sudden introduction of over 100,000 hectares of leased forestry land into the SRDP.
Our key recommendations

• Introduce an overarching sustainability duty in the Bill to ensure that forestry and other land uses provide multiple environmental, social and economic benefits.
• Remove the open-ended provision for changing the Forestry Commissioners’ duties and functions in Section 47, subsection 1, 2 & 4.
• Retain Section 47, subsection 3 measures for FCS ‘joint ventures’ for supporting the development of renewables and other climate change benefits.
• Introduce a holistic approach to land use in the Bill through the addition of a duty to develop an integrated set of land use policies.
• Strengthen provisions for adaptation in Section 45 to ensure climate change impacts on Scotland’s forests are properly identified and that adaptation policies are subject to independent scrutiny.
• Use Forestry Commission’s current review of carbon science to shape future forestry proposals.

Response to consultation questions

1. Do you envisage that the Forestry Commission could play a greater role than it does at present in reducing greenhouse gas emissions or in alleviating or responding to the effects of climate change? If so, what suggestions would you make?

Yes. There is also a very important role for Forestry Commission Scotland (FCS) to implement climate change adaptation plans, for example by restoring the biodiversity, hydrology and carbon of peatlands it has in its stewardship. This would also have climate change mitigation benefits as Scotland has most of the UK’s peatlands, which are rich carbon stores when in good ecological condition.

There is real scope for forestry to help Scotland’s important biodiversity to adapt to climate change, such as black grouse, capercaillie, peat bogs, Western Atlantic oakwoods and native pinewood. As they stand, the forestry proposals consulted on miss this key opportunity to help Scotland’s wildlife adapt to climate change. Forestry’s role in helping other sectors adapt to climate change also needs to be considered. Sustainable flood management for example requires consideration of forests within both upland and lowland water catchments.

There are other climate change mitigation actions that FCS could be involved with on the National Forest Estate. E.g. encouraging the use of Scottish grown and manufactured timber/wood products to replace steel and concrete, and promoting more efficient energy use in forest management and the wood supply chain. FCS has embarked on aspects of this.

Much of this can be delivered by FCS without needing the open-ended changes to duties and functions contained in Section 47 (1, 2 & 4) in the draft Climate Change (Scotland) Bill (the ‘Bill’). Indeed the main climate change provisions in the early chapters of the Bill will help FCS deliver greater climate change benefits.
Woodland expansion in Scotland must be carried out sensitively to ensure the protection and enhancement of important biodiversity – priority species, habitats and designated sites. We urge the Scottish Government not to repeat the woodland expansion mistakes of the past, and to reverse the damage to biodiversity and landscapes caused by inappropriate afforestation.

Despite the fact that afforestation on organic soils in temperate countries is not necessarily a carbon sequestration measure, this programme is being presented as a way of meeting carbon targets through woodland creation. Forestry carbon science is under debate and the role of soil carbon is little understood. The Forestry Commission is undertaking a review of carbon science, so it is unwise to claim substantial benefits until this is demonstrated.

2. Do you consider that either of the Government’s consultation proposals (on entering into joint ventures and on leasing cutting rights) would enhance the Forestry Commission's role in dealing with greenhouse gas emissions and climate change?

Tree planting for climate change 'mitigation' is a distraction from reducing greenhouse emissions reductions at source. These proposals also do not properly address adaptation. There is a danger that by singling out forestry as proposed in the Bill undervalues the wider and considerable climate change benefits of other land uses. This ignores the need for a more holistic integrated approach to land use planning in both climate mitigation and flooding.

The proposal for long term leasing of parts of Scotland's national forest estate to fund new climate work looks innovative, but the Scottish Government must ensure that the leased area delivers no less - and preferably more - for biodiversity conservation than if the land had remained in public management.

The ability of Forestry Commission Scotland to enter commercial partnerships could help deliver positive climate change work\(^5\), so we welcome the Climate Change (Scotland) Bill proposals under sub-section 3 of Section 47, but we have concerns about the objectives, functions and operations of new trusts. Ministers must make sure that any trust is publicly accountable, delivers public policy objectives and does not raise memberships.

RSPB Scotland is concerned that the mechanism that has been proposed under Section 47 (1) for obtaining powers to lease Forestry Commission Scotland land is inappropriate because undermines the biodiversity duties and function of the Forestry Commissioners under Section 1 of the Forestry Act 1967 and Section 1 of the Nature Conservation (Scotland) Act 2004.

\(^5\) We note that similar wording to Section 47 (3), was used in 2006 to introduce incidental powers for the Forestry Commissioners in England and Wales to assist the financing of the Forest Holidays business and recreational provision: Section 7 of the Forestry Act 1967 in England & Wales was amended by the Regulatory Reform (Forestry) Order 2006. Statutory Instrument 2006 No. 0780. http://www.opsi.gov.uk/si/si2006/20060780.htm See also FC info: http://www.forestry.gov.uk/pdf/explaindoc.pdf\&http://www.forestry.gov.uk/rroforestryact
3. Do you envisage any implications for nature conservation, biodiversity or recreational interests from the two proposals and, if so, what are they?

Yes. The woodland expansion elements of the proposals could threaten the conservation of open ground habitats and species, either by woodland creation, or lost opportunity to restore such habitats. Woodland expansion in Scotland must be carried out sensitively to ensure the protection and enhancement of important biodiversity.

We strongly urge the Scottish Government, and its delivery bodies, not to repeat the woodland expansion mistakes of the past, and to reverse the damage to biodiversity and landscapes caused by inappropriate afforestation. This could provide real climate change mitigation as well as adaptation benefits.

Despite the fact that afforestation on organic soils in temperate countries is not necessarily a carbon sequestration measure, this programme is being presented as a way of meeting carbon targets through woodland creation. The benefits of sequestering carbon are by no means straightforward. The science behind this needs ground-truthing which should be a role for the state forestry research sector. Scottish Ministers must take account of the independent review of forest carbon science that the Forestry Commission has recently commissioned, and the recommendations of the FC Carbon Advisory Group.

If a significant proportion of the state forest is put on long-term lease to commercial interests (reportedly 25% in the first instance), it will restrict the Scottish Government’s ability to improve the biodiversity value of this land to meet public policy objectives of the Scottish Biodiversity Strategy, UK Biodiversity Action Plan, the EU Birds and Habitats Directives and the Ramsar Convention. Leasing options must favour maximising public benefits.

RSPB Scotland is concerned that this approach to splitting the state forest into ‘commercial forests’, and ‘heritage forests’ ignores current government ‘multi-purpose sustainable forestry’ policy, as well as forestry practice. High quality biodiversity outputs can, and should be generated from ‘commercial’ plantations, including those held for the Scottish people.

Changes to the management of the state forest should be done in accordance with the recommendations of Forestry Commission Scotland’s Environment Review Group. The role and function of the National Forest Estate must be strategically considered and planned. Should the lease proposals go ahead, a new environmental reference group should be established to vet lease applications and subsequent management plans. All lease proposals, forest

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6 See: [http://www.forestry.gov.uk/forestry/infd-6vijah](http://www.forestry.gov.uk/forestry/infd-6vijah)
7 See: [http://www.forestry.gov.uk/website/pdf.nsf/b591cb1aa3d9d9a9e802570ee004557d/5778638a3ffee3ee80257435003875e3/$FILE/Paper4.08-CarbonInitiatives.pdf](http://www.forestry.gov.uk/website/pdf.nsf/b591cb1aa3d9d9a9e802570ee004557d/5778638a3ffee3ee80257435003875e3/$FILE/Paper4.08-CarbonInitiatives.pdf)
management plans and grant applications, must go on to the FC’s Public Registers.\(^9\)

The management of state forest land, including that on long term-lease, should include the ambitious restoration of open ground habitats within commercial plantations, and meaningful work for priority species, such as black grouse and capercaillie. This goes beyond meeting the biodiversity requirements of the UK Woodland Assurance Standard (UKWAS).

Income generated from leasing state forests should be used to accelerate action to help Scotland’s wildlife and landscapes adapt to climate change. These funds – a reported £200 million - must finance action to restore the carbon and wildlife value of damaged peatlands and coastal dune systems, create carefully located native woods and help priority species. Vital conservation and climate adaptation work funded by the Government’s land management grants for farm and croft land must not be compromised by the sudden introduction of over 100,000 hectares of newly eligible leased forestry land.

Currently the National Forest Estate is certified to the voluntary UK Woodland Assurance Standard (UKWAS) – this has to remain. The Scottish Government has commitments to maintain the state forest’s UKWAS certification, and to increase UKWAS uptake in Scotland.\(^{10}\)

4. **Do you believe there are any implications for rural employment from the two proposals and, if so, what are they?**

*RSPB Scotland does not have the expertise to comment on this question.*

5. **Do you have any other views on these two proposals from the Government?**

*Yes.* Unfortunately, consideration of the forestry provisions in Section 47 have created an unhelpful distraction from important discussions over the main parts of the Climate Change (Scotland) Bill. We are also disappointed that the forestry proposals do not sufficiently address action for climate change adaptation for biodiversity.

_Climate change is the greatest single threat to Scotland’s wildlife. It is imperative that Scotland starts delivering greenhouse gas reductions and enabling swift and deep cuts. RSPB Scotland welcomes the challenging targets for reducing emissions in the Bill. In meeting these targets we must protect our precious wildlife, and give it the best chance to respond to our changing climate._

_The Bill needs to address the contribution Scotland’s other land uses, as well as forestry, make to climate change, and to facilitate environmentally sustainable_

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\(^9\) see: [http://www.forestry.gov.uk/forestry/INFD-5ZADT9](http://www.forestry.gov.uk/forestry/INFD-5ZADT9)

\(^{10}\) This was made at the 2002 UN World Summit on Sustainable Development, see: [http://www.forestry.gov.uk/website/pdf.nsf/pdf/ukforestpartnership.pdf/$file/ukforestpartnership.pdf](http://www.forestry.gov.uk/website/pdf.nsf/pdf/ukforestpartnership.pdf)
mitigation action. 25% of Scotland’s greenhouse gas emissions come from land use. We would welcome an indication in the Bill that the forthcoming Land Use Review would set out a strategic approach for managing Scotland’s land use in relation to climate change mitigation and wildlife adaptation.

Forestry’s role in helping other sectors adapt to climate change also needs to be considered. Sustainable flood management, for example requires consideration of forests within both lowland and upland water catchments.

The proposed adaptation measures under Part 5 Chapter 1 of the Bill are insufficient because that they rely entirely on a UK assessment of climate change risks and offer no independent scrutiny of the Scottish Government’s adaptation policies and subsequent progress on adaptation.

In relation to forestry there is the danger that a purely UK assessment of risks might not provide sufficient consideration of particularly Scottish issues such as the impacts on native Scots pinewoods. Failure in the Bill to provide for independent scrutiny or advice from other bodies in relation to the Scottish Government’s adaptation policies could mean that important issues concerning forestry be overlooked. Indeed, the fact that forestry adaptation and its role in helping other sectors adapt was not included in the climate change consultation demonstrates the need for wider engagement to avoid missing key opportunities.

We do not welcome the additional broad powers being sought by the forestry minister in Section 47 (1, 2 & 4) to over-ride the Forestry Commissioners’ duties under the Forestry Act 1967, and to delegate their functions. If enacted, these provisions could result in environmentally unsustainable forestry that would harm, not enhance biodiversity.

The RSPB would expect full and proper consultation and public debate on any fundamental changes to the primary legislative framework of forestry in Scotland. This should be done separately from the Climate Change (Scotland) Bill.

Overall, the RSPB believes that the Climate Change (Scotland) Bill should take a more holistic approach to rural land use, rather than just considering forestry and muirburn. It is vital to addressing within the Bill the 25% of Scotland’s greenhouse gas emissions that come from land use. An indication in the Bill that the forthcoming Land Use Review would set out a strategic approach for managing Scotland’s land use in relation to climate change would be welcomed.

RSPB Scotland
29 January 2009
SUBMISSION FROM SNH

Thank you for inviting Scottish Natural Heritage (SNH) to comment on the forestry provisions in the Scottish Climate Change Bill. These would modify the functions of Forestry Commission Scotland (FCS) in a number of ways. Most notably they would allow Scottish Ministers to lease out parts of the National Forest Estate (NFE), with associated cutting rights. The intention would be to use the funds so generated to finance measures designed to mitigate or adapt to climate change.

Current FCS Management of the NFE

Afforestation, and the management regimes applied to existing forests, was for many years - especially from the 1960s to the late 1980s - one of the most environmentally contentious issues in the Scottish countryside. Although many of the most controversial cases related to private sector forestry proposals, the Forestry Commission’s own activities also attracted criticism.

It is greatly to the credit of FCS that over the past 15–20 years, this situation has been substantially transformed. FCS’s enthusiastic adoption of multiple objectives, and willingness to engage local communities and other stakeholders in its decision making about the future management of its woodlands, has not only radically altered the way it is viewed in environmental and recreational circles but has also delivered very substantial benefits on the ground. These benefits have extended from biodiversity, through improved landscape quality to high valued recreational facilities, catering positively for a range of activities in a way which goes well beyond the open access requirements established by the Land Reform (Scotland) Act 2003. These enhancements have in turn helped to support an extensive range of rural businesses, as became very apparent at the time of the 2001 Foot and Mouth Disease outbreak.

Of equal importance has been the lead that FCS has thereby provided to the wider forestry industry. This is a diverse community, the more far sighted members of which have long aspired to ideals and standards of multi-purpose management at least on a par with those recently embraced by FCS. But overall, private sector forestry has, perhaps understandably given its commercial imperatives, delivered far less by way of environmental and recreational public benefit than the NFE.

SNH is anxious to ensure that any changes in the management of the NFE preserve the gains that have been secured through FCS management over the past decade or more. Indeed, it sees it as important, in terms of the Scottish Government’s objectives in the fields of biodiversity, sustainability and increased participation in outdoor recreation, that these benefits are extended more widely across the country’s woods and forests.

In these circumstances SNH sees it as very important that any leasing out of existing NFE land is subject to safeguards carefully designed to secure the maintenance of these public benefits. The aim should be to preserve them
alongside the additional benefits, in terms of climate change mitigation and adaptation, that are sought through these proposals. The latter should not replace the former.

Detailed responses to the Committee’s questions are set out in Annex 1. I hope that these answers of assistance to you.

ANNEX 1

Do you envisage that the Forestry Commission could play a greater role than it does at present in reducing greenhouse gas emissions or in alleviating or responding to the effects of climate change? If so, what suggestions would you make?

FCS, with its partners, has committed considerable research effort to help clarify the approaches that it should adopt in adapting to the effects of climate change. This includes work on tree growth, disease and stand/landscape-scale adaptation to changing environmental conditions. This consultation relates more to the actions that FCS might take to mitigate climate change, including energy production, soil carbon management and products that replace less green alternatives (e.g. timber for concrete). Wise choices need to be made, for which a key step is to develop robust ‘carbon accounting’ procedures – that is, to understand the contribution of a range of activities to greenhouse gas (GHG) emissions and the timescale over which any benefits occur. Work is already underway on this, but until we have this information it will be necessary to be cautious about advocating some more dramatic steps – for example the planting of new forests on wet, peaty upland soils may result in a medium term increase in GHG emissions, as soil carbon is oxidised.

