

CONSULTATION RESPONSE

CLIMATE CHANGE AND THE NATIONAL FOREST ESTATE - CONSULTATION ON FORESTRY PROVISIONS IN THE SCOTTISH CLIMATE CHANGE BILL

The Scottish Timber Trade Association (STTA) represents the technical and commercial interests of timber importers, merchants and specialist agents in Scotland. Member Companies trade in a wide range of wood products, including timber and wood based sheet materials produced from wood grown in Scottish forests.

We have found it very difficult to provide detailed responses to each of the four questions provided in the consultation because of a lack of detail. We are of the opinion that the rate of new tree planting, (especially commercial conifer planting), in Scotland must be increased if we are to maximise the benefits that trees, woods, forests and wood products they provide. We are concerned that current planting and woodland creation levels are not reaching Government targets and therefore, appropriate and urgent action is required to address this issue. Unfortunately, the consultation does not provide any detailed suggestions as to how this might be achieved. We would be pleased to comment further on any suggestions.

Below are our responses to each of the four 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? We cannot give 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 there is insufficient detail provided in relation to the scale and location of such ventures and potential risk involved. We would be pleased to offer comments if information of this type can be provided. In the meantime, we believe that if developments such as wind farms and hydro-electric schemes, were to be undertaken on the national forest estate and which resulted in the loss of tree cover, especially if it is commercial conifer crops, then it is absolutely essential that there is compensatory planting of crops to replace the tree cover lost. Is it really necessary to pursue large scale leasing of commercial forests to facilitate the ability to enter into joint ventures? In addition, if joint ventures are to be developed, it is essential that the revenue from such projects must be retained solely for use in forestry, including increased support for new commercial planting and restocking of commercial timber crops.

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? This aspect of the consultation has given rise to much discussion, debate and anxiety within the timber trade, and elsewhere. It is, without doubt, the most controversial aspect of the consultation. Here too, there is insufficient detail for us to comment comprehensively. However, we believe that the proposal to lease up to 25% of the national forest estate, perhaps to a single entity for 75 years is seriously flawed; it has the potential to cause untold and possibly, irreparable damage to the very well established Scottish forest products sector, which has demonstrated an impressive record of investment in both sawmilling and panel products production. The confidence for this investment has been very largely engendered by certainty of supply from Forestry Commission Scotland forests.

It is, of course, not known who the lessee might be and what their principal interests and activities might be, however this is a crucial matter in terms of the question of wood supply to the wood processing sector in Scotland.

It seems to us that there could be a very significant risk to the future of many wood using businesses in Scotland as a consequence of leasing, as traditional wood supply patterns would be disrupted and access to significant volumes of wood on the open market could become a thing of the past. Such changes would undoubtedly result in significant impacts on the sector and question the economic viability of some businesses and the attendant negative consequences that go with that; not least the impact on Scotland's rural economy. All businesses require confidence in order to develop and for businesses in this sector, continuity of wood supply is the most important factor in providing that confidence.

Whilst we recognise the value of developing renewable energy in Scotland and that wood fuels have a role to play in this regard, it must also be appreciated that wood and wood products should be put to other uses before being burned, as wood provides a valuable method of storing carbon which has been absorbed by the growing tree. That carbon should remain 'locked' in the wood, as a manufactured wood product, for as long as possible. When it is no longer needed for that purpose, the wood product can be recycled, thereby providing the raw material for other wood products. At the end of its service life it can be used as a wood fuel to create heat and/or power. Burning of wood which is suitable for other uses should be a last resort. Whilst the development of renewable energy deserves encouragement, this must not be at the expense of the Scottish forestry and forest products sector.

Within the timber industry, the Forestry Commission is held in high regard, not only because of its stewardship of the unique natural resource of forests and woodlands, but also its continued supply of wood to the wood processing sector.

The publication of production forecasts by the Forestry Commission and its with regular open market purchasing opportunities (and the development of long term supply contracts) has undoubtedly underpinned the development of the sector in Scotland, which has, in turn, ensured the continued delivery of valuable economic, social and environmental benefits, especially in rural areas. There is no indication of what requirements would be placed on the lessee in relation to production forecasting, open market sales etc. it must be recognised that there are grave dangers to existing wood using businesses associated with restricting the supply of such large volumes of wood from the open market and that there may possibly be competition and monopoly issues to consider.

We would certainly support measures which would result in increased tree planting in Scotland, provided that the planting is appropriate in terms of scale, species type, location etc. If the leasing proposal were to proceed, it is absolutely essential that all of the monies raised must be retained for use in forestry. We are not aware of any such assurances having been given. 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.

It is questioned whether the suggested income of some £200 million really represents good value for money for Scotland.

Cutting rights are also mentioned in the consultation, but there is insufficient information to enable detailed comment. There may be lessons to be learned from some overseas experience and we suggest that this should be investigated before pursuing this issue further.

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 absence of detail about the constitution, composition, objectives and operation of a not-for-profit trust presents further difficulties in responding. Whilst it is recognised that a trust could have greater financial freedom than the Forestry Commission has and that this could have some advantages, we are reluctant to recommend that this option be pursued at this time as we are not convinced that it would bring demonstrable benefits for the sector. Further information is required to enable further comment. Businesses must not be further burdened with unnecessary complexity and bureaucracy, which could possibly be associated with a trust.

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 would suggest that there is an opportunity to achieve the objective of increased levels of new planting and woodland expansion in Scotland. Furthermore, we would recommend that the current target of 10,000 hectares per year should be increased to 15,000 hectares per year, which would allow an appropriate mix of commercial and amenity woodland and forests. Although we have no direct experience of SRDP, we understand that it has not found favour within the sector, which may also in part account for the failure to meet planting objectives. It would appear that further attention will be required if SRDP is to be the tool which delivers more planting, especially of commercial conifer crops. We would also recommend that consideration be given to the adoption of a more favourable tax regime to encourage forestry. We recognise that fiscal matters are reserved to Westminster, but we would suggest that the Scottish Government should develop a dialogue with Westminster in this regard. The private sector has in the past demonstrated its ability to expand new planting in Scotland and although the practice of forestry today is very different to that of 30 or 40 years ago, there is a good chance that satisfactory results could be achieved by the private sector again, given appropriately targeted incentives.

In summary, it is unfortunate that the consultation did not provide more detail, which has therefore limited detailed response. However, it must be noted that there are very serious concerns 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. We understand that 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. We are aware that Forestry Commission Scotland has been engaged in a 'repositioning' programme, which has seen disposals as well as some limited acquisitions. We firmly believe that there should be no expansion or acceleration of the forest disposal programme.

STTA and its Member Companies hope to see an increase in tree planting and renewed emphasis on commercial forestry in Scotland. There is undoubtedly great scope to increase the benefits provided by trees, woods, forests and forest products in Scotland, especially in relation to the mitigation of the effects of climate change.

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