Tilhill Forestry is the largest forest management & timber harvesting company in the UK providing services to both private and state forest owners with its headquarters in Stirling. Tilhill’s responses to the Committee’s 4 specific issues are given below:-

Issue 1: Sales and acquisition of Forestry Commission Scotland assets. There is a strong market demand for the purchase of Scottish forests. However market availability is limited with 10,365 stocked hectares being sold in the 12 months to the end of September 2016. This is down on the previous year and the average for the 5 year period is 10,520 hectares per annum. The buyers are in the main UK based high net worth individuals and UK forest funds (these provide an opportunity for individuals to invest in forests at a more modest level). There is interest from overseas buyers, from both individuals and from international forest funds, but availability has restricted this inward investment potential. It is therefore unlikely that there would be any lack of appetite for any further sales of Forestry Commission Scotland (FCS) forest assets.

The Repositioning Programme which sought to sell FCS which scored poorly on an assessment of public benefit and the fit within the National Forest Estate (NFE) and for the Forestry Commission to reinvest part of the funds realised into woodland creation in and around towns. This has been a success but that programme is now almost complete and Scottish Government (SG) needs to decide whether a new programme should be instigated. As a generality the woodlands created are higher maintenance and that continuing liability for SG funding needs to be recognised.

SG has committed to maintain a supply of timber from the NFE and therefore needs to ensure that any future repositioning programme maintains the capacity of the NFE to produce future volumes of timber to meet that commitment.

As the Committee itself has identified, the Forestry Commission budget in Scotland has fallen in both cash and real terms in recent years. Not all of the NFE is well managed and we assume that this is at least in part due to these budget pressures. An example of this is the recent increase in the backlog of restocking on the NFE. Basic silvicultural standards should be maintained and as a forest manager Tilhill would advise any of its clients that if, for whatever reason, the forest owner is unable to fund the maintenance of their forests over a sustained period, then a sale should be considered before the capital value is eroded. We are of the view that SG needs to commit the funds necessary to maintain the natural capital of the NFE or to reduce the scale of the NFE to a size that it is prepared to.
Issue 2: Planting targets and whether there is funding and incentives to meet them. Since the closure of WGS and the inception of SRDP in 2008 the achievement towards SG’s planting target has been woeful and therefore the availability of funding from SG has been largely academic. It is our understanding that funding had not been available in the past to fund SG’s planting target of 10,000 hectares in any year.

The very poorly conceived SRDP for forestry in general and woodland creation in particular has been slowly improved since its outset and while there is still much to be improved (to the application and approval process for woodland creation), grant levels are now at the appropriate level. Applications are now going through the system at a level that suggests the demand for 2016/17 may exceed 10,000 hectares for the first time. It will be very disappointing and a very poor message to applicants if this demand, which we and many others have battled to achieve, is not funded by SG.

It is our view that well managed productive forests do not fundamentally require state aid, they are a truly sustainable resource. Public benefits which cannot be monetised by the forest owner will always in certain cases require state aid. Woodland creation is another matter, creating that sustainable resource in the first instance is expensive and that reflects the cost of past deforestation; this will always require significant state aid.

Issue 3: Challenges from pests and diseases in the face of climate change, and what funds are being directed towards addressing these challenges.

Pests and diseases are unquestionably the biggest threat facing forests in Scotland. We believe that the biggest challenge comes from the vectors created by globalization rather than climate change. Climate change is altering site suitability but that change is relatively slow and the general trends reasonably predictable for species choice in Scotland.

The man made vectors allowing pests and disease to be transported around the globe are by contrast rapid and it is difficult to predict outcomes. These require constant vigilism and effective controls to both prevent entry into Britain and to deal rapidly with any outbreaks that do occur before the opportunity is lost. This requires adequate funding and effective cooperation with England and Wales.

An essential element of protecting our forests is to ensure that they are maintained in a healthy condition; good basic silviculture. Another is to ensure that, as far as is practicable, the choice of species and the seed origin is the best match for the site characteristics; this minimises the likelihood of species being under site induced stress which in turn makes them more susceptible to pests and diseases.
Issue 4: The potential impact of Brexit in relation to SRDP funds from the EU. There can be no certainty that the level of SRDP funding currently available to Scotland from the EU will be maintained post Brexit by Westminster directly to Scotland. While the arguments that the level of funding should be maintained are very strong, we do not believe that the pressures on public funding generally will decrease.

Public funding for forestry, and indeed funding for the rural economy as a whole, will be part of a very complex picture of competing demands against the backdrop of the negotiation of Brexit itself and the future trading relationships. This is very worrying for future woodland creation but less so for existing forests where there is much less reliance on public funding.

References:

Tilhill Forestry
November 2016