Do you consider that either of the Government’s consultation proposals (on entering into joint ventures and on leasing cutting rights) would enhance the Forestry Commission’s role in dealing with greenhouse gas emissions and climate change?

SNH is supportive of well designed renewable energy developments and we see no problems with FCS being involved in to joint ventures to deliver these, particularly as any developments will be subject to the same assessment and decision-making procedures as any other renewable development.

The extent to which this proposal enhances FCS’s role in tackling climate change will depend on the details of any final proposal. At present we can only set out our view of potential benefits, risks and safeguards against these risks.

There are clearly potential benefits in the raising of funds to meet Scotland’s wider climate change mitigation and adaptation aims, which are strongly supported by SNH. One suggested use of such funds is for woodland creation; we are very interested in further discussion on the type and location of any proposed new woodlands both for their natural heritage impacts and to see the assessment of impacts on GHGs in the short/medium/long term.
Other related actions could be also contribute – especially promoting significant natural regeneration from existing native woodlands, and increasing the carbon capture/storage ability of peatlands (e.g. reducing erosion and drain blocking).

**Do you envisage any implications for nature conservation, biodiversity or recreational interests from the two proposals, and if so, what are they?**

The leasing proposal carries with it a number of **risks**, which collectively could jeopardise the gains secured through a substantial investment of public funds over recent years.

These include:

- reduced commitment to biodiversity, landscape and amenity care, and recreational and educational provision – restricting future provision and possibly resulting in a loss;

- an erosion of the scope for cross-subsidisation within the NFE, whereby surpluses generated on some properties support public interest provision elsewhere;

- a weakening of FCS’s credibility as an industry leader, able to demonstrate by example how the provision of public benefit can be reconciled with commercial, timber production objectives;

- pre-emption of already limited SRDP resources, as operations in the leased forest become eligible for grant support; and

- the possibility that it would become hard to raise regulatory standards in an industry which had entered into a financial contract with Government on the basis of an existing set of standards.

For any leasing arrangements to bring significant net public benefit it would in SNH’s view be important to put in place **safeguards** against these risks. SNH does not feel competent to advise on precisely how best to achieve this goal. We would, however like to suggest some principles that might be followed in attempting to do so. These would involve commitments:

- to maintain for public benefit management an income stream comparable to that previously generated by commercial income from the leased forests. One possibility would be to earmark income from the proposed “joint vehicle” renewables projects for this purpose;

- to fund from lease income new public benefit provision/assets at least comparable with any lost as a result of the leasing exercise. Moreover, the benefits provided should be of broadly the same types, and in broadly the same proportion, as those lost and should
thus extend across biodiversity, landscape, amenity and recreation and should not be restricted to carbon management; and

- to review the lease arrangements at regular intervals (perhaps every ten years) to make sure that the terms remained adequately protective of public (and specifically natural heritage) interests. We consider this important because the original terms could well become increasingly outdated and unreflective of current public priorities as circumstances changed.

Do you believe there are any implications for rural employment from the two proposals, and if so, what are they?

The proposals are not sufficiently detailed to answer this, nor is rural employment an area in which SNH has any particular expertise. We would, however, like to point out that, as technology in the forestry industry itself has developed, an increasing proportion of the employment generated by the sector has been indirect, relying on the use of forests for other purposes, notably recreation and tourism. This is an aspect of forest management and facilities provision where FCS has very much taken the lead. It has engaged in a large number of initiatives designed to ‘add value’ to the forest resource in this way. Many of these have involved partnerships in which SNH has also participated, along with other bodies with more specifically economic and social objectives. We would be concerned about the consequences of any net reduction in this activity for the rural economy as well as the natural heritage.

Do you have any other views on these two proposals from the Government?

SNH does not regard the leasing option as the only, or necessarily the best, means of raising money to fund climate change-related measures. One alternative particularly appropriate to woodland expansion measures would be some form of carbon offset scheme. There is at present a shortage of adequately accredited and policed schemes of this kind, in part as a result of the lack of a robust carbon accounting system. There could in our judgement be considerable potential for such a scheme dedicated to the financing of environmentally responsible, sustainable woodland expansion in Scotland.

SNH
January 2009
SUBMISSION FROM SCOTTISH RENEWABLES

Scottish Renewables warmly welcomes the progress made in tabling the Climate Change (Scotland) Bill which is one of the most significant pieces of legislation ever considered by the Scottish Parliament. Scottish Renewables is Scotland’s leading green energy trade body. We represent over 230 organisations involved in renewable energy in Scotland and include many environmental NGOs in our wider associate membership. Further information on our work and membership can be found on our website – www.scottishrenewables.com

Scottish Renewables believes that the harnessing of renewable energy sources in a sustainable manner provides a unique opportunity to not only tackle climate change but to provide economic benefits to Scotland. The setting of statutory targets to reduce emissions is vital if we are to send the right signals to industry and wider society that significant changes are required to establish a low carbon economy.

Scottish Renewables is pleased to respond to the Rural Affairs and Environment Committee’s call for evidence in respect of the forestry proposals contained within the proposed Bill and has addressed the five questions which the Committee is seeking information on.

If Scottish Renewables can be of any further assistance to the Committee, we will be happy to provide further written or oral evidence in support of our statements.

1. **Do you envisage that the Forestry Commission could play a greater role than it does at present in reducing greenhouse gas emissions or in alleviating or responding to the effects of climate change? If so, what suggestions would you make?**

The bioenergy industry is central to the delivery of the UK’s international obligations on climate change and the Scottish Government’s intentions in the Climate Change (Scotland) Bill. The use of biomass material to displace energy production from fossil fuels will have a beneficial impact on carbon emissions and the encouragement of energy schemes using local timber will result in lower transport emissions.

As reported by the FREDs Biomass Energy Group (BEG)¹,

*Biomass, particularly wood fuel, is accepted as carbon neutral. It can have a positive effect on the environment. It is also a predictable and firm source of energy supply and therefore an important contributor to a diverse energy mix, which is vital to security and continuity of supply.*

Scottish biomass is uniquely placed within the UK to contribute to both Scottish and UK renewable targets by 2010. This is because, as FREDs reports, Scotland has a substantial existing and expanding resource from managed woodlands and sawmill products which can be accessed for wood fuel almost immediately. The GB wide forestry resource is predicted to grow well in excess
of demand over the next three decades, and around 60% of that resource is located in Scotland. According to FREDS, the future harvest level is likely to be around 5.5 million cubic metres above current use, and the minimum size of the biomass electricity market in Scotland could be as much as 450 MW of installed capacity. Other factors, such as the growing of energy crops may greatly increase these figures.²

Furthermore, this capacity figure would be significantly greater if the use of biomass materials for heat is increased.

From the work that FREDS has undertaken, alongside the findings from reports by the Biomass Task Force³, Sustainable Development Commission⁴ and the DTI/Future Energy Solutions⁵, it is clear that there is considerable impetus to develop biomass as a renewable fuel. Scotland is well placed to derive benefit by developing a new business arena for the forestry sector and by improving the Scottish economy through reducing dependence on external fossil fuel supplies and related uncontrolled energy prices.

Notes
2 FREDS (2005), para 15-19
3 Biomass Task Force (2005), Report to Government
4 Sustainable Development Commission (2005), Wood Fuel for Warmth
5 Future Energy Solutions (2005), Renewable heat and heat from combined heat and power plants – study and analysis, DTI & Defra.

2. Do you consider that either of the Government's consultation proposals (on entering into joint ventures and on leasing cutting rights) would enhance the Forestry Commission's role in dealing with greenhouse gas emissions and climate change?

The Commission owns and manages a very large estate which is likely to include a significant number of sites suitable for generation of electricity from hydropower and wind. Whilst the Commission has in-house project development expertise it may prove commercially sensible to work in partnership with other players in the renewables industry to realise any potential, especially where it is desirable to promote rapid deployment.

However we believe that the energy generation by any such joint venture should be limited ‘to generate power from wind, hydro and micro power’ and that there is no suggestion that the Forestry Commission would form joint ventures to develop bioenergy projects of any scale. If bioenergy Joint Ventures were proposed, these allow a situation to arise where Forestry Enterprise Services is effectively selling timber to itself. Real or perceived, serious market distortion in the wood fuel market may arise.

3. Do you envisage any implications for nature conservation, biodiversity or recreational interests from the two proposals and, if so, what are they?

As long as the cutting/felling and any re-planting activity by third party operators takes place in accordance with the same good environmental
practice that the Forestry Commission would themselves follow, then it is likely that good standards can be maintained by the private sector.

To get the full potential benefit from new wind and hydro renewable energy schemes may require local changes in forestry practice. For example, low density native forests can have beneficial effects on hydrology and run off compared to closed canopy evergreen plantations and so be more compatible with new hydro schemes. Equally, dense tree cover in close proximity to wind turbines can cause air turbulence which reduces the amount of power that can be generated. If the Government want to maximise the benefits of new wind and hydro schemes then they need to ensure the Commission has the necessary duties and powers to change existing species mix and planting density accordingly.

4. Do you believe there are any implications for rural employment from the two proposals and, if so, what are they?

The opportunity to develop renewable energy schemes within the national forestry estate is likely to bring complementary economic activity in terms of construction and maintenance of schemes as seen in non-forestry estate around Scotland.

Scottish Renewables welcomed the publication of a Scottish Government study into Scotland’s future hydro power potential\(^\text{11}\). The future potential lies primarily in small and medium-sized developments at a community and/or local level. The national forestry estate could considerably contribute to releasing the estimated 650MW potential in Scottish hydro power with the consequent positive jobs and economic impact that would bring.

Notes

\(^{11}\) FREDS (October 2008) Scottish Hydropower Resource Study

5. Do you have any other views on these two proposals from the Government?

No comment at this time.

Scottish Renewables
29 January 2009
SUBMISSION FROM EMMA STEWART

1. Do you envisage that the Forestry Commission could play a greater role than it does at present in reducing greenhouse gas emissions or in alleviating or responding to the effects of climate change? If so, what suggestions would you make?

Yes. I believe that more could be done to capture carbon by restoring the thousands of hectares of lowland raised bog owned by FCS. Peat stores a lot of carbon and an active peat bog acts as a store of this carbon, locking it up for a very long time. In the 1970s FCS bought and planted a lot of lowland raised bogs as was the policy at the time. Now these lowland raised bogs are being assessed for their condition and most are found to be capable of full restoration or partial restoration to active peat bogs. This is despite 30 odd years of conifers growing on them. FCS is in a great position to achieve this work whereas bogs owned by private individuals have not seen the sort of restoration works that Scottish Natural Heritage had hoped, even with grant incentives. There are thousands of hectares of publicly-owned peat bogs that could be restored and FCS has the know-how to do this work effectively and efficiently. There are many reasons why restoring the FCS lowland raised bogs would be great for Scotland, but the carbon store argument is one of the strongest at the moment.

The other response that FCS could make would be to shift the new planting species away from commercial conifers and more towards native woodlands. Native woodlands out perform the non-native conifers when you look at carbon lock-up over the long term. However, the commercial conifers lock up more carbon in the short term. Again, there are many reasons why it would be beneficial to have more native woodlands planted but the long-term carbon lock up is a strong argument.

By having Forest Research the FCS are in a strong position to lead on forestry and climate change issues, for example researching tree species choices to allow our landscapes to adapt successfully to climate change. A strong FCS is important, I believe, to allow us to face the challenges presented by climate change.

2. Do you consider that either of the Government's consultation proposals (on entering into joint ventures and on leasing cutting rights) would enhance the Forestry Commission's role in dealing with greenhouse gas emissions and climate change?

I believe the proposal to enter into joint ventures will enhance FCS's role in dealing with greenhouse gas emissions and climate change. I do not believe that the proposal to lease cutting rights would do this. The main reason I do not believe this is because of the lack of a plan to demonstrate what the released money would be used for. How can you believe in something that you don't know the details of? This is the most frustrating part of this whole proposal - the lack of any information about what the government would do with the expected £200 million from the FCS estate. FCS staff have been
informed by the Director of FCS that Michael Russell has not given any assurance that the money would come back to the forestry sector, however in the press the Minister is quoted several times stating that this money "might" and "could" be used for more tree planting. It is my understanding that there is no plan of how to use this money, that involves forestry for climate change measures or otherwise, and therefore the consultation on the leasing of the FCS estate has come before proper evaluation and planning by the government of their proposal - cart before horse.

3. Do you envisage any implications for nature conservation, biodiversity or recreational interests from the two proposals and, if so, what are they?

I consider that the more FCS are involved in energy developments on their estate the better for conservation and recreation. I would see there being a positive effect and some cracking extras coming from such developments that would not come otherwise. FCS have demonstrated such benefits when working on numerous smaller-scale projects / developments on their estate and they would make sure that the benefit to the public was maximised.

I consider that if the leasing proposal is to go ahead there will absolutely be a detrimental effect on conservation and recreation. FCS is funded partly by the income from timber sales. To lose at least 25% of the most productive forest areas is to lose a huge chunk of funding for FCS work such as working with local communities, building recreational facilities and managing land for conservation. To argue that there will be no effect is ridiculous, and anyone who knows how FCS works knows that work on delivering the social and biodiversity elements of the Scottish Forestry Strategy would suffer. In addition to these significant funding issues there would undoubtedly be impacts in the forests leased out to the private sector. Again, anyone who works in the industry knows that the public forests are managed with a different set of objectives, by people with different motivations and in a different manner than the private forests. Yes the private sector would have to manage to the UKWAS standards but if this was all FCS did too then we would not see the wide range of benefits that we do today in the public forests. FCS do extras that the private sector will not because it does not make them money. FCS does things not because it makes money but because it makes local people feel involved or it provides habitat for wildlife or it improves a community's health etc. The staff in FCS are proud of the care and attention that the forests and their visitors, the wildlife and the heritage receives. In my experience, the private sector are hardly ever in their woods and there is usually no local staff available to talk to people or turn up to community meetings. However, they do grow excellent timber - and that is because they don't put resources into anything else. If this is all we want our forests to deliver then we need to re-write the Scottish Forestry Strategy.

4. Do you believe there are any implications for rural employment from the two proposals and, if so, what are they?

I am nervous about the implications for employment but I am not in a position to have much information about this issue.
5. Do you have any other views on these two proposals from the Government?

I object to the way the consultation has been carried out. It has been very quiet, the proposals have, in my view, been hidden in the Climate Change (Scotland) Bill and the consultation period has been too short. And with no proposal of how to spend the £200 million from leasing it has been a useless exercise. I am suspicious that the leasing proposal has not been thought through properly and that the Minister has been advised by people who have been wanting to privatise FCS for years. To dress it up under Climate Change - an incredibly important issue - is insulting and offensive. I am very worried about Climate Change and am involved in the carbon-neutral movement, if I thought the leasing proposal was any use I would support it. It is not, it is a bad idea that will only release short term cash at a long term cost and this is stupid. It would be the open door to privatise the rest of FCS and this would be a bad move for Scotland.

