

From: Hossack, Colin  
Sent: 04 November 2008 15:23  
To: Kirk, Liz  
Subject: Consultation on forestry provisions in the Scottish Climate Change Bill

Liz,

brief response to the consultation document:

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?

The current system gives us no control over site recommendation and, whilst lucrative, still very much favours the private investor. Any change to legislation which would allow the Forestry Commission a greater sphere of influence over renewable energy schemes and also increase the potential to realise a higher percentage of the generated income for subsequent forestry investment has to be welcomed.

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?

The potential for leasing cutting rights has been considered and disregarded before. Although this should not prevent the idea from being reviewed, the reasons for its lack of adoption previously should be assessed before resources are applied to looking at a potentially dead duck. I do not believe economics are the issue here, rather that management practice which best allows us to adapt / cater to climate change is paramount. I say this because any financial differential between the current situation and cutting rights will be so slim that I do not doubt I could make the argument stack up for either case. Current long term contracts with merchants and contractors offer the benefits of cutting rights but also ensure we retain both short and long term control allowing us to react to changing government policy as well as the highly volatile market place. This ensures a stability of approach which, despite the best of intentions, the private sector cannot provide given shareholder commitments. It is a forestry cliché but comparing forestry policy to agricultural policy over a crop's lifetime would suggest the equivalent of changing the policies effecting a crop of wheat every week. Under this regime we would not consider leasing control of wheat production for as much as a month!

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.

Forestry Commission Scotland should be regarded as a not-for profit organisation in the first place, albeit one which is managed by professionals rather than, as is often the case, well minded enthusiastic amateurs. We should continue to encourage partnership working on environmental and social projects, sometimes with full land transfer, but retaining a focus on State ownership and management with a net economic focus on environmental benefit.

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.

I agree with the general intentions of the bill which are sound. They are however typically parochial when considering the environment. As referred to in the paper, the biggest threat to our environment globally is deforestation, an issue of less importance in Scotland. The cost of establishing 10,000Ha of new forest in Scotland must surely outweigh the cost of securing 10,000Ha of

rainforest from clearance. We are essentially spending money on cosmetic surgery for a patient who has a chronic, but operable, heart problem. Is there not a way for us extend the joint venture approach so that we can look towards securing ownership / management of pristine rainforest from our funding and private income purse? This can of course in time generate its own income whilst protecting the richest of environments. It is only protected from the majority of private investors at this stage because the valuation of environmental assets does not yet exceed that of raw materials.

Whilst the bill itself contains many positive proposals the leasing option as a funding vehicle represents a clear contradiction on what the bill is aiming to achieve. The focus is, I assume, to utilise the national forest estate to best help mitigate against the negative impacts of climate change both directly through woodland establishment and through raising capital to ensure long term woodland expansion and contribution to other climate change projects.

The current lease proposals however are a short sighted approach delivering a relatively small amount of cash up front. I do however appreciate the need to raise capital to meet the above needs. This should therefore be funded by an increased repositioning exercise, disposals by any other name, over the next 5 years or so until the income can be realised from the renewables projects which will be established during that period. This would generate a potential income in the region of £20m per annum. Over the term of the proposed 75 year leasing this would equate to £1500m, 7.5 times that which the government would achieve from leasing! It doesn't take an economist to see the benefits.

This is only possible however if the currently proposed lease areas are retained under state management as these are the very areas which have already been identified with either current windfarm proposals on the table or with developer interests already noted.

Another fundamental flaw with the proposals is that they would remove 25% of the national forest estate from the National Forest Land Scheme whereas the short term increase in disposals would only affect in the region of 6-7%, sections of which may be purchased by local communities.

Whilst I once more state my acknowledgement of the bill's principals, I still await the minister justifying its delivery via such an economically unsound approach and a clear explanation to the Scottish public how this decision along with removal of land from the NFLS can be seen as good governance.

Regards

Colin