

From: Thomas Tait
Sent: 27 November 2008 09:19
To: Kirk, Liz
Subject: Re: SCOTTISH FORESTRY FORUM - 18 DECEMBER 2008

Regrettably I have something on that day.

History teaches us there is no doubt that the biggest stimulation for increasing aforestation is to set the costs against ones gross income. The mental stimulation of avoiding tax is great and far more so that the cost. The USA has also used tax incentives to achieve certain results. This is despite the fact that an individual will still have to fund 55 to 60 % of cost people and last time this happened it certainly stimulated aforestation. The land should be net although you could borrow the money to make the purchase and the interest cost should be offsettable against tax.

This was a hugely successful program probably because of physocological stimulus that one was cutting ones tax. This element certainly attracted me and I built up a large portfolio in forestry. It has not been a particularly financially rewarding experience but I have enjoyed my forests and added to my life's interest. I blame the interested users being very successful in scaring of potential investors particularly in the small roundwood sector and in particular Nexfor who to some degree have turned away form the virgin wood and moved to using recycled wood in the chipboard industry forcing the industry to export at uneconomic prices just to keep it moving. I am hopeful given the right stimulous that the energy created from the trees could help fill this gap.

I do not believe the large instalations like Lockerbie is the right solution. Small plants of a maxium of 5mw Electrical that can provided locally district heating from the "waste" heat are the way forward. Between the heat used from electricity and others to heat our homes and offices accounts for almost 60% of the total energy used in Scotland so the potential is huge and is one of the reasons I have invested in a large wood pellet producing plant and provided the right financial stimulous can be given - primarily to subsidise the boilers at about 50% of the total investment (perhaps through tax incentive enabling investment against gross income)Scotland could exceed its ambitions to incease its renewable portfolio.

Clearly land availability at a reasonable price is important too to the equation and in particular for the growth of the industry. We should not continue to pay these subsidies to the farmers as all that happens it drives the land prices up. We should have restrictions on imports of our food particular that which can be grown here and in particular beef, pork and chicken. This will provide an appropriate market size to operate matching the farming production at a price subsidies can be done away with and therefore a true value put on land and in particular marginal land wheretimber could be grown successfully.

We cannot forget that timber produced by trees is natures way of making solar pannels and we can use it in the depths of winter in a dark evening when we need the heat most!! Nature is wonderful and given a little stimulous of a helping hand it is surprising what nature can do. Afterall just look at how efficinet farmers have been in increasing production!!

Thomas Tait