Thank you for the opportunity to respond to this consultation.

Emma Stewart
27 January 2009
SUBMISSION FROM JOHN TAYLOR

1. Do you envisage that the Forestry Commission could play a greater role than it does at present in reducing greenhouse gas emissions or in alleviating or responding to the effects of climate change? If so, what suggestions would you make?

Yes. I would suggest that the FC is in an exceptional position to play a greater role and that being such a large landowner is one of its greatest assets in being a more useful tool in the fight against climate change but the leasing out of any large forest blocks would in fact reduce this ability. The possibilities of entering into joint ventures to create renewable energy schemes would not only increase the area of land available to such schemes but would generate a source of income which the FC could then use directly in an increased tree planting scheme, especially in the creation of new native woodlands which would offer a much better carbon sequestration effect than a private, profit making conifer planting scheme. Joint ventures would also put the FC in an outstanding position in terms of taking forward wood-chip biomass power plants on a local scale, close to the sources of timber and working with the local councils and businesses to provide as near to carbon neutral energy as possible.

2. Do you consider that either of the Government's consultation proposals (on entering into joint ventures and on leasing cutting rights) would enhance the Forestry Commission's role in dealing with greenhouse gas emissions and climate change?

Joint Ventures: I believe that this proposal would hugely increase the role of both the FC and SG in dealing with these problems by enabling renewable energy projects to be undertaken on the NFE thereby reducing emissions and, at the same time, generating income which could be used directly by the FC to fund an increased level of tree planting to aid carbon sequestration. If such a proposal were accepted it would increase the FC's ability to contribute to the actions on combating climate change whilst effectively reducing the burden on the SG budget by allowing the FC to partly fund itself through the income generated by such joint ventures.

Leasing Cutting Rights: I do not see any way in which this proposal could enhance the role of FC or the SG in dealing with emissions or climate change. A privately managed, leased forest would certainly offer no greater benefits to the actions on climate change than would a publicly owned, FC managed forest. On the other hand the proposal is to take the money generated from the lease and place it at the disposal of the government for such projects as tree planting and renewable energy projects, however, it has been stated that this money cannot be "ring-fenced" for such uses and, as such there is no guarantee that the money will ever make any contribution to the fight on climate change. It has also been stated that the money would be distributed for tree planting projects via the grants system such as SRDP but there has in fact been very little take up of the grants for tree planting in the recent past so the
money may well sit there unused - why generate more money for a grant system which is struggling to give out grants when a state funded organisation such as the FC already exists and has the land, infrastructure and expertise for successful woodland creation projects - an established organisation will almost invariably offer better value for money than having to create and/or expand another department to try and give away an increased level of grant funding to landowners who seem not to want it anyway.

3. *Do you envisage any implications for nature conservation, biodiversity or recreational interests from the two proposals and, if so, what are they?*

I do not see any implications for the above areas through the Joint Ventures proposal as any such projects would be fully vetted by the relevant bodies (planning departments, SNH, SEPA etc) as they are for any works. I do however, see major implications for all 3 areas if the leasing proposal were to be passed: Nature Conservation and BiodiversityThe FC has, as part of it's remit, an obligation to conserve, manage and improve the biodiversity and nature conservation value of the NFE which it manages on behalf of the people of Scotland. To this end it has established a well known and respected wildlife management and conservation role which routinely works with other conservation organisations on projects which go well beyond any requirement of the statutory requirements of a forest management organisation. Off the top of my head the FC has participated in: Providing release sites and key habitat for re-introductions of Sea Eagles and Red Kites, provided important man-made nest sites for Ospreys, provided a habitat for the up-coming trial re-introduction of Beavers, working to save the endangered Black Grouse by sympathetic management of open areas and forest edge, created a nationally and internationally renowned deer management team and generally successfully managed commercial conifer plantations in a manner which is sympathetic to the needs of our native wildlife. How could a private investment company leasing the NFE hope to provide such benefits whilst returning a profit on their investment even with the grant funding which would have to be offered by the government as an incentive to do any of these things and what is the point of generating an income by leasing off the NFE if this income then has to be given back to the leasee to get them to provide conservation benefits already provided by the FC?

Recreational Interests
Obviously any right of access to the forest would be unaltered thanks to Scotland's world leading laws on this matter. However, what leasing organisation would create such diverse recreational opportunities as currently offered by the FC - walking, horse-riding, nature watching, tourism and of course the very well known mountain biking facilities across the country which has led to Scotland being ranked as one of the best mountain biking destinations in the world. The vast majority of these facilities are free to use and open to all thus offering an excellent help in the current battle against obesity and ill health. Many of these facilities would be lost under private forest management as they cost money and expertise to maintain.
4. Do you believe there are any implications for rural employment from the two proposals and, if so, what are they?

Yes.

Joint Ventures: These may help to create short term employment directly on site during the construction phases as well as maintaining existing local businesses such as shops, accommodation facilities and contracting firms in the long term and create new permanent jobs in the management and maintenance of schemes such as wind farms, hydro-electric and small scale biomass power plants.

Leasing: This would probably lead to a down-turn in rural employment as a leasing company would endeavour to do as little as possible to manage the forest successfully as the more people it employs and the more works it carries out the less profit it will make. The FC manages its forests under best practice guidelines and as such undertakes much work that a private company would deem unnecessary however these works improve the forest greatly in terms of nature conservation, biodiversity and recreation as well as providing vital rural employment at the same time. The FC also agrees to have a constant timber output throughout the year - this means that local contractors and, further afield, timber mills have a steady flow of work enabling them to maintain a full time work force, a private company would want to maximise the income from its timber sales and as such would only fell crops when the timber market was buoyant thus leading to peaks and troughs in the market and an unstable rural economy. One of the reasons for the FC being created was to bring stability to a volatile market and thus establish steady rural employment.

5. Do you have any other views on these two proposals from the Government?

Joint Ventures: As is obvious from my above comments I feel that this proposal offers excellent opportunities for the FC, the Scottish Government and on the behalf of Scotland as a whole in taking the negatives of climate change and changing them for positives in terms of lower emissions thanks to renewable energy schemes and increased carbon sequestration by increased tree planting on the NFE funded directly by the joint venture projects. There is also the opportunity to offer carbon trading by private companies paying for woodlands to be established to offset their own emissions, the FC, using the NFE, is in a prime position to become a source of long term income for this and future governments. At the same time, the FC could continue to provide its established, well known and recognised services for nature conservation, biodiversity and recreation but place a lesser burden on government funds and therefore the tax payer by the increased level of self funding.

Leasing: This seems to me to provide, at best, a source of funding to try and persuade private landowners to plant trees by handing out government grants which, in the past, they haven't taken up and to provide more incentives and research funding to renewable energy which is already big business in its own right and is increasingly being funded by the multinational energy companies as they move themselves away from fossil fuel reliance. Why should the
Scottish people give up one of the country's greatest assets in return for a short term (and short sighted?) quick and easy source of cash. Finally, the Minister has made a great point of saying that none of Scotland's publicly held land will be sold off, however, it seems that at the end of a leasing deal the leasee would not simply hand the land back but would want the government of the time to remunerate them for works carried out and improvements made, potentially an uneconomically viable amount - what is the difference between this and selling off land outright?

John Taylor
26 January 2009
SUBMISSION FROM IAN THOMAS

Please find following my comments on the consultation. By way of background a short summary of my cv might be helpful.

For 15 years until 2000 I managed a 6000 acre upland estate in Perthshire. This involved the integration of hill sheep, hill cattle, forestry, deer and grouse enterprises.

From 2000 I have been a self employed forestry consultant, with forestry plans being a speciality.

I have a degree in Agriculture from London University and a MSC in Forestry and its relation to Land Management from Oxford. I have a Diploma in surveying.

I am a member of the Institute of Chartered Foresters and a Chartered Environmentalist. I am a member of the Perth and Argyll Area Forestry Forum, but the opinions expressed here are my own personal views, and do not represent the views of the forum.

Qu1. Joint Ventures.

This suggestion is an essential step that must be taken in the current economic environment, and if the objective is revenue generation then this offers a clear alternative to the lease proposal. While there are a whole range of opportunities open to the FCS if this policy is adopted, power generation primarily from wind offers the most lucrative opportunity in the short to medium term. One option for raising capital in advance of actual revenue flows from FCS projects would be to launch a bond or share against the future energy/revenue creation.

Qu2. Leasing the Forestry Estate.

The scale of this proposal, which seems to be driven by what the Timberland funds want rather than from the perspective of public good, is the major problem. Small leases of lesser terms are probably much less alarming. A lease to a single entity greatly increases risk, and the fact that the leasing entity will share most of the features of a hedge fund can’t be conducive to risk reduction.

A single leaseholder of a 75year lease on the core parts of the FE landholding is risky enough. But when you add to the equation the present economic climate, the opaque nature of timberland funds which are based in Jersey etc, and the diverse nature of a funds holdings then these are all massive risk multipliers. An effective risk assessment on any of the timberland funds is actually impossible. The state of the insurance market is also an added consideration.
Picture the situation as the holder of the lease runs into problems in their portfolio of properties across the World. Wildfires and drought in Australia rip the heart out of their investment; political instability and the economic situation leads to their Asian leases being withdrawn without compensation; massive storm flattens Scottish Forests all along the West Coast in 2012. Insurance companies, already in a dire state, can't cope with scale of impacts and don't pay. The company sinks, but the legal wrangling and untying the investment packages goes on for 10 years. Twenty five percent of the heart of Scottish Forestry in limbo for this time, and requiring a massive bail out by the tax payer. This is such a predictable scenario.

Security of supply and a distortion of competition are also concerns. A commercial company would have no incentive to work for the national good or look after the interests of competitors. On the security of supply issue the point was made by the Minister that existing contracts would be honoured, this is helpful, but the key point is the development of new/existing businesses to take advantage of all the positive factors at play in the forestry sector here and now. The proposal will distort and stifle new capacity, and this probably has impacts on competition laws and best practice.

The target leaseholder seems to be Timberland funds along the US model. Timberland Funds, are based in offshore tax havens, often Jersey. Any revenue generation will not feed back into the Scottish economy. They are also highly skilled at exploiting any loophole that comes there way in order to maximise returns for their investors. For example future revenues from windfarm developments (which is the real meat of the proposal) can be dissipated by a range of artifices to minimise leakage of funds from the private fund, and so minimise public benefit. The vigorous avoidance of tax liability is of course totally legal at present.

On the employment issue, I know from experience of working in the Forestry management business that investment companies employ very few people directly; you could probably run the Scottish branch of the successful leaseholder with less than ten people. All the management and contracting work is subcontracted out. This does create insecure employment, but there is nothing there for FCS staff to actually transfer into. I know from experience that TUPE offers no protection for staff in a business transfer where organisational restructuring is taking place. In addition no civil servant in their right mind would transfer from the secure civil service to the howling wasteland of the private sector at present. I believe that the Ministers triple promise on employment/redundancies arising from the proposal is rash and unrealistic under the present world environment. Even the civil service has a limit to the deadweight that it can carry.

By ripping the heart out of the FCS and feeding it to an investment fund (who are the very people who delivered us to this point) the ability of the FCS to fund its non economic research, recreation, amenity, social and environmental functions will be destroyed. The FCS will not survive if this goes ahead. Ministers seem to have no perception of the importance of morale in running a business, and it's impact on productivity and long term
effectiveness. Civil servants are not robots, although there are exceptions to this! From a man management perspective the FCS has been handled very badly by the current administration. The SEARS fiasco has precipitated a deep malaise in both SNH and FCS, and the lease proposal is another example of insensitive and counterproductive management.

The fact that the leaseholder would be able to drain off RDC funds is a factor that should be considered in working out the full costs/benefits of this proposal.

I am not in favour of the lease proposal.

**Qu3. Creation of a not for profit trust to manage funds for woodland expansion.**

The primary reason for this proposal seems to be to create a mechanism for the retention of funds that would otherwise flow back to Westminster due to time limits on spending.

If this were in fact the primary reason then the most effective method of delivering the benefit (of retaining funds) would be to have a grown up conversation with Westminster. The objective of this would be to enable the funds to be retained both within Scotland, and within the forestry sector specifically for woodland expansion. This would of course provide carbon sequestration/substitution and economic benefits for the UK as a whole.

The proposed not for profit trust would use up a lot of scarce resources both during the set up and operational stages, and this would tend to duplicate the FCS functions. In addition if the Trust were set up to act as the landlord for the lease, then this would have further adverse impacts on FCS influence, morale, and employment opportunities.

One of the main problems would be that the potential for conflict between the trust and the FCS is huge, and this would inevitably lead to a lack of a cohesive forestry body. The current tensions between the SEARS partners in the ministerial forced departmental marriage are apparent to everyone working in the rural landuse sector, and this should serve as a warning.

**Qu4. Other measures to reduce carbon emissions.**

Planning to avoid over centralisation of both forestry management functions (amalgamation of FCS conservancies), and operational/end use functions has scope to deliver a reduction in carbon emissions. The concept of keeping it local seems to be lost on administrative planners.

The major role of forestry in reducing emissions is in product substitution (low energy intensive wood for energy intensive steel etc). This is potentially more significant than carbon sequestration within temperate forests, and this aspect has been severely neglected/underplayed in the current discussion.
The potential for **woodfuel** to substitute for non-renewable carbon sources as a source of heating and electricity is appreciated, but it is still a poor cousin compared with renewables such as wind power. The potential for woodfuel heating to play a major role in meeting targets is probably greater than wind energy.

**Woodland creation** can provide product substitution benefits (if the tree species are productive) and carbon sequestration benefits. Woodland expansion is limited by the following factors:

1. **Competition with other landuses** and an uneven playing field (eg SAF payments on farmland lost if land is planted with trees). Agro-forestry may have a role to ameliorate this impact if it was actively promoted instead of ignored.

2. **Administrative complexities** and bureaucratic overheads create huge on costs and uncertainty. The EIA process and the RDC are very discouraging to new planting.

3. **Insufficient funding** to overcome the two hurdles above.

There is scope to increase planting by dealing positively with any, or all of these issues. In terms of public expenditure an adjustment of forestry’s relative competitive ability coupled with a reduction in the administrative deadweight would be the most cost effective way to expand the forest area.

Having said this, the funds required to reach a **tipping point** are not large, and an **additional directed £10M to £20M per annum** would have a huge positive impact on planting rates. The success of the Locational Premium Scheme and the old Native Pinewood scheme under WGS show the effect of funding in redressing forestry’s competitive shortcomings cf Agriculture (that is subsidised to the hilt). This additional funding could readily be sourced by an adjustment of rates and priorities within the existing RDC. New funding is not required.

