

Positive Value: Public Benefits
& Private Costs:
Do The Books Balance?

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Forestry & Timber Association

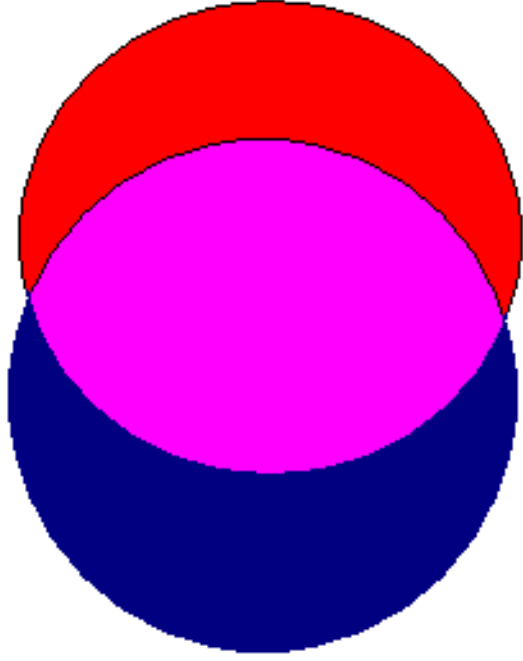
Introduction

- Forestry & Timber Association
 - Forest Owners
 - Forest Managers
 - Service & Supply Companies
- *Aim: To foster an environment to help members operate effectively, responsibly and profitably.*

