



1987 - 2008 21 Years

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Liz Kirk
Forestry Commission Scotland
Silvan House
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EDINBURGH
EH12 7AT

Dear Madam,

SCOTTISH CLIMATE CHANGE BILL

Forestry Provisions

1. Introduction

DWP Harvesting is a co-operative roundwood timber harvesting and marketing group set up by progressive forest owners in 1987. For 22 years Members' timber has been harvested from thinning and felling operations with roundwood being brought to market in a planned and orderly manner responding to customers' requirements under supply contracts negotiated on a group basis. More recently DWP has been successful in purchasing standing timber in FCS tenders. Alongwith these activities DWP has worked with Members to establish a wood biomass supply chain. The group has 16 Producer Members from the private and charitable sectors with a combined forest area of over 9,000 hectares in Aberdeenshire, Kincardineshire, Moray, Inverness-shire, Speyside and Perthshire.

DWP Harvesting's experience in the joint marketing of roundwood and wood biomass supply chain development provides a useful model for the effective co-ordination of non-state sector timber supplies.

DWP Harvesting welcomes this opportunity to comment on the Scottish Government's approach to finding new sources of funding for investment in new planting and on developing renewable energy (RE) on forest land.

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2. New planting

a. A Joint Effort

We wish to see both the state and private sector stimulated into new planting to meet the Scottish Forestry Strategy targets. This will bring both economic benefit across rural areas and contribute in a unique and effective way to meeting climate change objectives.

b. Quicker carbon capture

Productive forests will contribute a larger and quicker contribution to carbon capture because of their faster growth rates and denser stocking. This carbon sequestration is carried forward into the supply chain substituting for more carbon intensive building materials, such as brick, steel, concrete and glass. Every effort should be made to create and expand productive forest stands and to dismantle obstacles to achieving forest expansion.

There is of course an important place for the planting of new native woods and riparian woodlands. These less productive plantings have dominated the scene in recent years and it is time to address the balance.

c. Targets

If we are serious about achieving 10,000ha a year, then we have to plan for some 15,000ha per annum because inevitably there will be slippage because forest design takes longer than expected, plans change, etc.

d. Adverse impact on DWP Harvesting

DWP Harvesting has already suffered from the inadequate level of new planting that has taken place over the past three decades because there is now a scarcity of young plantations requiring to be thinned and brought into production so that the whole cycle can be sustained.

e. Delivering new planting through SRDP

We endorse ConFor's comments, "Current low planting rates are in large part due to fundamental problems with the SRDP, many of which ConFor flagged up as the scheme was being developed, and to the fact that no scheme was available from April 2006 to July 2008, a 27 month gap. As yet, no forestry contracts have been issued."

This hiatus has damaged growing sector confidence (as opposed to confidence in the sawmilling and wood processing sector) and that essential confidence will not be quickly restored, not least under current economic conditions.

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We therefore support the good work that is being done by the Scottish Government, Forestry Commission Scotland and ConFor to improve delivery of SRDP funding into the sector.

3. Stable Framework

A forest owner of a previous generation used to say, “The problem with forestry is that a rotation has to survive at least 5 parliamentary elections!”

What is **vital is that the Scottish Government builds a stable fiscal framework for the forestry sector on a long term basis**. A week may be a **long** time in politics but five years is a **short** time in forestry. Short term ON/OFF measures including a challenge pot or whatever do not meet the needs of a sector that by its very nature is dealing in long biological timeframes. A tap cannot be turned on in a forest nursery so that transplants of the right species and size come flowing out! It is only too easy for a Government to turn the tap off though.

We believe that this essential stability that is vital for new planting to be sustained is best achieved through consensus through such vehicles as the Holyrood Cross Party Forestry Group.

4. Carbon Trading: a valuable opportunity

We would urge the Scottish Government to take action to remove obstacles to both formal and voluntary carbon trading, and to promote implementation of carbon trading as a means of supporting well designed new planting of productive forests thus enabling the sector to tap into new, external sources of funding. Not least this means finding ways of addressing the issue of additionality.

5. Land for new planting

If it is correct that up to a third of the National Forest Estate is unplanted, the possibility of planting some of this land should be actively considered.

It is regrettable that the Scottish Agricultural Strategy and the Scottish Forestry Strategy were developed independently. The objectives of the first make no allowance for the possible eventuality of any shift of land into forestry and the second sets a target of 25% tree cover which cannot be realistically achieved without planting on farmland. This issue needs to be addressed and it can be. The Grampian Forest initiative demonstrated that, given the right incentives, the agricultural sector was prepared to plant new well designed productive woodlands over several thousand hectares of farmland.

6. A Ring-fenced Fund

We are gravely concerned that the funds derived from the proposed leases over FCS forests may be lost to the sector. So we join in the forest industry’s adamant calls for these resources to be ring-fenced for the stated purpose of creating new forests. A robust mechanism to ensure that the funds released stay within the industry and are applied for planting well designed productive woodlands is non-negotiable.

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7. Joint Ventures

There would appear to be potential benefit in enabling FCS to enter into Joint Ventures for Renewable Energy projects but as always the devil is in the detail so we are unable to endorse the proposals at this stage. One benefit would be to bring in funds from outside sources into the forestry sector. The cash generated should be subject to the same stringent ring fenced requirements. (See para 6 above.)

Where any RE development results in deforestation, measures should be put in place to ensure that compensatory planting takes place elsewhere, preferably on better land.

8. Leases

Until more details are known, we can neither support nor oppose the concept of leases as proposed.

a. **An issue of scale**

Whilst an important supplier of roundwood at the regional level, it is acknowledged that DWP Harvesting is a relatively small player in the overall Scottish timber supply chain. Our concern is that a highly probable outcome of the leases as currently proposed is that **the big companies will become bigger and the small one smaller**. Put simply, there would only be one “winner” if a single lease is granted over 100,000ha.

It is accepted that there should be some larger operators involved in order to address the security of supply issue. From our perspective though as existing purchasers of standing timber from FCS, we would be more comfortable with **one or more leases of say 20,000ha each alongwith some smaller regional leases at around 3000 to 5000ha**. **This would increase the level of opportunity that the leasing programme can deliver.**

b. **Renewable Energy (RE)**

We can see both potential advantages in RE projects being developed on leased land such as stimulating the market for our Members’ timber and wood biomass. Likewise we can envisage potential drawbacks. For example the focus of the lessee’s efforts may become the RE development and both forest management and the regular harvesting programme required to sustain timber supplies may be downgraded.

As with the proposed joint ventures, where any RE development results in deforestation, measures should be put in place to ensure that compensatory planting takes place elsewhere, preferably on better land.

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c. Alternative Mechanisms

Alternative mechanisms need to be explored further and have potentially an important part to play in the ultimate measures.

9. Conclusion

DWP Harvesting welcomes this attempt to find new sources of funding for forest expansion. It is important that this quest is successful and at the same time it is important that whatever measures are put into place are properly thought through and command broad respect so that the stability essential for a sustained programme of new planting is created. Building consensus will take time and we would urge the Scottish Government to continue to engage with the forestry sector.

Should you wish to discuss any aspect of our comments please let us know.

Yours faithfully,

A.H.Nicol

Director

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