Ian Thomas
January 2009
SUBMISSION FROM SIMON THORFINN

The Bill includes a number of suggestions for how forestry and in particular Forestry Commission Scotland can contribute more to the fight against climate change. I am supportive of all but one of them. The point that I am very concerned about is the proposal to lease out a very large section of the National Forest Estate to a private company.

I think this suggestion poses a serious risk to the Scottish forest industry, important conservation work, recreational opportunities and the existence of the Forestry Commission.

The Forestry Commission is a vital player in maintaining a healthy forest industry in Scotland. The dire economical situation at this very moment highlights the differences between the FC and the private sector. The forest and wood processing industry is very hard affected by the crash in house building with resulting sharp declines in the value of timber. During times like these the private sector naturally limits the amount of timber that they put to the market – why sell now when you might as well wait a couple of years and make 30% more money for the same wood. The FC, however, is committed to put certain volumes to the market regardless of the price. By doing this the FC plays a vital role in ensuring that forest contractors, timber hauliers and sawmills can keep working through very difficult times.

Many forest professions are specialist work and are not easy to recruit again if the people are forced to leave the sector during a recession. Forest workers are often people living in rural areas with limited alternative job opportunities locally. They could well be forced to move if there is no work to be found.

In short, I see the FC as a vital player in limiting the impacts of bad times on the forest industry as a whole and to hundreds of jobs in some of the most fragile communities across rural Scotland.

In addition to the above I believe that the proposals carry a real risk for damaging the good conservation and recreation work that the FC carries out all over its estate. Under a lease different condition will, no doubt, be imposed on the private sector company. But there is only so much that can be expected of a purely commercial private partner. For example, it is one thing to preserve things like access rights – which are guaranteed in Scotland anyway - but it is something completely different to actively encourage people into the forest as the FC is doing. Another example is that it is one thing to adhere to the legal minimum requirements for protection of certain plants and animals but something completely different to actively work to improve the conditions for threatened species as the FC is doing.

Another risk I see is that this could be the thin end of the wedge for a wholesale dismantling of the FC. The initial proposal suggests leasing out something around 25% of the National Forest Estate. This is obviously bad enough but the legislation will probably not carry any limit so once introduced it
will be very tempting for future Scottish Governments to take another slice of the cake when they are desperate to raise more money.

I believe that the additional money that could be raised by this proposal is overestimated and absolutely insignificant when compared to the benefits of the current system.

Finally, a short comment regarding other options for how Scottish forestry could contribute more to the fight against climate change. Changing the current unworkable and unattractive grant scheme for private forest planting could give a very significant boost to the afforestation around the country. Alternatively, changes could be made to the tax breaks available for planting new forests. I am aware that taxation is a Westminster issue – but if carried through the impact across the UK would only be all the greater because of this. I think there is a significant interest in Scotland to plant more forest but the economical incentives for private landowners are currently not attractive enough.

Simon Thorfinn
24 January 2009
SUBMISSION FROM TWEED VALLEY TOURIST CONSORTIUM

I have been asked to give a response on behalf of the Tweed Valley Tourist Consortium with regard to the proposals for leasing forestry commission land contained in the Climate Change Bill.

The Tweed Valley Tourist Consortium represents 58 businesses within the Tweed Valley area many of who are either directly or indirectly involved with mountain biking and related activity and outdoor pursuits in the Tweed Valley Forest Parks.

The extraordinary growth of mountain biking in the Tweed Valley forest park area over the past ten years has been facilitated and encouraged by the Forestry Commission to the great benefit of the local tourism industry spawning many new businesses and developing excellent partnerships within the private sector which have had a considerable impact on the local economy.

We believe the proposals to lease parts of the forest could have a hugely detrimental effect on the Commission’s ability to continue to encourage and foster the growth of its mountain bike parks and contribution to tourism in general.

Firstly, if the forestry commission land in the Tweed Valley area was leased it would be highly unlikely that any private operator would be remotely interested in developing the mountain bike activities any more than on a very limited basis as there would be little commercial gain. However, even if the Tweed Valley remained unaffected directly we would question the impact of taking a large portion of land out of direct FCS control on its overall budget how this would in turn impact on their budget for tourist related activities in general and on local jobs which are an important link for local businesses and the community to have with the Commission.

It seems ironic that this potential threat has arisen as part of the Climate Change Bill as tourism in the forest areas represents one of the most environmentally sustainable forms of tourism with enormous potential for rural Scotland to build and grow for the future.

Tweed Valley Tourist Consortium
19 January 2009
SUBMISSION FROM UK FOREST PRODUCTS ASSOCIATION

As the trade association which represents the technical and commercial interests of the UK wood processing sector and which has a very significant number of Member Companies based in Scotland, we welcome the opportunity to participate in this consultation.

May we first state that we have found it very difficult to provide detailed responses to each of the four questions posed, because of the lack of detail. We firmly believe that the level of new tree planting and especially commercial conifer planting in Scotland must be increased. It is a serious concern that current planting levels are not reaching Scottish Government targets and appropriate action is required to address this important issue. However, no detail is yet apparent as to how this might be done. We would welcome the opportunity of providing input to such discussions.

The consultation seeks respondents’ views on four questions; our responses are presented below;

**Question 1. What are your views on allowing the Forestry Commissioners to enter into joint ventures, with the intention of participating in renewable energy programmes on the national forest estate?**

We are unable to give our unqualified support for the Forestry Commissioners to enter into joint ventures, with the intention of participating in renewable energy programmes on the national forest estate, as insufficient detail has been provided in respect of the type, scale, potential risk and location of such ventures. If such information can be provided then we would be pleased to offer comments. In the absence of such detail, we would say that if developments, including wind farms or hydro-electric schemes, were to be made on the national forest estate which resulted in the removal of any tree cover, especially if it is commercial conifer crops, then it is essential that there is compensatory planting of crops where tree cover is lost. It is questioned if it is necessary to pursue large scale leasing of commercial forests in order to facilitate the ability to enter into joint ventures. Also, if such joint ventures were to be developed, it is also essential that revenue from such projects must be wholly retained for use in forestry, including support for new commercial planting and restocking of commercial timber crops. Although Forestry Commission Scotland has significant expertise in forestry matters, renewable energy is clearly not their specialist area of expertise and as a consequence, there could be significant risks associated with direct involvement in this area.

**Question 2. What are your views on allowing Scottish Ministers and Forestry Commissioners to offer leases and cutting rights over parts of the national forest estate?**

There has been considerable discussion amongst UKFPA Member Companies in relation to this subject and it is readily apparent that is the most controversial aspect of the consultation. Industry views can be summarised by saying that again, there is insufficient detail to comment comprehensively. However, it is felt that leasing up to one-quarter of the national forest estate, possibly to a single entity for up to 75 years has the potential to cause irreparable damage to the well established Scottish forest
products sector. It is not known if the lessee would be an existing forest industry businesses or group of businesses, a renewable energy company or other investors, whose objectives are unknown. What is certain is that if prime commercial conifer forest areas are to be leased, then very significant volumes of high quality timber will be removed from the open market.

It is likely that strategic supply arrangements between the lessee and selected consumers would be developed, which would deny many businesses the opportunity to purchase wood on the open market, as they currently do from FC Scotland, in an open and fair manner. Such a dramatic change to the wood supply chain is likely to adversely impact on the viability of many wood using businesses in the sector.

There are also very serious concerns that if the lessee is a renewable energy company, or is otherwise active in this sector, that the timber crops will solely be used for renewable energy purposes. Whilst it is recognised that wood and wood products have a role to play in the renewable energy mix, it must be recognised that burning wood should not be the first option for crops which are suitable for the manufacture of solid wood products, wood based sheet materials or paper products.

The prime focus must be on using these crops for the manufacture of products which will continue to store the carbon absorbed by the growing tree and that at the end of its service life, the products should be recycled for further use and that ultimately, at the end of the natural service life of the product, burning for heat and/or power generation would be appropriate, but not before. Above all, it is essential that the development of the renewable energy sector is not supported to the detriment of the Scottish forestry and forest products sector.

Since its establishment, the Forestry Commission has in general terms been a force for the good; sustainable forest management and the consistent marketing of wood on the open market has supported significant investment in Scotland’s wood processing industry.

The Forestry Commission has consistently produced production forecasts, has brought wood to the open market in good times and bad and has provided businesses with regular purchasing opportunities and long term supply contracts, all of which has underpinned the development of the sector and ensured the continued delivery of valuable economic, social and environmental benefits, especially in rural areas. All of which has provided businesses with confidence, which is an essential requirement for continued investment and development, which in turn ensures continued competitiveness and profitability. Without this confidence, the future for businesses in the sector would be very uncertain. There is currently no indication of what requirements would be placed on the lessee in relation to production forecasting, open market sales etc. Furthermore, restricting the supply of such large volumes of wood from the open market also raises questions about competition/monopoly issues.
There are grave concerns about the likelihood of monies raised from the proposed leasing arrangements being reserved or otherwise 'ring-fenced' for forestry use, to support new planting etc. It has already been stated by the Minister for Environment and senior Forestry Commission Scotland staff that there are no guarantees of this. It has been stated that monies could be used for climate change related projects; this would not guarantee expenditure on forestry, as climate change encompasses such a wide range of subjects and there is a risk that some, or possibly all of the money raised may not be invested in forestry. There is also a fear that monies may be spent on other Scottish Government initiatives which may be deemed to be politically more deserving than forestry. This is simply not acceptable. It is increasingly recognised that trees, woods, forests and wood products play a vital role in climate change mitigation and every effort must be made by the Scottish Government and Forestry Commission Scotland to maximise these benefits, by increasing new planting of commercial conifer species, which will increase carbon storage, provide unique renewable wood products for several markets and continue to provide a revenue stream for Forestry Commission Scotland.

A figure of approximately £200 million has been suggested as the sum which might be achieved via a leasing arrangement. In relation to what is being offered and the timescale involved, it is suggested that this seriously undervalues this unique national asset, perhaps by as much as 20%.

The motives for the leasing proposals are also questioned by many; although climate change mitigation is stated, some suggest that the proposals may have more to do with bolstering Government finances.

Mention is also made of cutting rights; here too, further information is required to enable detailed comment, however, lessons may be learned from overseas experience and a study could be of value in determining whether this approach, involving much smaller areas for timber production purposes than that currently being proposed for leasing, would be appropriate in Scotland.

**Question 3. What are your views on (i) transferring the proceeds from leases and cutting rights to a not-for-profit trust, for investment in woodland creation; (ii) transferring the landlord's interest in this land to a not-for-profit trust; and (iii) Ministers stipulating the constitution of such a not-for-profit trust.** The lack of detail about the constitution, composition, objectives and operation of a not-for-profit trust presents further difficulties in responding. It is recognised that in theory, such a trust could have greater financial freedom than the Forestry Commission and this could be have some advantages. Additional information is required to enable us to comment further. From an industry perspective, commercial relations with the Forestry Commission are relatively straightforward and any new arrangements with a not-for-profit trust or similar body must not in any way result in increased complexity, bureaucracy etc. At this stage, we are unable to identify any meaningful benefits of establishing a not-for-profit trust for the purposes broadly described in the consultation.
Question 4. Are there any other actions which need to be taken, or are there other changes in legislation which need to be made, in order to allow the public and private forestry sector to contribute to Scotland’s target of reducing emissions by 80% by 2050? If so, please outline what these are. We believe that there is an opportunity to achieve the objective of increased rates of new planting and woodland expansion in Scotland. The current target of 10,000 hectares per year should, in our opinion, be increased to at least 15,000 hectares per year, which would provide an appropriate mix of commercial and amenity woodland and forests. It is worth noting that there was recently a period when grant aid was not available in Scotland to support new planting/restocking, which will certainly have impacted on planting levels. Furthermore, the introduction of SRDP as the grant aid mechanism has not been universally welcomed by those with an interest in commercial forestry. Further attention is required to ensure that grant aid mechanisms are fit for purpose, are suitably ‘user friendly’ and ensure that the desired objectives are achieved. It is also suggested that the subject of the tax treatment of forestry be reconsidered. It is noteworthy that planting levels and related activity in Scotland were at their highest during the period when forestry received preferential tax treatment. It is acknowledged that some of that planting attracted criticism, a proportion of which was justified, but it is important to appreciate that lessons have been learned from these times. The practice of forestry today is very different from that in the past and in view of this, it would be possible to incorporate safeguards to ensure that new planting is appropriate, in terms of location, scale, crop type, management objectives etc.

We recognise that fiscal matters are reserved to Westminster, but would suggest that the time is right for the Scottish Government to raise this issue with HM Treasury and to promote a supportive tax regime for forestry.

It has been demonstrated in the past that the private sector can play a valuable role in woodland creation/expansion, provided that appropriate incentives are provided. There is every to think that given an appropriately conducive environment, that a major contribution can be made towards achievement of Scottish Government objectives relating to forestry and also climate change mitigation.

In summary, we regret that we have not been able to comment more fully on this issue because of the lack of detail in the consultation, but nevertheless, it must be noted that there is already very serious concern about the potential implications of the proposals, especially those relating to leasing and cutting rights, which could irreparably damage the existing forest products sector in Scotland and seriously jeopardise the role that the sector has in helping to mitigate the effects of climate change. The preference amongst the majority of businesses in the forest products sector in Scotland is for the status quo to be maintained and to reject the leasing proposals. Furthermore, there should be no expansion of the forest disposal programme.

UKFPA and its Member Companies in Scotland wish to continue their engagement with Forestry Commission Scotland and the Scottish Government and to explore how increased tree planting and forest expansion can be
achieved in Scotland and how the benefits provided by our trees, woods, forests and forest products can be maximised.

UK Forest Products Association
19 January 2009
SUBMISSION FROM WOOD PANEL INDUSTRIES FEDERATION

I am responding to this call for evidence in my capacity as Director General of the Wood Panel Industries Federation. The WPIF represents all UK manufacturers of wood-based panels, who have been consulted in the formulation of this response.

The Federation’s members employ approximately 6,000 people in the UK, directly and indirectly, and have an annual turnover in excess of £650m. The industry occupies eight UK manufacturing sites (three in Scotland) and is the second largest processor of UK-sourced wood, annually consuming some 4.5m tonnes. Approximately 65% of the UK industry’s wood requirements are sourced from Scotland.

General
The wood panel industry is deeply concerned by some of the forestry provisions included in the Scottish Climate Change Bill. We do appreciate the Scottish Government’s over-arching aim of raising capital for extending forest cover in Scotland. Whilst we support the objective to expand Scotland’s forest cover in support of climate change objectives, the lack of detail in the Government’s consultation document leads us to question, a), whether the objectives will be met and, b), whether actions taken will actually threaten the continued operation of our members, who are reliant upon resource coming from the productive forest areas being discussed.

We believe that unless serious and prompt attention is given to increasing the level of new commercial planting then the imbalance between supply and demand highlighted by the Clegg study\(^1\) will be realized and the consequence of this would be to threaten the continued existence of our members.

We cannot support proposals that threaten coniferous wood supply. Whilst not agreeing with all Forestry Commission policies, we recognise that over the long term they have introduced a degree of stability into the market, and by maintaining supply throughout the economic cycle have enabled processing industries to have the confidence to invest and grow.