Positive Value

- To the individual forest owner
- To the government
- To Society

Value to Society



PRIVATE BENEFIT



GOVERNMENT BENEFIT

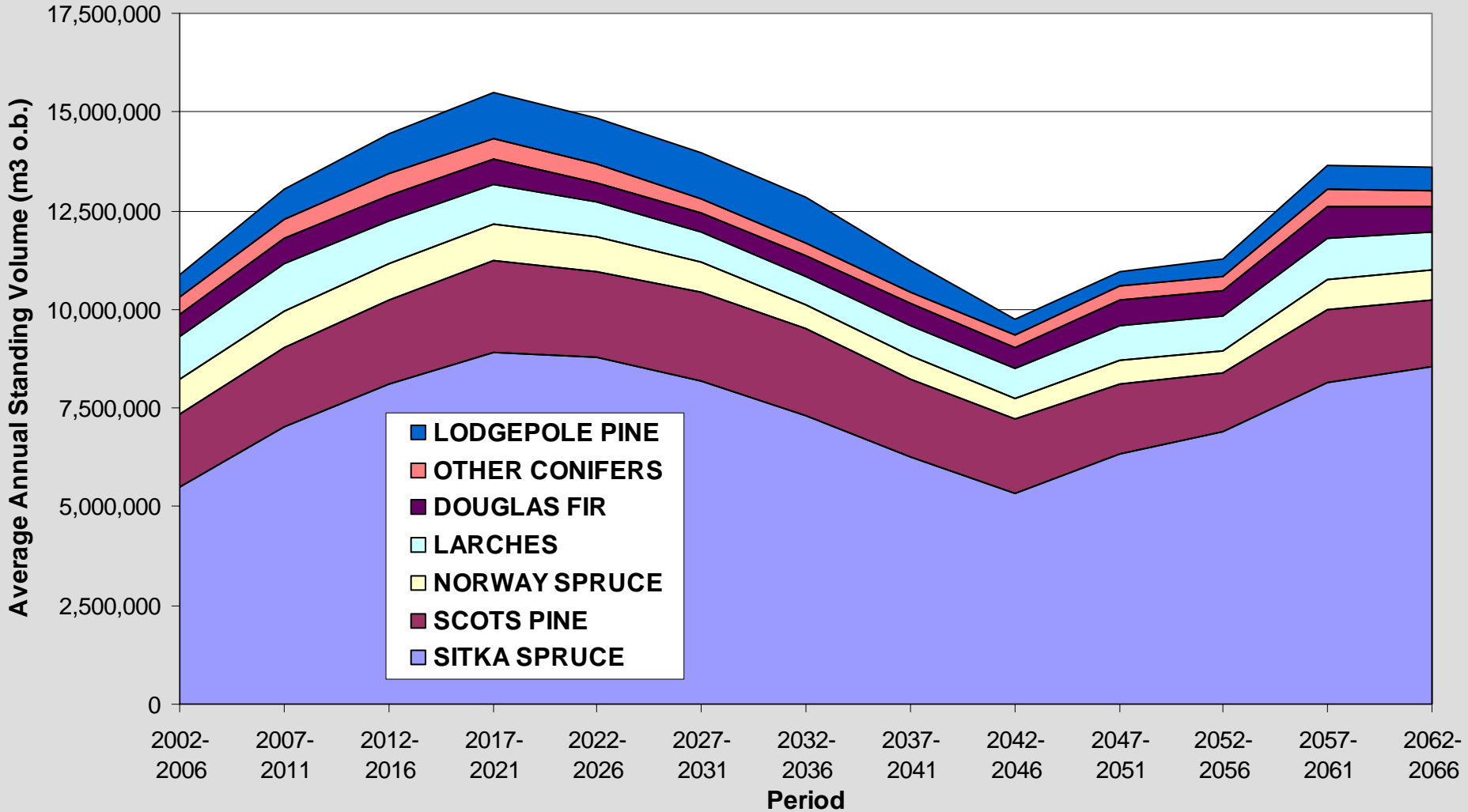


SOCIETAL BENEFITS

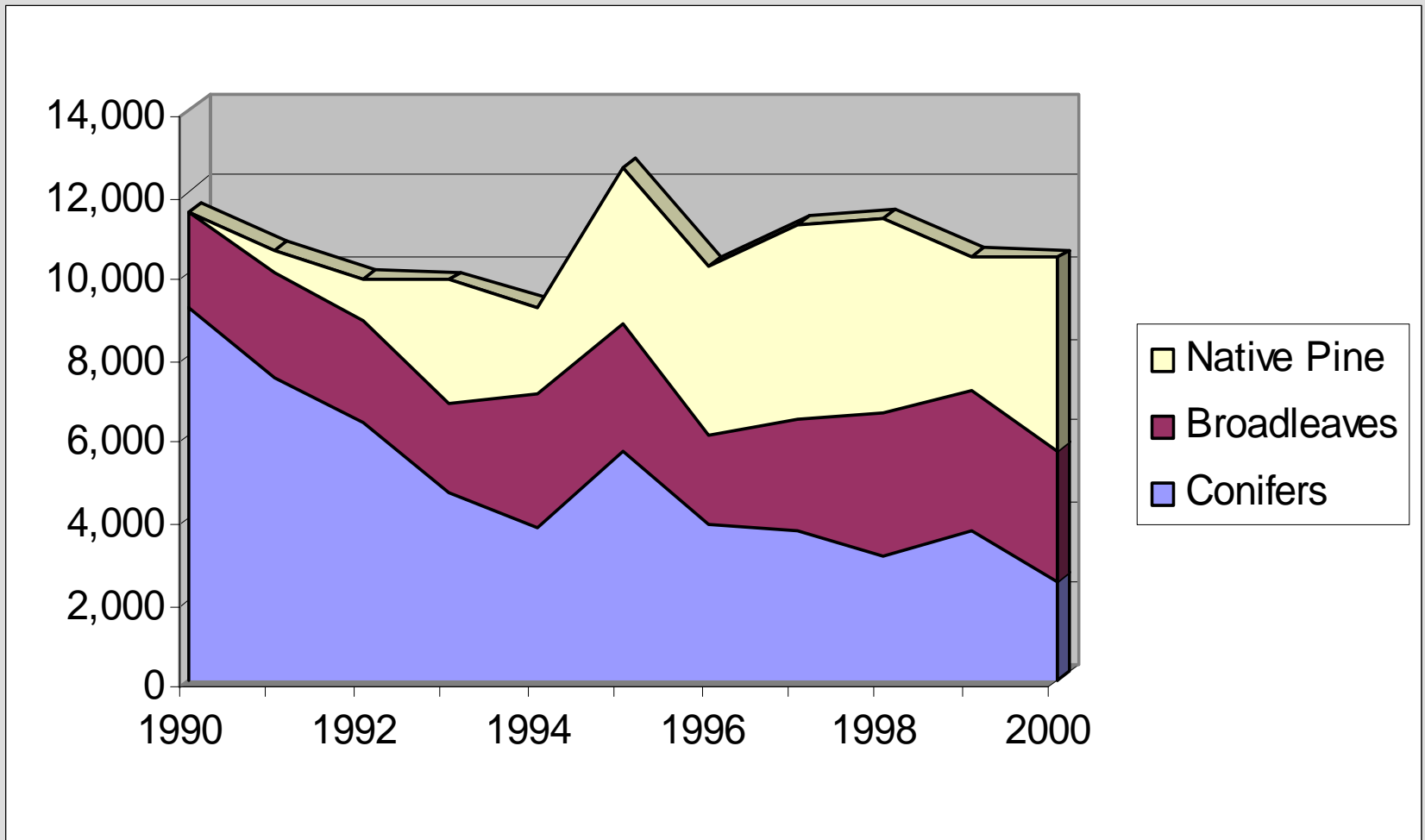
Public Benefits

- A sustainable forestry economy
 - £800M per annum to Scottish GDP
- Jobs: 10 k direct + 18k indirect
 - 44 k forest industry cluster
- Increasing & Improving forest resource
 - Expansion of native woods
 - All forests - more diverse structure
 - Improved interface with communities

Fig.3 LONGER TERM TREND IN SOFTWOOD AVAILABILITY FOR GREAT BRITAIN BY TREE SPECIES



Changes to New Forest Type



Private Sector Context

- Business Environment
- Objectives
- Ownership Structure

Private Forest Owners			Total Area ('000 ha)	
Size (ha)	No. Owners	% of Owners	Number	%
5 – 10	10,900	24	70	6
11 – 20	6,300	14	80	7
21 – 50	4,950	11	145	13
51 – 100	2,250	5	170	15
101 – 500	1,575	3	283	25
501 – 1000	675	2	255	22
> 1000	50	1	85	100
Total	45,000	100	1.133	100
Average size 29 ha				
Source Home Grown Timber Advisory Committee 1977				

Private Benefits

- Timber income
- Sporting habitat – shooting
- Shelter for livestock
- Formal recreation (paid)
- Private amenity
- Conservation (NGO/Charities)

Non-market Benefits

- Informal Recreation
- Landscape/amenity
- Bio-diversity
- Carbon Sequestration
- Other NMB's e.g.
 - conservation of archeological remains

Problems with NMB's

- Transferring value from consumer to producer, “capturing the value”
- Disagreement amongst stakeholders over true value of elements
- **DOUBLE COUNTING - AGGREGATION**

Governance

- Delivery Options:
 - Regulate rights away
 - Subsidise