Under the proposals, the only commitment voiced is to honour existing supply contracts, which means that there is no certainty beyond these and evidence to date would point to a private investment group being less than willing to enter into long-term supply arrangements.

Some of the proposals contained in the Scottish Government’s consultation are to be tentatively welcomed, such as the joint ventures on Forestry Commission land with renewable energy providers, through technologies such as wind and hydro electric. Using sparsely populated land, with low recreational usage, for wind turbines seems a sensible approach. However, more detail is needed before we can fully support such measures.

The areas that the WPIF has most concerns about are the long-term leases and cutting rights. We are particularly concerned by the prospect of a single
entity lessee being in control of up to 25% of FC Scotland land – and a higher proportion of its productive forests. This could have disastrous ramifications for the wood supply and market throughout the UK, bearing in mind how important FC Scotland is as a consistent and large-scale supplier. We cannot support these proposals without details on the “safeguards” alluded to in the consultation that might protect wood supply as well as recreational access and the other important services currently provided by the Forestry Commission.

We are aware that the more safeguards and conditions applied to this leasing arrangement, the less profitable it is likely to be for the Scottish Government. However, the costs that might result from market failure in rural industries must be taken into consideration, especially in the present economic climate.

In a period of great uncertainty for businesses, we question the wisdom of engaging in far-reaching proposals at this time, for if these proposals proceed, they will merely add to the growing uncertainty about the future and further undermine confidence for investors.

Question 1: Do you envisage that the Forestry Commission could play a greater role than it does at present in reducing greenhouse gas emissions or in alleviating or responding to the effects of climate change? If so, what suggestions would you make?

Yes, the Forestry Commission could play a greater role by: a) planting more trees; b) allowing wind farms and hydro schemes on their land; c) utilising as much of the brash as is possible as fuel without impacting on drainage and soil quality; d) improving access to less economic areas; f) promoting the development of manufactured wood products as they extend the carbon life, whereas burning is only carbon neutral.

Question 2: Do you consider that either of the Government's consultation proposals (on entering into joint ventures and on leasing cutting rights) would enhance the Forestry Commission's role in dealing with greenhouse gas emissions and climate change?

On balance, the WPIF supports the use of joint ventures for clean renewable energy programmes or micro-generation on the estate, subject to certain safeguards and standards being implemented; i.e. timber extraction and replanting being maintained in productive areas, revenues raised being circulated back into increasing commercial planting and maintaining access for recreational and community use.

Before we fully endorse joint ventures, we would like to see some detail on how these joint ventures would work in practice and what kind of “renewable energy programmes” would be accepted. We would also need to know whether felling would be affected by such programmes or the terms of the joint venture.

It is impossible to support the proposals for leasing and cutting rights as they stand. In the absence of detail, they appear to jeopardise the future supply of wood to the wood processing industries. Although FC Scotland has confirmed that existing contracts would be honoured under any new leases, this does not
give the necessary confidence for the long term and the Scottish Government must ensure that safeguards are put in place for maintaining a sufficient supply of wood – i.e. that contracts with existing users will be entered into in the future, based on a fair market price that is not driven by the purchasing power of a subsidised energy sector.

The consultation proposes certain safeguards for protecting the interests of "existing stakeholders". Although it is not an exhaustive list, industry is not explicitly included. Whilst we do not deny the importance of protecting services for recreational users and community groups, as well the jobs of FC staff, the relationship between the Forestry Commission and the wood processing industries is extremely important. Not only does it provide a considerable proportion of the wood panel industry’s raw material, it has supported this industry and other wood industries through periods of depressed prices by maintaining supply when it was cut by the private sector. Stability of supply throughout the economic cycle is essential for our industry and to this end the Forestry Commission has helped our industry by giving supply confidence, which has facilitated considerable investment. In our view, a private lessee would not wish to commit to maintaining such stability.

The wood industries have estimated that the 25% of FC Scotland land proposed for leasing would equate to around 40% of its productive forests, if land is selected according to the Repositioning Programme’s scoring. This is extremely worrying for the wood processing industries, especially if the lease were to be granted to an investment company with interests in wood energy which might wish to deny purchasing opportunities to competitors. We would welcome explicit proposals for safeguards for wood supply, though we are sceptical that a commercially attractive model can be developed that maintained the public interest responsibilities currently provided by the Forestry Commission.

Qu. 4: Do you believe there are any implications for rural employment from the two proposals and, if so, what are they?
We reject the assertion that leasing would create more jobs in the forest industries sector. Biomass-fuelled electricity and non-combustion forms of generation require considerably fewer workers than traditional wood processing industries. If too much of the UK’s wood supply is diverted to the biomass sector, there will inevitably be job losses in industries such as the wood panel industry that rely on domestic wood production. These job losses are likely to be greater than the jobs created in the energy sector.

Qu. 5: Do you have any other views on these two proposals from the Government?
On the subject of a not-for-profit trust, the wood panel industry recognises that it could provide a degree of flexibility that the Forestry Commission does not currently enjoy. However, there is a risk that, for all the upheaval, it could be a case of substituting one bureaucracy for another and that as a consequence any potential benefit would be lost. There is insufficient detail to be supportive or otherwise of the proposal. The representation and constitution of the trust is all-important, particularly if wood processing interests are to be fully
represented. We would also welcome some explanation of the “open membership” of the trust proposed, as well as what kind of constitution is envisaged.

We would prefer that the Forestry Commission maintained a controlling interest.

Capital raised from any of the schemes proposed here should be recycled back into forestry for planting purposes. Not only would this be a clear and efficient way to mitigate climate change but it would contribute to the Scottish Forestry Strategy’s ambitious goal of increasing Scotland’s woodland cover to 25%.

Although it is recognised that raising a large amount of capital could significantly aid new planting, it must be asked why current planting targets (10,000 ha of new planting per annum) are not being met. The Government should consider whether the existing grant system is the most effective mechanism for incentivising this process. We would urge a private sector solution to planting, which could achieve greater levels of planting with greater efficiency. In view of the long-term demands for timber from all sectors, we would support a planting rate of 15,000ha per annum, with an allocation of 9,000 ha to commercial forestry.

**Conclusion**

There is broad industry consensus that the proposals for cutting rights and long-term leases could be highly detrimental to the health of these industries, not to mention rural employment and the Forestry Commission’s public service remit. There is a widely held belief that the current proposals are under-selling the forest estate. Beyond the simple land value, there are highly valuable benefits, in terms of potential production, recreation and alternative use. Therefore, in response to the details provided so far, the WPIF cannot support granting powers to the Minister over leasing Forestry Commission land and granting cutting rights. The following key concerns must be addressed:

- Security of supply, including and beyond existing contracts;
- Reinvestment: monies raised must be earmarked for planting (particularly commercial planting);
- Jobs: replacement of existing wood processing industries by the renewable energy sector will cause greater unemployment;
- Market competitiveness needs to be maintained across all wood-using sectors.

The WPIF hopes that the Scottish Parliament will pay serious attention to the concerns raised in this response and that the Scottish Government will conduct a meaningful dialogue with the wood panel industry and other affected industries. We look forward to discussing these issues in depth with the Minister at our scheduled meeting on 12th February.

Wood Panel Industries Federation
28 January 2009
The Woodland Trust Scotland welcomes the opportunity to respond to this consultation. The Trust is the UK's leading woodland conservation charity. We have four main aims: no further loss of ancient woodland, restoring and improving woodland biodiversity, increasing new native woodland and increasing people's understanding and enjoyment of woodland. We own over 1,000 sites across the UK, covering around 20,000 hectares (50,000 acres) and we have 300,000 members and supporters. In Scotland we own and manage 80 sites across 8,500 hectares.

Key Points
- All income raised from Joint Ventures with energy companies must be reinvested in the delivery of multiple public benefits through forestry.
- All income raised through leasing of FCS land and cutting rights must be reinvested in forestry. In particular, the delivery of new woods and forests providing multiple public benefits. Carbon sequestration should not be the only driver for woodland creation.
- At least 6000 ha per annum of new woodland native is required to achieve the vision as laid out in the Scottish Forestry Strategy 2006.
- Selection criteria for land leased must ensure minimal inclusion of social and environmental benefits.
- Measures to address climate change should include delivery of both mitigation, adaptation and reduction of energy demand.
- Any loss of income from timber sales should not lead to any reduction in funding levels for remaining land managed by FCS.
- If a lease is undertaken, it must ensure that all public benefits are protected, all duties and requirements of FCS are transferred to the leasing party.
- UKWAS certification for the leasing party must be retained throughout its duration and any major corrective actions carry financial penalties.

Introduction
- In principle we welcome the fresh look the Forestry Commission Scotland (FCS) is casting over how it can deliver for climate change.
- We welcome the concept of exploring dynamic approaches to achieving some challenging woodland creation targets.
- We are glad that FCS recognises the ethos of the not-for profit (NFP) and voluntary sector and the power it has to promote positive public action.
- The proposals contained within the consultation paper represent a radical shift (potentially the most radical since 1919) and have appeared with very little warning. It is a complex area and detailed information (particularly financial) on the implications of such a shift is scarce.
- The enabling powers proposed for forestry in the draft Climate Change (Scotland) Bill have been presented in draft form to Parliament before the consultation on their inclusion has been concluded. This does not engender confidence in the public consultation process.
Specific Questions

1. What are your views on allowing the Forestry Commissioners to enter into joint ventures, with the intention of participating in renewable energy programmes on the national forest estate?

Woodland Trust Scotland (WTS) in principle has no objection to the legislation being amended to allow FCS to undertake joint ventures with renewable energy companies subject to **appropriate safeguards** because we support the principle of injection of new resources into forestry and in particular woodland creation. Safeguards include: a requirement to undertake EIAs, protection of public benefits (e.g. PAWS, access and recreation provision, woods of high conservation value, biodiversity, semi-natural habitats), that the proposals follow full planning process, and that there will be no development leading to the loss of woods of high conservation value. All income raised must be reinvested into delivery of multiple public benefits through forestry. Without these safeguards Woodland Trust Scotland (WTS) would **not support** the proposal.

2. What are your views on allowing Scottish Ministers and Forestry Commissioners to offer leases and cutting rights over parts of the national forest estate?

Leasing the commercially productive parts of a National Forest Estate to private companies with linked cutting rights is not a new concept. If this concept was adopted in Scotland, **WTS would require firm guarantees to enable us to support the idea, including:**

- All funds raised (estimated at £200m) would be directly re-invested in forestry related activities and delivery of further public benefits, in particular in relation to climate change and woodland creation. Mitigation, adaptation, product substitution, reduction of energy demand, renewable heat, woodfuel, district heating and diversification of energy supply are important factors in delivery of climate change priorities. WTS would not find it acceptable for income raised from FCS land to be invested in other areas of combating climate change or indeed other areas of public expenditure. We would see that as ‘Robbing Peter to pay Paul.’

- Ancient and semi-natural woods and woods of high conservation value included in the leased land must be retained and managed as such.

- There is a significant difference between a right to access and accessibility; accessibility must be retained in leased land.

- Any company or body leasing FCS land must be UKWAS certified. The lease must ensure UKWAS certification is retained and any major corrective actions carry financial penalties. Future land managers must deliver current (including in the future) public policy including the duty on biodiversity (as per the Nature Conservation (Scotland) Act 2004), as would be the requirement for FCS.

- Selection criteria for land to be leased must ensure that woods included provide the least environmental and social public benefits (more
rigorous than National Forest Land Scheme disposal criteria). We see native, ancient and semi-natural woodland as having the broadest public benefit.

- FCS income streams from timber production will be adversely affected by the leasing of up to 100,000 ha of productive forest to private companies. It is important the Scottish Government ensures that funding levels for the remaining land holding are at least equivalent to the existing estate on a £/ha basis.
- The effect on SRDP funding availability may be negative if an additional 100,000 ha are eligible.

3. What are your views on (i) transferring the proceeds from leases and cutting rights to a not-for profit trust, for investment in woodland creation; (ii) transferring the landlord’s interest in this land to a not-for profit trust; and (iii) Ministers stipulating the constitution of such a not-for profit trust.

Currently it is very difficult to form a clear view on this due to the lack of detailed information. The suggestion of creating a not for profit trust strongly implies a social or environmental purpose for such a body i.e. public rather than commercial benefit, and some stakeholder representation in its governance arrangements but this is not explicit in the proposals.

Guarantees WTS would seek in order to support the proposal:

- All income from the lease of land and cutting rights to be invested through the NFP Trust into multiple public benefits through forestry, particularly climate change related. This means investment in climate change adaptation as well as mitigation.
- NFP Trust is constituted to deliver forestry related public benefits and priorities as laid out in the current Scottish Forestry Strategy and in particular in relation to climate change mitigation and adaptation.
- NFP Trust could enable creation of significant areas of new native woodland. There is a broad level of support for woodland expansion as clarified by the Woodland Expansion in Scotland Consultation 2008.
- All woodland creation funded through the new structure should be UKWAS certified.
- We would not support the idea of the NFP Trust using lease and cutting rights income to solely create new production forests. All new woodland created should be multipurpose and provide significant public benefit. In order to achieve the current Scottish Forestry Strategy vision, more than 6,000 hectares of native woodland is required per annum for the next 50 years (35% of the enlarged woodland cover of 25% land area).
- We can not see the logic of the NFP Trust creating more commercial production forest to sell or lease off and then create more in a cyclical fashion.
- There has been a clear change in policy drivers for forestry in the last 18 months or so, in favour of forestry and woodland creation for climate change mitigation. WTS supports woodland carbon sequestration projects for residual emission only where carbon storage can be assured in perpetuity and where additional benefits to society such as new and enhanced public access, greater biodiversity, and landscape
maintenance and enhancement are included within the project outputs from the start.

- If the carbon sequestration figures in the consultation paper are based on the Centre for Ecology and Hydrology’s C-FLOW model, it is extremely difficult to see how the proposed scale of aforestation brings about the stated level of carbon sequestration. For example, by creating 10,000 hectares of new woodland per year between now and 2020, under typical management practices it would generate a net carbon source.

- We cannot see the need for the NFP Trust to hold the landlord’s interest in the leased land to ensure public interests are safeguarded. In particular because we do not know how the Trust will be constituted or what its purposes would be. Also, if the NFP Trust was given a role as the ultimate arbiter of public interest of leased land it would be playing the same role that FCS would play for the unleased land. This appears to be duplication of resources (the Trust requiring expertise and resource to deliver this responsibility) and implies that land owned by FCS is a less safe option.

4. Are there other actions which need to be taken, or are there other changes in legislation which need to be made, in order to allow the public and private forestry sector to contribute to Scotland’s target of reducing emissions by 80% by 2050? If so, please outline what these are.

- The Scottish Climate Change Bill should contain a duty on all public bodies to deliver climate change reductions in a sustainable manner in line with the national target.
- Public body’s procurement policies to include FSC certified timber products as standard.
- Reduction in the forest industry’s emissions through best practice and Low Impact Silvicultural Systems.
- Introduce minimum standards and certification of greenhouse gas savings and environmental impacts for all forms of bio-energy.
- Open ended clauses to enable Scottish Ministers to change the role and functions of Forestry Commissioners in the Climate Change Bill cause concern. Land use accounts for approximately 25% of all climate change emissions. It would appear to be more logical to include for development of a strategy and action plan on how to tackle emissions related to sustainable land use in the bill rather than to include enabling powers for forestry before the planning work is undertaken.
- If appropriate legislative changes are enacted, WTS would welcome the opportunity to be involved in the development of the redistribution of funds and the terms and conditions of any leases.

Woodland Trust
29 January 2009
A. Summary of key points

• 440 responses analysed

• A majority had positive views on joint ventures for renewable energy programmes – see paragraphs 8-12 and paragraph 35:
  ▪ Differences of view about whether or not this should include biomass-related projects
  ▪ Interest in using powers for local, small-scale, projects as well as larger-scale projects

• A majority had negative views on leasing parts of the national forest estate – see paragraphs 13-22:
  ▪ Concern about diversion of funds way from forest sector; loss of social and environmental benefits; adverse impact on staff and local employment; adverse impact on wood supply; poor value for money
  ▪ Wide range of suggestions about requirements that should be built into any leases

• A majority had negative views about use of not-for profit trusts, considering them unnecessary – see paragraphs 23-27

• Other views included:
  ▪ need to regard woodland expansion as one of a range of opportunities for forestry in relation to climate change – others include sustainable use of timber and adaptation – see paragraph 31
• need to consider woodland expansion in broader context of rural land use in Scotland; in order to increase area of woodland, priority should be given to improving delivery of Scotland Rural Development Programme – see paragraphs 32 - 33

• an enhanced repositioning programme is one of a number measures that could increase funding from the national forest estate – see paragraph 34.

B. Introduction

1. The Climate Change (Scotland) Bill sets a framework for guiding Scotland to a low-carbon economy. It includes forestry provisions that are intended to enable Forestry Commission Scotland (FCS)¹ to play a greater role in tackling climate change. Specifically, section 47 would allow Scottish Ministers, by order, to modify the functions of the Forestry Commissioners in or as regards Scotland where they consider it necessary or expedient in relation to climate change. Section 47 also provides that the order may modify the Forestry Commissioners’ functions to allow them to form or participate in corporate bodies or trusts, and that the order may make provision about the delegation by Forestry Commissioners of their functions.

2. The immediate intent of these provisions is to take forward proposals relating to renewable energy development on the national forest estate (NFE) and to the release of capital from the NFE, in order to fund forest-related climate change measures, such as woodland creation. The NFE is land owned by the Scottish Ministers and put at the disposal of Forestry Commissioners. It extends to 665,000 hectares and is managed by Forest Enterprise Scotland (FES), an agency of FCS.

3. A consultation on these proposals was launched on 4 November 2008 and closed on 27 January 2009. The consultation paper² explained that the proposed measures could provide greater flexibility in maximising the potential of the NFE to help combat climate change by allowing:

• FCS to enter into joint ventures (JV) for the purposes of participating in renewable energy programmes, subject to the approval of the Scottish Ministers;

• Scottish Ministers to lease land for forestry purposes and FCS to grant cutting rights over this forest;

• Scottish Ministers the option of transferring the ownership of this leased land to a not-for-profit trust that could also make use of the funds generated from the

¹ The Annex has a list of abbreviations
² Climate Change and the National Forest Estate
sale of these rights to promote woodland creation in order to mitigate climate change.

- The consultation paper also sought views on other actions that need to be taken to help Scottish forestry to contribute to the target of reducing greenhouse gas emissions by 80% by 2050.

4. Meanwhile, Scottish Ministers have asked FCS to consider options for using the assets of the NFE to help fund forest-related climate change mitigation measures, while safeguarding other benefits delivered by the estate. This options review, which will incorporate messages from the current consultation exercise, is due by the end of February.

5. In addition to being placed on the FC website (with a cross-reference on the SG website), the consultation paper was sent to interested organisations and individuals. It was discussed at an open meeting of the Scottish Forestry Forum on 18 December 2008, and at a number of Regional Forestry Forum meetings. FCS organised staff meetings in eight locations throughout Scotland to discuss the paper. Many of those attending these (and other) meetings during the consultation exercise have submitted their own responses to the consultation. In addition, reports of discussions at the Scottish Forestry Forum and Regional Forestry Forums have been included as consultation responses.

6. The consultation paper sought views on four questions. Because these were open-ended questions, this analysis is largely qualitative and highlights recurring themes; verbatim comments are included (in italics) where they are considered helpful. It presents views as they were expressed, without commenting upon them, and the factual accuracy of statements is not necessarily endorsed. There is also a quantitative analysis, but this has some limitations: it gives equal weight to all responses, and in some cases a judgement has been required to determine whether a particular respondent has a positive or negative view, or is neutral or undecided.

7. There were 440 responses. Many were from individuals, but there were also responses from organisations, including private companies, industry associations, environmental bodies, voluntary sector organisations, trades unions, community councils, local authorities and government agencies. Except where confidentiality was requested, copies of responses will be made available for public viewing at FCS’s office at 231 Corstorphine Road, Edinburgh from 1 March 2009; in addition they will be published on the FC website.

C. Joint ventures for renewable energy programmes on the national forest estate

8. The consultation paper asked “what are your views on allowing the Forestry Commissioners to enter into joint ventures, with the intention of participating in renewable energy programmes on the national forest estate?”

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1 This excludes a few late responses, which will be incorporated in the final version of this analysis
9. There were 314 responses to this question. 69% expressed positive views on this option, although a number added caveats; 16% expressed negative views. The remainder appeared to be neutral or undecided.

10. The caveats put forward by those who responded positively included the need:

   • to ring-fence the income from JVs for reinvestment in forest-related climate change measures;
   • for FCS to have the necessary expertise to negotiate and manage JVs;
   • to prevent undesirable environmental impacts, especially on landscape, key habitats and species;
   • for all proposals to go through the usual consents systems, including where necessary Public Inquiry;
   • to use JVs to create local employment;
   • to clarify mechanisms for giving local communities opportunities to have a stake in the developments;
   • to prevent FCS from using JV powers for biomass related developments.

11. Where reasons were given for expressing negative views, these included:

   • concern over the environmental impact of renewables developments and doubt about the overall carbon sequestration benefits of windfarms;
   • a preference for leases as being simpler, quicker and more appropriate for a public sector land owner, with management of risk being left to the private sector;
   • the legal cost of JVs, especially as they can lead to litigation;
   • doubt that FCS has the necessary expertise;
   • fear that FCS would cease to focus on forestry;

   “The FCS's expertise is in managing state owned woodland, we do not perceive any advantages in the FC entering into joint ventures specific to renewable energy.”

   • concern that taxpayer would lose if a JV failed;
The extra income expected from joint ventures implies the acceptance of greater risks. The failure of a significant project could have serious implications for the funding of FCS.

- concern about issues of unfair competition and “crowding out” of the private sector through increased public sector involvement;
- concern about conflicts of interest arising from the use, by an FCS JV, of biomass procured from the NFE;
- concern about conflicts of interest arising from the fact that FCS is an arm of government, which has overall responsibility for promoting and regulating the industry (including the exercise of development control functions).

12. Other views included:

- the need for more detailed information about JVs before deciding;
- the need for a feasibility study to assess the potential for income generation from renewable energy schemes on the NFE;
- the importance of location, scale and infrastructure (transport and grid) for larger-scale projects;
- concern about source of capital for any JV;
- the need to consider exit routes from JVs;
- FCS should be more proactive in biomass developments;
- concern about FCS being more proactive in biomass developments, on the grounds that it could distort markets and would effectively be selling timber to itself;
- the need for compensatory planting to replace areas of forest lost due to wind farm developments. Concern that short-term peaks in production from these areas adversely affect longer-term production and the wood supply chain. Doubts about certification of this timber;
- the opportunity for securing community benefits, including equity shares, through development of renewable energy schemes. Community bodies may also be able to access other sources of funding, and use revenues to further community aspirations for sustainable development;
• the potential for small-scale, community based developments, including (eg) partnerships with local authorities in providing heat and power for local communities;

• the potential to use JVs to help communities that want to manage parts of the NFE but cannot raise capital for purchase;

• the potential to use the Public Sector Reform Bill to secure wider powers for creating JVs that are unrelated to climate change.

D. Leases and cutting rights over parts of the national forest estate

13. The consultation paper asked “what are your views on allowing Scottish Ministers and Forestry Commissioners to offer leases and cutting rights over parts of the national forest estate?”

14. There were 399 responses to this question. 71% expressed negative views on this option and 12% expressed positive views. The remainder appeared to be neutral or undecided.

15. Where reasons were given for expressing negative views, these included:

• concern that funds derived from a lease would not be used for forest-related measures

  “No guarantee given that capital raised by leasing would be ring fenced and used for climate change reduction purposes … [would be used] instead to balance overspend or shortfalls in the budgets of other Scottish government departments.”

• woodland expansion can be achieved in other ways. Some respondents said that no additional funding is necessary provided (eg) that implementation of the Scotland Rural Development Programme (SRDP) can be improved. Others said that additional funding should come from other Government sources or other SRDP measures;

• offering long leases is tantamount to privatisation –

  “This land is owned by the people of Scotland and should remain firmly in the control and management of the Forestry Commission.”

• widespread public concern. For example, around 3,700 people have signed the FC Trade Unions’ petition calling on the Scottish Government not to lease 25% of the estate to private investors but to keep it in public ownership and control;
• loss of social and environmental benefits. There were specific concerns
about the potential adverse impacts on walking; mountain biking; tourism;
orienteering; car rallying; archery; dog sledding; community engagement; the
preservation of cultural heritage sites; the protection of rare species; forest
landscape design; use of continuous cover forestry; broadleaved planting;
water quality; fertiliser use; fisheries; and training/apprenticeships –

“Our objection to the proposal to lease Forestry Commission land to the
private sector is based on serious concerns that private companies would be
less likely to preserve the environment of forestry land and would be less
likely to promote recreational use of the countryside.”

“Whilst Scots law does now bestow a right to roam, the Forestry Commission
actively promotes this and encourages public access and use. The private
sector will be at best merely permissive and may even actively deter access.”

“Key visitor attractions such as the 7 Stanes, a partnership project between
the FCS, Dumfries and Galloway Council and other partners must be
protected and retained.”

“A key strength of the tourism offer in the Scottish Borders is the established
mountain bike product, with UK and international acclaim, at Glentress in the
Tweed Valley … a recent Tweed Valley Forest Park Development Study
estimates the economic value of tourism in the Tweed Valley at some £40
million.”

“Another of Dumfries and Galloway’s key strengths has been the reliance of
motor sports to hold significant events and rally tests within the Forestry
Commission areas and private woodlands, using the large network of
Forestry tracks to create a significant and recognised series of rally stages.
These events bring visitors and competitors to the area which has an
economic benefit to the local economy. An increase in the fragmentation of
forestry areas could lead to a reduction in the number and frequency of rally
events in D&G.”

“I cannot envisage any situation that a private lessee would have stimulated
and encouraged the development of such projects [riparian management and
native woodland] both of which are now heavily involved in local tourism,
recreation, biodiversity and enhance the local economic situation.”

 “[demand] can change dramatically in a short space of time. An example is
 the Seven Stanes mountain biking which 10 years ago was little more than
 an idea …”

• impossible to select 100,000 hectares for leasing where there are not
significant social and environmental benefits, especially given need to identify
manageable parcels of forest;
impact (immediate and longer term) on FCS employees and communities where they live. Uncertainty for staff transferred to work for a lessee, especially if the lessee were subsequently able to justify a redundancy programme – see also paragraph 19 below;

disruption to management of NFE and loss of expertise from FCS if staff are transferred;

less predictable wood supply for processors, with potential to destabilise and undermine the timber market – see also paragraphs 20 and 21 below;

a lease is unlikely to offer value for money, as investors will significantly discount its value. Reasons given included uncertainty over future timber prices and development income, inability to benefit from capital appreciation in land values, and difficulty in borrowing against a lease;

in practice, lessee likely to negotiate an extension after (say) 25 years – but if this is not factored into the lease at the start the lease will be undervalued;

loss of future revenue from the NFE:

“There would be no financial benefit for the people of Scotland”.

“The removal of 100,000 ha (approx. 25% of the NFE’s woodland cover) of the most commercial areas from FCS management is equivalent to removing nearly 35% of the income from FCS. This income is currently used to fund multi-purpose forestry across the whole of the forest estate.”

“Concerns that the residual portion of the estate would be less revenue generating and more reliant on the public purse”.

“Will only be worth bidding for on good parts, leaving the unviable parts”.

“Would compromise future flexibility over the use and development of our woodlands.”

fear that, following an initial lease of 25% of the NFE, further areas would be leased in the future;

potential problems with enforcing the terms of the lease –

“What happens if a leaseholder goes bust”

“What is to stop the purchasing companies from re-selling to others with no obligation to the current workforce, either jobs being lost, or conditions of work being down-graded”
• cost and complexity of preparing, marketing and negotiating a lease – with no certainty about a successful outcome;

• cost of administering, monitoring and enforcing the lease;

• concern about management by foreign companies;

• negative experience with forest leases and privatisation in other countries. Eg in New Zealand a lessee went bankrupt, overcutting jeopardised local sawmills and jobs were lost. In British Colombia 20/30 year cutting rights often led to poor practices and disputes. Swedish Government sold much of its NFE to a company which used its semi-monopoly to raise log prices, leading to sawmill bankruptcy/sales; Government re-acquired a significant stake in the forests;

• lengthening rotation length would improve carbon sequestration. But average rotation length in private forests at least 10 years shorter than on the NFE: this equates to about 8% reduction in sustainable carbon sequestration;

• difficult to ensure that lessees improve standards of management in line with developments in good forest practice;

• additional pressure on SRDP funding, if lessee eligible for grants;

• loss of community acquisition opportunity through the National Forest Land Scheme;

• consultation rushed and (given economic circumstances) ill-timed.

16. Where reasons were given for expressing positive views, these included:

• private sector more likely to be efficient:

  “The private sector, whether represented by the great estates or other commercial interests has traditionally shown a greater responsiveness and innovation than governments or quangos.”

• would reduce the need for public money to subsidise FES operations (ie growing, harvesting and sale of timber);

• public subsidy can be used more efficiently in other ways to generate jobs;
would attract new wood using and forest based industries, and bring efficient management, access to capital and an ability to develop new ideas quickly. This would increase employment in the industry;

“Permitting private sector involvement will create new entrepreneurial opportunities for people, particularly those living in the economically fragile rural communities of Scotland.”

would help address concern about role of FC as largest forest manager in Scotland and forestry authority;

in its forestry authority role, FCS would have a continued monitoring and enforcement role to ensure felling, restocking and management continued to meet standards required by the law and SG policy;

certification under FSC provides a verifiable benchmark for securing social, environmental and sustainability elements of forest management;

many good examples in Scotland of privately owned forests offering excellent recreation facilities and attention to the environment;

there is a legal right of responsible access to land;

a commercial forest manager would be keen to maintain and develop commercially viable forest uses, such as car rallying and mountain biking (although any subsidy might need separate funding);

many existing FES staff would adapt, and benefit from moving to a fully commercial environment.