 - Transfer risks to private sector
 - Fiscal/tax policy
 - Create new regulated markets
 - Impose solutions
 - Indirect - certification

Government Policy

- Resistance to carbon credits for private forestry.
- Erosion of Property Rights
 - Tragedy of the commons
 - Uncertainty changing risk/reward balance
 - Reduced investment
- Dead Weight

Policy Delivery

- Regulation favoured over market mechanisms – reduces value
- Focus on processes rather than outcomes
- Significant costs imposed on producers at all stages of the supply chain

Direct Cost Increases

- Consultation process – EIA's, delays, hassle
- Method restrictions - chemicals, chainsaws
- Very high environmental & social standards
- Employment laws/H&S/IPPC

Increased Opportunity Costs

- Retentions
- Restructuring
- Species restrictions
- Loss of productive ground

Increased Taxes

- Fuel taxes
- Climate Change Levy
- National Insurance
- Other tax increases e.g. aggregates tax, stamp duty

Competition

- Forest Enterprise / Private Sector
 - Policy Frameworks
 - Markets (Competition Act 1998)
 - Resources
- Overseas producers with lower: currencies, environmental, social & transport costs.



Co-operation & Support

- Wood.forGood timber marketing campaign
- Scottish Forestry Cluster
- Forestry Commission services

Conclusions

- The books don't balance!
- Hostility/indifference to private sector needs
- Biggest threat is to the biggest public benefit – the forest economy

Recommendations

- More resources required for new planting.
- Focus on the needs & potential of the private sector
- Reduce the regulatory burden
- Remember the benefits of markets -
“the invisible hand” (Adam Smith)