17. Many of those who were positive about leasing, or who were neutral or undecided, added caveats. These included the need:

- to ring fence the money raised to ensure that it is used for forest-related climate change measures. Some said it should only be used for woodland creation;

- for further reassurances and consultation with stakeholders about the impact on timber supply (nationally and locally), on tourism/recreation facilities (including those currently under development), on community involvement initiatives and on environmental projects;

- for clear selection criteria that minimise loss of social and environmental benefits;

- for a full Strategic Environmental Assessment, showing (eg) how the Scottish Biodiversity Strategy, UK Biodiversity Action Plan, EU Birds and Habitats
Directive and biodiversity theme of the SFS would be delivered, and how the landscape and historic environment would be safeguarded;

• to assess impact on disabled people or other disadvantaged groups who currently make use of forests;

• to safeguard opportunities for community acquisitions under National Forest Land Scheme;

• for detailed assessment of impact on FCS staff and detailed explanation of how the interests of individuals will be safeguarded;

• for FCS to retain accountability and have necessary powers to ensure that safeguards in lease are effectively applied, monitored and publicly reported;

• for SG to maintain or increase (in real terms) current funding to FCS for recreation, conservation, heritage and community involvement activities;

• for SG to provide extra money to be provided to cover costs of offering grants to lessee (eg under SRDP);

• for SG to provide extra money to cover extra costs incurred by FCS and other public bodies (eg SEPA, SNH, local authority archaeology services) in monitoring the activities of a lessee;

• to explore other ways to increase woodland expansion (eg by improving operation of SRDP) before embarking on leases;

• to focus woodland creation in areas subject to leases, to increase job opportunities;

• for reassurance that leases would only be offered to companies with a good reputation and a track record in sustainable forest management;

• to make potential lessees aware of anticipated constraints over management (eg impact of water quality considerations on restocking practice);

• to consider capital payments in instalments, together with a ground rent that could be adjusted (eg in respect of developments etc that add value to the leased area);

• to consider how to apportion development value, terms of payment, responsibility for (eg) roads maintenance, break clauses, penalties for breach of contract, exit terms etc;

• to consider, and on what conditions, leases could be assigned;
• to consider whether there would be provision to renew the lease after (say) 25 years. If so, this would be even more like privatisation. If not, what incentive would the lessee have to manage forests that they would not harvest?

• to consult stakeholders over the drafting of leases;

• to test the concept by first offering a shorter lease over a smaller area.

18. Suggested lease conditions included:

• certification under a recognised scheme (eg UKWAS/FSC or PEFC), with any major corrective actions carrying financial penalties;

• statutory duties and other commitments (including financial commitments) that currently apply to NFE. These include the responsible right of access, the biodiversity duty and commitments with regard to the care of scheduled monuments

• a requirement to consult locally on forest management plans;

• a requirement to operate according to an agreed long term marketing plan;

• a requirement to offer a mix of long term contracts and open market opportunities for all wood users (see paragraph 22 for more details);

• a requirement to offer accessibility (not just access) to leased forests, to communicate with local authorities etc on recreational issues and (eg) to maintain long-distance footpaths and other trails;

• a requirement to allow continued use of forests for (eg) car rallies, orienteering, mountain biking, horse-riding under current terms (eg national agreement for rallying);

• a commitment to employ local people;
  • a requirement to take account of carbon impact of operations;
  • safeguards with respect to existing rights over the land (eg shooting, peat-cutting);
  • safeguards with respect to the interests of neighbours (including, eg, shared accesses, private water supplies and fences).
19. The FC Trade Unions raised particular issues affecting FCS staff who might be affected by a lease in a response (other points made in their submission are reflected elsewhere in this summary):

- the SG commitment of ‘no compulsory redundancies’ does not form part of the terms and conditions of employment for FC staff and as such would not form part of any ongoing employment commitments should any FC staff be subject to a TUPE related transfer to another employer;

- experience with TUPE has shown that detrimental changes to terms and conditions can materialise very soon after transfer as a result of the pressure to reduce costs and maximise profits;

- the option of transferring staff to other jobs in FCS is not realistic as many staff, particularly those on the lower pay rates are secondary earners within their household. Refusal to move in such circumstances could mean the person being classed as resigning.

20. The issue of security of wood supply was a critical issue for the wood processing industry. ConFor (which represents forestry and wood using businesses) stressed that the industry expects further consultation, especially on the recycling of funds raised and security of wood supply before decisions were taken. General views from the industry are incorporated elsewhere in this summary, but these paragraphs highlight the more detailed points raised by the wood processing industry:

- annual investment in wood processing has risen from £60 million per year (in the 1980s and 1990s) to £100 million per year. Significant investments in excess of £100 million are currently under consideration;

- the FCS role (as a reliable supplier in the medium to longer term, including when prices are depressed) is a major confidence element;

- the issue of leasing has raised fundamental concerns over confidence in future wood supply; this could have an impact on current and future levels of investment. Reducing confidence would have an impact along the wood supply chain, affecting forestry contractors, haulage businesses etc;

- SG/FCS should work the industry to consider, urgently, whether and how confidence could be retained to underpin the continued growth and development of the forestry and wood using sector in any future developments regarding the public forest estate;

- if a lessee formed part of a vertically integrated operation with a processor this would disrupt the market and potentially harm indigenous businesses;

- large biomass projects could secure significant volumes from a lessee. This would impact on the long-term viability of established businesses producing, eg construction timbers, fencing products, pallets, wood panels, and paper. It
would also lead to job losses, as large-scale biomass using energy plant require fewer people;

- without FCS ability to offer guarantees of wood supply, future investments in wood processing could be lost to other countries;

- lease provisions aimed at addressing these concerns in the longer-term would be difficult to enforce and might be construed as a restriction on trade.

“We have invested significantly in our sawmilling operations and as a result we have grown our business considerably and as industry consolidates we will continue to do so. FCS have helped to support these investments by committing to offer for sale their production forecast volumes year on year plus have also committed to Long-term supply agreements.”

“… plans to invest £60 million in future developments over the next three years. These major capital investments are based on security of supply and confidence in the wood supply chain. There is no guarantee that any lease holder will commit timber volumes to the open market and therefore we feel that the proposal to lease 25% of the forest estate could potentially seriously undermine these future developments.”

“subject to some comfort that FES production forecasts will be maintained and harvesting programmes will continue to be available on an ‘open market’ basis, we would support a move towards leases and cutting rights over parts of the national forest estate. We would however have concerns if the control of future FES timber volumes fell for example to a single large ‘international’ processing entity with a substantial appetite for the full output from the leased estate.”

21. If leasing were to go ahead, the safeguards suggested by the wood processing industry include:

- setting up a lease working group, with representatives of the processing sector, to set out the conditions for a lease

- no loss in the timber marketing commitments currently given by FCS;

- writing the following commitments into the lease (to be binding for at least 30 years):

  - production forecast volumes will offer for sale every year, with a guarantee that over a period of time (eg two years rolling) a minimum of 90% of the Production Forecast volume will be sold;
all existing long-term contracts that are transferred with the lease are honoured in full;

- a minimum of 50% of the production forecast volume will be marketed via long-term sales contracts;

- all timber sales outwith long-term contracts will be offered to the open market via tenders or auctions;

- the tendering and evaluation process must be fair and above board and the interests of the existing industry must be taken into account when awarding the contract;

- there must be an opportunity to negotiate extensions to existing long-term contracts.

22. Other views and issues raised about leasing included the need:

- to provide opportunities for local communities and local individuals (including housing plots) to lease small areas of land. This was suggested as an additional option by some respondents who were positive about large-scale leases; and as an alternative by some respondents who were negative about large-scale leases;

- for more detail, and a cost-benefit analysis of leasing – comparing it with other options for raising money from NFE to deliver SFS and other SG policies. This should also consider the impact on the remaining FCS activities, including funding of social and environmental activities;

“Careful costing and economic analysis will be required to prove that these leases provide a significantly higher return in the short-term than would be gained from longer term timber receipts”.

“While the private sector believes it can manage forests as well as FCS, it recognises that FCS provides services that the private sector would not wish to lose. In terms of regulation and grant provision the sector respects the higher level of service and expertise that exists within FCS than in other Government departments. Also an important provider of forest research. Role in developing standards for forest management and plant health also strong.”

- for FC Accountable Officers to be able justify leasing on value for money grounds;

- to avoid making the lease so restrictive as to be unattractive to the private sector, recognising that the value of a lease will be critically dependent upon the conditions within the lease document;
• for continuity of training opportunities so that the role that the industry plays in rural job creation is not compromised;

• to recognise that as part of its UKWAS certification, FCS gave an ongoing commitment to conform to UKWAS requirements and declared its intention to protect and maintain the ecological integrity of the NFE in the long-term. This commitment needs to be maintained if parts of the certified area are leased;

• to have more than one lease to reduce the risk of distorting the timber market. It would, eg, be possible to sub-divide the area of leasing into a number of separate lots;

• for proper mapping and documentation of land subject to leases.

E. A not-for profit trust

23. The consultation paper asked “what are your views on (i) transferring the proceeds from leases and cutting rights to a not-for profit trust, for investment in woodland creation; (ii) transferring the landlord’s interest in this land to a not-for profit trust; and (iii) Ministers stipulating the constitution of such a not-for profit trust?”

24. There were 267 responses to this question. Although the question was subdivided, most respondents gave a general reply to all three sections. 67% expressed negative views on this option, although a small number of these were only negative about the suggestion that a trust should act as landlord; 16% expressed positive views. The remainder appeared to be neutral or undecided.

25. Where reasons were given for expressing negative views, these included the following:

• a trust would be an unnecessary expense -

  “The introduction of any not-for profit trust is an unnecessary complication with increased bureaucratic problems which are more likely to cause extra administrative expenses than any increase in efficiency.”

  “… Forestry Commission Scotland ought to be best placed to reap the benefits of economies of scale and ensure the sustainability of their forest resources without adding an additional layer that would have its own costs.”

  “There is no need for the Scottish Government to incur the expense and upheaval of creating new bodies with new infrastructures and new budgetary frameworks when the FCS is the appropriate body to carry out the measures for new woodland creation.”

• a trust would be unrepresentative and not accountable:–
“The interests of the Scottish people will not necessarily be equitably represented.”

“The people of Scotland already own the Forestry Commission so why does the statement say that a new trust would give the people of Scotland a direct stake.”

“A not-for profit trust would be contentious and would remove land from direct public ownership and accountability”.

“The only way to build any accountability into the concept of this trust would be to make it responsible to the Scottish Government”.

- the private sector is well-capable of promoting woodland expansion, given an effective system of grant support. A trust would compete with the existing private sector (e.g., for grants and land for planting);
- the creation of a trust would lead to private sector acquiring all significant rights to management and felling in the forests;
- the same purpose could be achieved be FES, if it were given greater financial flexibility to hold money (e.g., trading fund status);
- if leasing does not go ahead, there is no need for a trust.

26. Where reasons were given for expressing positive views, these included the following:

- a trust would provide a mechanism for “ring-fencing” the proceeds from a lease and holding money from one financial year to the next;
- a trust would provide a vehicle for attracting new sources of finance, including voluntary donations, for sustainable forest management;
- a trust would be able to focus woodland creation activity in areas of market failure -
  “The trust can add real value if it buys urban fringe woods with a recreational bias that the private sector/grant system combination seems to find hard to deliver”.
- a trust could promote woodland expansion through the private sector, by topping up grants;
- a trust could be efficient and workable:
“The transfer of the landlord’s interest to a trust would allow the direction of this important national asset via a group of trustees that could (and be seen to) better reflect the needs and aspirations of the people of Scotland.”

- a trust (or trusts) could provide a vehicle for greater local community involvement.

27. Other views about the use of a not-for profit trust included the need:

- to clarify the role of a trust in promoting woodland expansion – would it acquire and plant land, offer grants to “top-up” SRDP, or offer free-standing grants?

- for the aims and membership of any trust to be carefully formulated – it was suggested that this should be subject to consultation and subsequent scrutiny;

- for flexibility to adapt to changing circumstances;

- for stakeholder representation in its governance arrangements;

- for a guarantee that all income from leasing is invested through the trust in multiple public benefit forestry and related climate change actions (including adaptation). It was suggested that this could include research funding;

- to phase activity to avoid distorting (eg) the land market;

- to clarify whether “top-up” funding from a trust would be regarded as public money for State aids purposes;

- to consider implications of charity law;

- to make use of, and channel funds to, existing trusts or not-for profit organisations – both at national and local level;

- to recognise the potential for establishing or using local trusts with community membership:

“The transfer of state land to communities through the creation of local not-for profit trusts, should allow forestry to serve the needs of the local communities in a much more effective manner aspiring to combine inventiveness and enterprise, with a strong moral sense of community and compliance with national and international agreements.”
F. Other actions and changes

28. The consultation paper asked “are there other actions which need to be taken, or are there other changes in legislation which need to be made, in order to allow the public and private forestry sector to contribute to Scotland’s target of reducing emissions by 80% by 2050? If so, please outline what these are.”

29. There were 263 responses to this question.

30. Most respondents who answered this question focussed on actions directly relevant to increasing the contribution of forestry to reducing net greenhouse gas emissions; these are grouped below, by general theme. However, a few respondents challenged underlying assumptions about (eg) the seriousness of climate change, the significance of anthropogenic factors, the rationale for the Scottish Government’s emission reduction targets, and the role of renewable energy. Other general issues raised by respondents included:

- the overarching importance of actions aimed at achieving a transition to a low carbon economy;
- the opportunity for planning policy to encourage zero emission buildings, eg through better house and office insulation;
- the need to reduce transport emissions;
- the potential of tidal power;
- the need for increased use of nuclear energy;
- the need for more research to develop Clean Coal Fired Power Stations;
- the need to broaden renewable energy policy to encompass heat, cooling and transport, as well as electricity;
- the need for a sustainable development duty on public bodies, including FCS, to ensure that climate change ‘mitigation’ work is carried out in an environmentally sustainable manner;
- the need to change consumption patterns.

Forestry and climate change – general

31. A number of respondents specifically requested that there should be stakeholder consultation over the draft Scottish Statutory Instrument used to confer additional powers on FCS under the Climate Change legislation. Other general points about forestry and climate change included:
a welcome for the holistic approach adopted in the FCS Climate Change Action Plan;

the benefits of increasing rotation age and associated production of sawn wood for use in sustainable construction;

the need to adopting sustainable building standards and encouraging developers and practitioners to make more sustainable use of timber and wood products;

the benefit of increasing domestic wood production to reduce pressure on overseas forests and to reduce the transport of timber and wood products;

the need to recognise the importance of adaptation measures as well as mitigation;

carbon sequestration should be seen as one of a range of benefits arising from long term, multi-benefit forestry;

the need for fuller assessment of carbon sequestration benefits of woodland creation, taking account of soil carbon and disturbance by operations, the albedo effect and cooling through evapo-transpiration. Some recognised a need to strike a pragmatic balance between scientific certainty and the costs of achieving that certainty. A number of respondents said that any carbon sequestration achieved through additional woodland creation in Scotland would be relatively insignificant - therefore carbon sequestration should not be the main or only driver for woodland creation;

a range of views on the relative merits of different species. Some respondents said that conifers are better at carbon sequestration than broadleaved species, as they grow faster and are more likely to be converted into long lasting products;

the benefit of using any additional resources for tackling climate change more cost-effectively by helping to fund the ownership/sustainable management of tropical rain forest;

the need to spend the bulk of any additional funds on woodland creation;

the opportunity to protect/restore carbon sinks in lowland raised bogs and other organic soils;

the need to develop a green house gas emissions trading scheme, for example drawing on lessons from New Zealand, embracing agriculture as well as forestry;
• the value of measures such as the Freight Facilities Grants, rail transport and sea transport in reducing “road miles” of timber;

• the value of providing more public transport to forests for recreational purposes.

Achieving more woodland expansion

32. A substantial number of respondents said that the top priority for achieving more woodland expansion is to overcome frustrations with the SRDP by simplifying it and improving implementation. Several referred to the recommendations already put forward by Confor; others suggested a return to a free-standing forestry grant scheme.

33. Other views on achieving more woodland expansion included:

• the need for better integration between forestry and farming. Some respondents expressed concern about loss of land for food production; others argued that agricultural policy should explicitly recognise the need to release land for woodland expansion. A number of respondents highlighted the importance of the current Land Use Study being undertaken by the SG;

• the need for better policy integration between policies for farming and food production, forestry, flooding and biodiversity. Climate change cannot easily be separated from other aspects of land use policy, or from broader sustainable production and consumption issues;

• concern about the potential adverse impact of woodland expansion on landscapes, on food production (with the likely loss of grazing land) and on rural communities in areas where active farming is pivotal. Important not to repeat the woodland expansion mistakes of the past:

“It would be unrealistic to expect Dumfries and Galloway to be able to accommodate another substantial wave of new open ground planting without substantial public opposition.”

“New woodland creation is welcome but must also be done strategically with a balanced approach and not have an adverse impact on wildlife, soils and scenery.”

• avoid new planting on organic-rich soils such as peat - this can result in a net contribution to carbon emissions;

• concern about adverse impact on fisheries (eg through acidification);

• the need to update indicative forestry strategies;
• concern about whether ambitions for woodland expansion are realistic, given (eg) difficulty of securing land for new planting. Reference to the 2006 MLURI scoping study on Possible Opportunities for Future Forest Development in Scotland. This identified 33% of Scotland as being suitable for trees from both a biological and land use planning perspective, but added that 25% forest cover is unlikely to be achievable by 2050 without significant changes in the economic attractiveness of woodlands relative to agriculture.

• the need to increase woodland expansion target from 10,000 to 15,000 hectares per year. Necessary because of likely “slippage” in achieving target and loss of productive forest area due to (eg) restructuring following clear felling, with increased use of broadleaves and open space. This would required increase in SRDP funding of £24 million a year (compared with £8 million per year for 10,000 ha per year);

• the need for at least 6,000 hectares per year of new woodland native to achieve the vision set out in the SFS;

• the opportunities for encouraging more natural regeneration, eg by reducing deer numbers, controlling muirburn and reducing pressure from grazing livestock;

• the benefits of new woodlands in helping to address flooding problems;

• the benefits of new woodlands in and around towns;

• the need to give woodland expansion a higher priority in SRDP, with higher grant rates;

• concern that proposals would skew the funding balance of the SRDP, which should ensure that farming, as well as forestry, can play a lead role in tackling climate change. Use SRDP funding to help farm businesses realise the opportunities for mitigation and adaptation on farms;

• the potential to use flexible incentives such as regional challenge funds, locational premiums or a “carbon sequestration” grant for promoting woodland expansion;

• widen eligibility for farmland premium under SRDP;

• change rules for Single Farm Payments, to allow forestry as well as active farming;

• change rules for LFASS, to make woodland creation an eligible activity;

• develop farmer/investor partnerships;
provide farmers with free, unbiased advice on woodland creation;

encourage wood using industries to invest in woodland expansion;

examine ways to reduce burden of (eg) EIA process that are a disincentive to woodland expansion;

increase FCS land acquisition for planting;

plant more of the bare land on the NFE;

facilitate management of NFE land by local community groups and conservation trusts willing to plant trees and manage woodland;

facilitate enhanced role for voluntary sector, which can encourage landowners to work together (eg creation of riparian woodland by fisheries trusts) as well raising funds to acquire land and establish woodland;

use planning gain to promote woodland creation (eg) along transport corridors, on derelict land and other “brownfield” sites, and in association with housing developments;

develop a voluntary carbon offset scheme, backed up by a national standard, registry and inspection:

“[Carbon trading schemes] are not yet sufficiently developed to have any significant impact on providing ‘new’ money for forest establishment in Scotland, but there is a growing amount of research being undertaken and knowledge and understanding of how schemes might be developed. These should be pursued as a priority”.

review system of tax incentives with a view to using income/corporation tax system to promote woodland expansion;

remove inheritance tax incentives for woodlands, as these inflate prices and discourage acquisition by those who would make best use of them;

reintroduce sporting rates, but offer exemptions for new woodland;

seek greater access to lottery funding for woodland creation;

provide greater stability, over time, in incentives for woodland expansion and in regulatory framework and guidelines.

*Increased funding from national forest estate*
34. Views on increasing funding from national forest estate included:

- increasing the repositioning programme on the NFE – especially until increased funding from other sources (eg renewables development) becomes available. This was suggested by a number of respondents as a straightforward, relatively non-contentious way to raise predictable sums of money in a manageable way. However, some respondents had reservations about this and saw a need for debate about how best to safeguard existing public benefits from NFE before embarking upon an expanded programme;

- sell half NFE between now and 2030, focussing on areas of better timber and less significance for public delivery, to raise £600 million;

- sell unproductive land and/or development land;

- removal of the capital charge of £30 million per year;

- develop a more innovative, commercial, profit focussed approach to the management of the NFE, eg, by increasing revenues from recreation developments, as well as JVs, and by allowing FCS to withhold timber from market when prices are low;

- give FES ‘Trading Status’ and allow it to hold funds for forest-related climate change measures between financial years;

- allow FCS flexibility (eg) to sell financial harvesting futures or to enter carbon trading contracts;

- offer, by competitive tender, short term management contracts (of, eg, 5 years) to forestry management companies to harvest, administer, manage and restock parts of the NFE. Other variations of this approach suggested by respondents included rights to harvest timber for say 10-20 years; longer term management contracts (with FCS determining management practice and harvesting volumes); or contracting out the management of whole Forest Districts.

35. Views on realising the potential of renewable energy from the NFE included:

- the need for SG to develop an overarching national locational strategy for renewables;

- the need to simplify the necessary consents required to start wind energy generation and hydro-electric schemes;
• the need to minimise the cost of SEPA and other government charges and regulations;

• the need to improve energy efficiency in FCS buildings and vehicles.

• the need to promote use of biomass for combined heat and power rather than just electricity generation;

• concern that burning wood, rather than processing it, has a negative impact in terms of greenhouse gas emissions;

• the opportunity to work with the Carbon Trust’s Partnership for Renewables to develop and manage on site renewable energy projects;

• the opportunity to make more use of wood fuel in heating new SG buildings;

• the need to support wood pellet plants and the use of wood-fired boilers – for example through grants and changes in building control regulations;

• the need to support integrated energy demand/supply chains that (eg) match support for wood boilers with wood fuel supply networks and energy wood production;

• the need to support forest energy supply systems that are based on existing systems – eg, by encouraging existing forestry contractors to diversify into energy chip production, and by facilitating the use of tried technology from Scandinavia, Austria etc;

• a welcome for the second round of Scottish Biomass Heat Scheme which encourages people to transfer from non-renewable heating sources to sustainable renewable energy sources;

• the need to establish more woodland suited for wood fuel production, including short rotation forests (clearfelled after 6-8 years, followed by a second rotation). Consider more uses of species such as aspen and black locust;

• the opportunity to target sales of NFE to encourage the development of renewable energy (including biomass developments);

• the importance of transport infrastructure (including rail and port) for handling large volumes of wood for fuel;

• the need to encourage local biomass schemes and facilitate sale wood fuel from NFE in relatively small volumes at local level.
### ANNEX

#### ABBREVIATIONS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tr>
<td>EIA</td>
<td>Environmental Impact Assessment</td>
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<td>Forestry Commission</td>
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<td>Forest Stewardship Council</td>
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<td>JV</td>
<td>joint venture</td>
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<td>LFASS</td>
<td>Less Favoured Areas Support Scheme</td>
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<td>NFE</td>
<td>National Forest Estate</td>
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<td>PEFC</td>
<td>Programme for the Endorsement of Forest Certification schemes</td>
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<td>ROC</td>
<td>Renewables Obligation Certificate</td>
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<td>SFS</td>
<td>Scottish Forestry Strategy</td>
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<td>SG</td>
<td>Scottish Government</td>
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<td>SRPD</td>
<td>Scotland Rural Development Programme (2007-13)</td>
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<tr>
<td>TUPE</td>
<td>Transfer of Undertakings Protection of Employment Regulations</td>
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<td>UKWAS</td>
<td>UK Woodland Assurance Standard</td>
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RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

CLIMATE CHANGE (SCOTLAND) BILL

SUBMISSION FROM RSPB SCOTLAND

Muirburn and the Climate Change (Scotland) Bill
Evidence from RSPB Scotland to the Rural Affairs and Environment Committee

RSPB Scotland believes that introducing the flexibility to allow Scottish Ministers to make any required changes to muirburn dates in the future, based on sound and growing scientific evidence about management measures that can be taken to help climate change adaptation, as provided for by Section 46 of the draft Climate Change (Scotland) Bill is a sensible approach.

We would highlight that the proposed clause is an enabling clause giving Ministers the power to make changes should they consider it “necessary or expedient to do so in relation to climate change”.

The evidence submitted below seeks to establish that the impacts of climate change are already evident in the habitats associated with muirburn and that Scottish Ministers should have powers similar to those in England and Wales to take account of these changes and vary permitted time for making muirburn as appropriate.

We would add that we also support the idea of making provision through a licensing system for out of season burning, to allow flexibility of approach. To provide the necessary safeguards for the natural heritage from out-of-season burning, we consider that a licensing system should be put in place and it seems to us most appropriate that such a system is administered by Scottish Natural Heritage as the Scottish Government’s advisors on nature conservation.

Such a licensing system would, as mentioned, enable a flexible approach whilst a change in the unlicensed dates would reflect the needs of a changing climate and bring Scotland into line with England and Wales. We would welcome amendments to the draft Climate Change (Scotland) Bill to enable such a licensing system to be established at the same time as any changes in the permitted times for making muirburn.

Compliance with the Muirburn Code is presently a condition for the receipt of Single Farm Payment and should continue to be so.

Climate change impacts on moorland
A recent study commissioned by Scotland’s Moorland Forum from the British Trust for Ornithology (BTO Research Report No.362, March 2005), based on substantial bird nest record data, has shown that a number of key moorland breeding bird species are breeding earlier. It is suggested in the report that this may be a response to climate change. In addition, a number of these
“moorland specialist” species, including hen harrier, merlin, golden plover and dotterel are listed on Annex 1 of the EU “Birds” Directive, requiring special conservation measures to be taken to protect their populations. Most of these species nest on the ground in either heather or grass and their nests and dependent young are therefore at risk from burning events. The BTO report cites lack of evidence of the current spatial effects of muirburn on the populations of Annex 1 (and other) bird species.

In the north and west Highlands of Scotland in particular, it has become customary for serious wildfires to break out usually in April and May. There have been many such serious incidents in recent years, which have caused serious damage to moorland, forestry, and nature conservation interests, as well as tying up fire service resources. With dryer springs, brought about by climate change, and therefore an increased risk of such wildfire events, we believe that it is essential that the Scottish Government provides some greater clarity on muirburn dates at the end of the season.

In recent years, there has been an increased prevalence of heather beetle outbreak caused by climate change. Heather beetle infestation has caused heather die off and loss. This has occurred on sites such as our Abernethy Nature Reserve, which is a Natura 2000 site. The infestations of heather beetle are exacerbated by warm summers, which “stress” the heather and make it more susceptible to heather beetle attack, as well as warmer winters, which improve survival of heather beetle larvae. Both wet summers and warm winters are becoming more prevalent due to climate change. The recommended treatment for heather beetle infestation is burning of the affected areas as soon as an outbreak is detected to reduce spread of beetle attack. We can therefore see that a strong case might be made in such circumstances for a licence for out of season burning to take place in order to protect the wider heather resource, and possibly also to protect the biological interest of Natura 2000 sites.

**Provisions in England and Wales**

In England and Wales there is provision under the Hill Farming Act 1946 (as amended) to allow Defra and the Welsh Assembly Government to amend the permitted dates for making muirburn, and for issuing licences for out of season burning. Indeed, Defra have now amended the upland burning end of season date in England to “sun down” on 15 April. In Wales, the Welsh Assembly Government has introduced and end of season date of 31 March. These measures have been taken by the authorities to prevent soil erosion and pollution of water courses, as well protection of biodiversity and adaptation to climate change. We support the idea of similar arrangements in Scotland.

RSPB Scotland
29 January 2009
RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

RECENT DEVELOPMENTS WITHIN THE COMMITTEE’S REMIT

Note by the Clerk: Each time an agenda and papers for a meeting are circulated to members, a short paper like this one will also be included as a means of alerting members to relevant documents of general interest which they can follow up through the links included.

**Housing**

The Housing Supply Task Force, set up by the Scottish Government in June 2007, has published a report on Housing Supply in Scotland. The report can be read online at:

http://www.scotland.gov.uk/Topics/Built-Environment/Housing/supply-demand/housing-supply-task-force/HSTFreport

**EFRA Food Inquiry**

The UK’s Environment, Food and Rural Affairs Committee is continuing its inquiry into “Securing food supplies up to 2050: the challenges for the UK”. Information about the inquiry and the points to be addressed are available online at:

http://www.parliament.uk/parliamentary_committees/environment_food_and_rural_affairs/efra_food_policy.cfm

**EFRA Flooding Inquiry**

The EFRA Committee is continuing to take evidence on its inquiry into Flooding. Information on the inquiry can be viewed at:

http://www.parliament.uk/parliamentary_committees/environment_food_and_rural_affairs/efraflooding.cfm

**Brussels Bulletin**

The fortnightly Brussels Bulletin produced by the Parliament’s European Officer is available online at: