

CLIMATE CHANGE (SCOTLAND) BILL – FORESTRY PROVISIONS

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The Climate Change (Scotland) Bill was introduced in the Scottish Parliament on 4 December 2008. It sets targets for reducing greenhouse gas emissions, and introduces a framework for advice and reporting on climate change. It further allows for climate change duties to be placed on local authorities and includes provisions on adaptation, muirburn, forestry, energy efficiency, waste reduction and recycling.

This briefing focuses on the forestry provisions.

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THE CLIMATE CHANGE (SCOTLAND) BILL

The Climate Change (Scotland) Bill was introduced in the Scottish Parliament on 4 December 2008. It sets targets for reducing greenhouse gas emissions, and introduces a framework for advice and reporting on climate change. It further allows for climate change duties to be placed on local authorities and includes provisions on adaptation, muirburn, forestry, energy efficiency, renewable heat, waste reduction and recycling.

This briefing discusses the forestry provisions in the Bill and summarises selected stakeholders' views. SPICe Briefing [09/03 Climate Change \(Scotland\) Bill](#) (Cook 2009) and SPICe Briefing [09/04 Climate Change \(Scotland\) Bill: Waste Provisions](#) (Wright 2009) are also available. Other SPICe climate change briefings are available [online](#) including SPICe Briefing 08/37 [Greenhouse Gas Emissions from Land Use, Land Use Change and Forestry](#) (Dowens 2008).

Other provisions in the Bill link to the forestry proposals, not least those in section 51 on Renewable Heat (the Scottish Ministers are required to take such steps as they consider appropriate to promote the use of heat produced from renewable sources).

FORESTRY IN SCOTLAND

Woodland in Scotland covers 17% of the land mass, amounting to some 1,300,000 hectares. This is about half of the average of other EU countries and much less than the native woodlands that once covered over 80% of Scotland's land surface ([Forestry Commission Scotland](#) 2008a).

The Forestry Commission/ Forest Service (the latter is in Northern Ireland) owns or manages 29% of the total woodland area in the UK in 2008. This proportion ranges from 18% of the woodland area in England to 70% in Northern Ireland ([Forestry Commission](#) 2008a).

In Scotland the Forestry Commission Scotland (FCS) is responsible for woodland amounting to 452,000 hectares – this is 55% of all Forestry Commission/Forestry Service woodland in the UK, and 34% of the total woodland in Scotland (based on [Forestry Commission](#) 2008a). The holdings of FCS are often referred to as the “national forest estate”. The Ministerial foreword to the FCS consultation on the forestry provisions in the Climate Change (Scotland) Bill says national forests cover 10% of Scotland's land area, whilst the Policy Memorandum says the national forest estate extends to 665,000 hectares¹.

The areas of woodland for which the Forestry Commission/Forestry Service is responsible have reduced in each of the 4 UK regions since 2004, though overall cover has increased through more private planting (see Table One below – note that these figures do not include non-wooded land owned by FCS).

In order to attain the policy goal outlined in the Scottish Forestry Strategy, of woodland cover of 25%, the creation of some 650,000 ha of new woodland is necessary ([FCS](#) 2008a).

¹ The different figures quoted may be accounted for by non wooded land for which FCS is responsible
providing research and information services to the Scottish Parliament

Table One - Area of woodland in the United Kingdom by ownership, 2004-2008

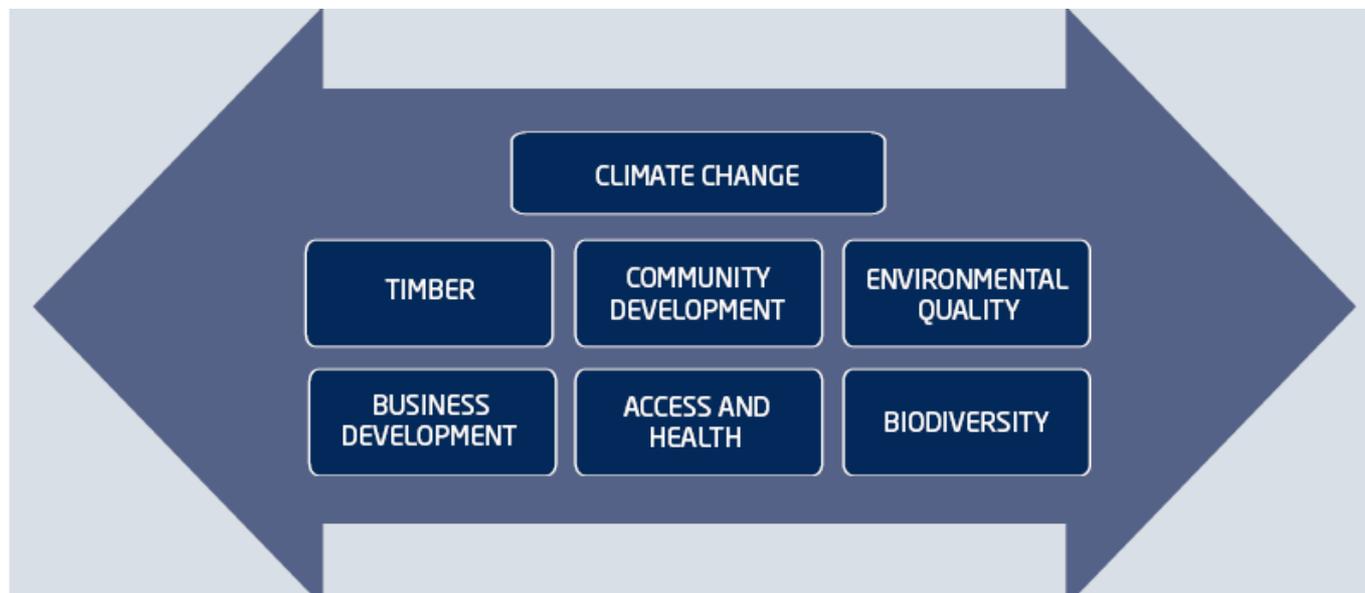
Ownership	England	Scotland	Wales	Northern Ireland	UK
thousand hectares					
Forestry Commission/ Forest Service					
2004	205	465	110	62	842
2005	205	463	109	61	838
2006	204	460	108	61	832
2007	202	457	107	61	827
2008	202	452	106	61	821
Non-FC/FS woodland					
2004	909	865	176	24	1 974
2005	914	871	177	25	1 987
2006	918	876	178	25	1 997
2007	922	884	178	26	2 010
2008	925	890	179	26	2 020
Total woodland					
2004	1 114	1 330	286	86	2 816
2005	1 119	1 334	286	85	2 825
2006	1 121	1 337	285	86	2 829
2007	1 124	1 341	285	87	2 837
2008	1 127	1 342	285	87	2 841

The latest estimate of the value of the FCS estate is £850 million (Financial Memorandum and [FCS 2008b](#)) though the latest FCS [Annual Report and Accounts](#) do not appear to mention this figure explicitly (FCS 2008c).

FORESTRY POLICY IN SCOTLAND

Scottish Ministers have responsibility for forestry in Scotland. Certain activities such as international affairs and plant health remain reserved by Westminster. The first [Scottish Forestry Strategy](#) was published in 2000 (Scottish Executive 2000). A [review](#) (FCS 2006) of this strategy took place during 2005 and 2006, culminating in a revised [Scottish Forestry Strategy](#) being published in 2006 (Scottish Executive 2006). The key themes of the strategy are set out below:

Figure One – Themes of the 2006 Scottish Forestry Strategy



The [Scottish Forestry Strategy Implementation Plan 2008-2011](#) (FCS 2008d) lays out directions for 2009 - 2011 and includes climate change as a key theme. The Plan includes progress against some key indicators in 2007-2008. The climate change indicators are reproduced below:

Figure Two – Climate Change indicators in the Scottish Forestry Strategy

Indicator	Data source	Last assessed	Value	Reporting interval
Area of new planting	FCS	2005/06 2006/07	3995ha 6600ha	1 year
Annual net carbon sequestration by new woodlands	FC	2006 2007	0.36MtCO ₂ 0.40MtCO ₂	1 year
Installed capacity of wood energy plant (in megawatt thermal and electrical)	FCS	2006 2007	58 MW ^t + 0 MW ^e 67 MW ^t + 44 MW ^e	1 year
Number of non-domestic, wood fuelled energy systems installed	FCS	2006 2007	49 91	1 year
Area of short rotation coppice grant aided	FCS	2005/06 2006/07	34ha 162ha	1 year
Index of roundwood road miles	FR	2006 (provisional)	51 miles/t	3 years

The [Description of Indicators](#) provides background details on the indicators contained in the Scottish Forestry Strategy (FCS 2006).

STRUCTURE OF THE FORESTRY COMMISSION SCOTLAND

The Forestry Commission was established in 1919 under the Forestry Act, for the purposes of promoting forestry. A [detailed history](#) of the Forestry Commission is available, tracking progress through the Second World War and the second half of the 20th century – but by the 1990's the Commission was committed to multi-purpose forestry. The current [mission](#) of the Forestry Commission is:

“to protect and expand Britain’s forests and woodlands and increase their value to society and the environment”

Forestry Commission Scotland (FCS) came into being on 1 April 2003. FCS is part of the Forestry Commission, a cross-border public body with a Chairman and [Board of Commissioners](#). More on this structure is [available online](#).

FCS is funded by the Scottish Parliament and directed by Scottish Ministers through the Board of Commissioners and the [National Committee for Scotland](#)². The National Committee oversees the delivery of policy. FCS acts as the forestry directorate of the Scottish Government, and so advises on and implements forestry policies. The responsible Minister is Michael Russell, Minister for Environment. Through Forest Enterprise Scotland, FCS manages the public forest estate to deliver public benefits ([Forestry Commission](#) 2009).

The responsibilities and powers of the Forestry Commissioners are derived mainly from the UK Forestry Act 1967, UK Plant Health Act 1967 and some other Great Britain and Scottish Acts and secondary legislation.

As a government department, the Forestry Commission cannot borrow money for capital investment, however in March 2006, changes to the Forestry Act through a Regulatory Reform Order by Parliament, enabled it to enter into partnerships and joint ventures ([Forestry Commission](#) 2006).

FORESTRY AND CLIMATE CHANGE

Climate change and forestry are inextricably linked for a number of reasons:

1. **Reducing the level of greenhouse gases in the atmosphere.** When they are growing, trees absorb carbon dioxide, the most abundant of the 6 greenhouse gases included in the Bill. Trees, and other plants, play a crucial part in removing carbon dioxide from the atmosphere. Approximately 80% of carbon held in British vegetation is in trees (Cannell and Milne 1995). Of all the ‘carbon stores’ on the Earth, this is one which is relatively easy to make bigger i.e. by planting more trees. This is the principle behind the ‘Carbon Neutral’ philosophy whereby people offset their carbon emissions by planting an appropriate number of trees. It is important to be aware that trees, when they are burned or rot, release the gas they have taken up through their lives, so planting (or natural regeneration) programmes must be long term and continuous. Programmes such as the [International Union for Conservation of Nature Forests Programme](#) are clear that tree

² Dr Calum MacDonald is the Chair of the National Committee, and is a Non-Executive Forestry Commissioner

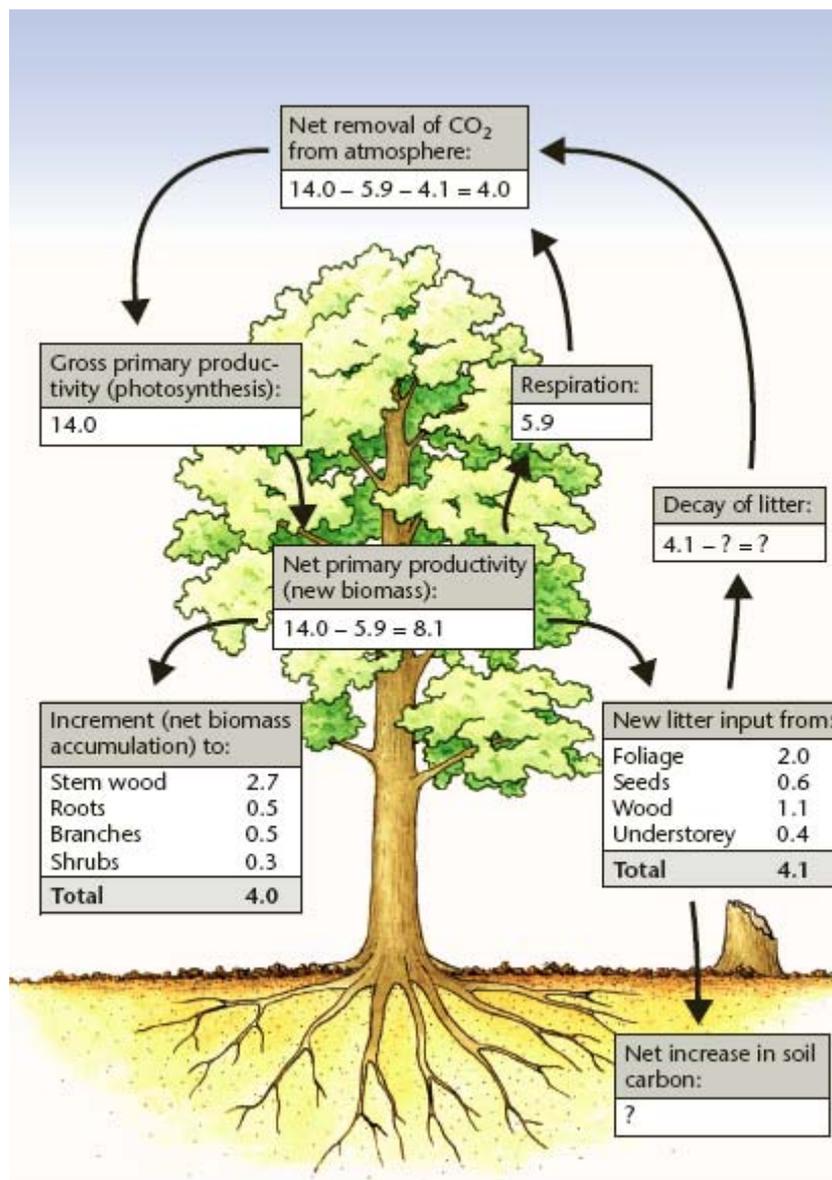
planting must integrate with existing social, economic and natural conditions. Trees, and the rest of the 'biosphere carbon store' are shown in situ in the carbon cycle in Figure Four below

2. **Adapting to the impacts of climate change** - Forests are susceptible to the impacts of a changing climate, but they can also help reduce the impacts of climate change through using them in, for example, natural flood management projects
3. **Wood fuel** - Forestry has another indirect impact on climate change – where wood is used as a fuel (and the trees are then replanted) then wood can be considered a carbon neutral energy source

The Forestry Commission (2003) has [explained](#) why trees are important in relation to carbon dioxide:

Like all green plants, trees assimilate CO₂ from the atmosphere through the process of photosynthesis. The simple sugar molecules that are initially formed from CO₂ are then combined to produce cellulose, as well as lignin in the case of woody plant organs. Much of the carbon that is assimilated through photosynthesis is released again as CO₂ through respiration – the energy costs associated with growth and maintenance of living material. The remaining carbon is allocated to leaf, root, seed, wood and branch biomass. At an annual timescale, the carbon associated with short-lived components of woodland is returned to the atmosphere through decomposition, with only a proportion of fixed carbon being retained in the longer term as wood.

Figure Three – a typical tree carbon budget (based on measured and modelled elements of a lowland oak woodland ecosystem in southern England)



The AEA Report to the Scottish Government [Mitigating Against Climate Change in Scotland: Identification and Initial Assessment of Policy Options](#) (Scottish Government 2008a) suggested 10 policy options directly relating to forestry:

- Increase forest area
- Afforestation of road/rail network.
- Afforestation of derelict land.
- Expansion / management of hedgerows
- Prevent further deforestation
- Expand short rotation coppice
- Expand short rotation forestry
- Increase forest rotation length
- Increase forest productivity
- Switch wood products to long life uses

The Report further states:

Given that timber harvesting is likely to continue, the best estimate of the achievable level of sequestration is ~10 % of the 1990 fossil fuel emissions.

Scottish soil contains 170 times more carbon than Scottish vegetation does. Of all the carbon in Scottish soil, 65% of this is found in peat soils (Milne and Brown 1997). This means that the sensitive management of FCS land, both that which is forested, and that which is not, is crucial, especially in areas with carbon rich soils – it makes little sense to plant trees on a carbon and methane rich soil, if the activities required to carry out planting actually release more greenhouse gases from the soil than would be sequestered by the trees.

[The National Trust for Scotland](#) (2009) has commented on this issue, stating:

“There is a need for better understanding of the balance between the release of carbon from different soil types and the amount of carbon sequestration achievable by woodland growth. If cyclical cropping is encouraged then the benefits of sequestration will be consequently limited”

More on this concept can be found in SPICe Briefing 08/37 [Land Use, Land Use Change and Forestry](#) (Dowens 2008).

FCS has considered what changes in the climate means for Scotland's forests, concluding that (Forestry Commission 2008a):

- The composition of our native woods may change as the distribution of tree species and wildlife alters in response to the changing conditions
- Species and silvicultural³ practice will need to be chosen carefully
- More carbon dioxide and warmer temperatures may increase productivity, but pests, diseases, drought and storms are likely threats
- In some parts of Eastern Scotland commercially grown species such as Sitka Spruce could become less productive
- There is a need to design and manage forests and woodlands to cope, and help us cope, with the new climate
- More deer browsing and wind damage may alter the character of the woodlands
- There is a need to create diverse, resilient forests which will lock up carbon, contribute to flood prevention, provide habitat networks and create wildlife corridors
- There is a need to adapt and plan ahead for these changes and now is the time to plan ahead to protect and manage forests for future generations

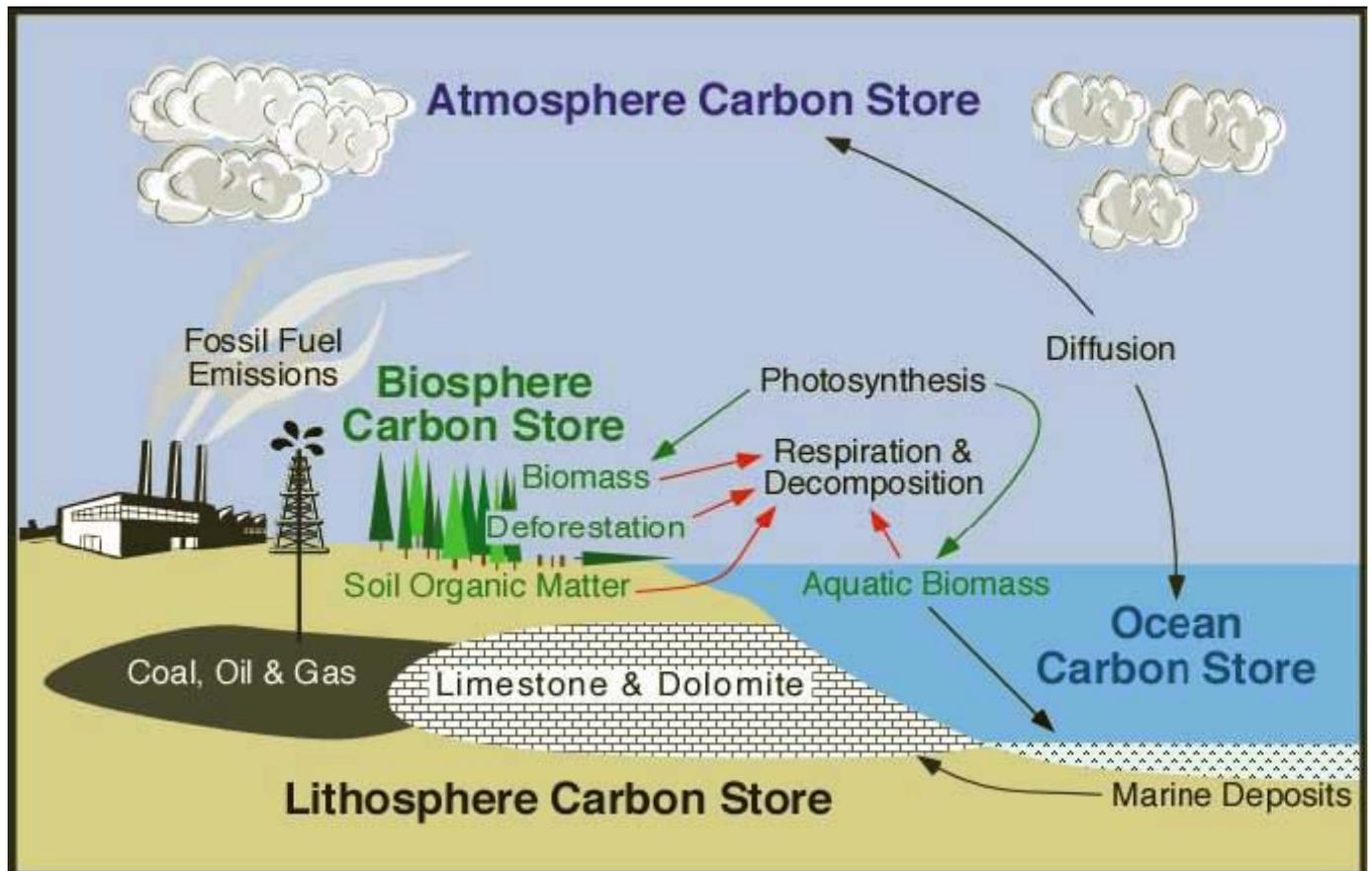
FCS [published](#) its Climate Change Action Plan on 2 February 2009 (FCS 2009a).

The Forestry Commission is progressing plans to “re-focus the work of our Forest Research agency as a centre for forestry and climate change – with a new and fresh remit to drive forward our knowledge, analysis and action on forestry and climate change” ([Forestry Commission 2008b](#)) .

Figure Four shows how forestry fits into the broader carbon cycle

³ the art and science of controlling the establishment, growth, composition, health, and quality of forests
providing research and information services to the Scottish Parliament

Figure Four – The Carbon Cycle



Source and with permission from: <http://www.physicalgeography.net/fundamentals/9r.html>. Image created by Dr. Michael Pidwirny Department of Geography, Okanagan University College

At an international level, forestry is seen as crucial. Deforestation is a significant source of greenhouse gas emissions.

BACKGROUND TO THE FORESTRY PROVISIONS

The Scottish Forestry Strategy includes an aspiration of 25% woodland cover by 2050, up from the current position of 17%. The consultation on the proposals in the Bill (FCS 2008b) estimates that the new woodlands would be responsible for an additional 0.2 Million tonnes per year (Mt/yr) of carbon by 2020 and an additional 1.2 Mt/yr by 2050. This would mean, according to the Policy Memorandum to the Bill, that woodlands would then sequester 4 million tonnes of carbon dioxide per year - this figure seems to be based on the AEA Report to the Scottish Government (Scottish Government 2008a).

However, the Scottish Government states that the current mechanisms for achieving this additional planting are only delivering half of the additional 10,000 hectares of planting required each year (the actual figures are reproduced below, sourced from written answer [S3W-19029](#)):

Table Two - Planting on the National Forest Estate

Year	New Planting	Restocking	Total (Thousand Hectares)
1998-99	0.1	3.4	3.5
1999-2000	-	4.3	4.3
2000-01	0.1	4.4	4.5
2001-02	0.1	4.9	5.0
2002-03	0.1	5.0	5.1
2003-04	0.1	5.3	5.4
2004-05	0.1	6.2	6.3
2005-06	0.1	5.2	5.3
2006-07	-	6.4	6.4
2007-08	-	5.9	5.9

The Government recognises that the national forest estate only accounts for about a third of woodlands, and that the private forestry holdings are not delivering the required new planting either. The Scottish Government has stated⁴:

“Earlier this year, Forestry Commission Scotland (FCS) indicated in its Scottish Forestry Strategy Implementation Plan that a sustained programme of around 10,000 hectares of new planting would be required each year to achieve the Strategy aspiration of 25% woodland cover by the second half of the century. FCS estimated that the private sector would plant 80% of the annual programme, while the remainder would be planted on the national forest estate. It is therefore too early to assess progress against this programme, particularly as the incentives to help delivery, the forestry measures within the SRDP, have just been put in place after the closure of the Scottish Forestry Grant Scheme. Progress will, however, be monitored closely over the coming years, and the figures will be published”

CONSULTATION ON THE FORESTRY PROVISIONS

The [consultation](#) (FCS 2008b) on “Climate Change and the national forest estate - forestry provisions in the Scottish Climate Change Bill” opened on 4 November and closed on 27 January 2009. Given that the Climate Change (Scotland) Bill was introduced on 4 December 2008, this timing has meant that scrutiny of the proposals has to date taken place without reference to the content of consultation responses (aside from those circulated more widely by stakeholders). No comprehensive analysis of the responses is available though it is understood the Minister for the Environment, Michael Russell, will make the Rural Affairs and Environment Committee aware of any early developing themes (beyond the letter referred to on page 12).

⁴ S3W-19030

The Convener of the Rural Affairs and Environment Committee [wrote](#) to the Scottish Government in December 2008 outlining the committee's "dismay and frustration that the Scottish Government's consultation on its proposals for the Forestry Commission is ongoing and will not close until 27 January. It is extremely unfortunate that we are being asked to commence scrutiny on the proposals without any awareness of how consultees have responded to them particularly in view of the interest they appear to have aroused from stakeholders" (Scottish Parliament Rural Affairs and Environment Committee 2008). A [reply](#) on 22 December stated the Scottish Government was "sorry that we were unable to complete our consultation on the forestry provisions before the Bill was introduced"(Scottish Government 2008c).

As of Monday 26th January, there had been 220 responses to the consultation ([FCS 2009b](#)) The tight timescale of the consultation means these have not been made available before the publication of this briefing, and will not be published on the Scottish Government website until 1 March 2009.

On 29 January 2009 the Scottish Parliament (2009a) [debated the forestry provisions](#) of the Bill. The following motion was agreed to by 62 votes to 61 with one abstention.

That the Parliament notes the consultation on climate change and forestry that has just closed; welcomes the widespread agreement that there must be a significant planting increase to assist the process of combating climate change; is grateful to all those who brought a variety of ideas and views forward, and looks forward to a report to the Parliament on the outcome of the consultation and to subsequent detailed parliamentary scrutiny of any proposals brought forward as a result of the consultation.

The Minister [wrote to the Parliament](#) on 2 February 2009 indicating that one of the figures he had used in the debate was erroneous, specifically relating to jobs lost since 1999 (Scottish Parliament 2009b).

The Rural Affairs and Environment Committee has carried out its own consultation on the provisions and the call for evidence and responses received to that consultation are available on the [Committee's webpage](#).

CLIMATE CHANGE (SCOTLAND) BILL – THE FORESTRY PROVISIONS

The Bill contains, in section 47, powers to allow Scottish Ministers (by order, and under the affirmative resolution procedure) to modify the functions of the Forestry Commissioners in or as regards Scotland, and to allow the Forestry Commissioners to delegate their functions to other bodies. Such an order can only be made where Scottish Ministers "consider it necessary or expedient to do so" and in order to comply with Ministers' duties under sections 1-3 of the Bill which sets a 2050 target, an interim target and annual targets for the reduction of greenhouse gas emissions. Furthermore section 47(2)(b) allows for such an order if it is necessary or expedient "otherwise in relation to climate change".

Specifically the Bill provides for an order to allow Forestry Commissioners to form or participate in corporate bodies or trusts. In addition Commissioners can provide loans, and act (or appoint someone else to act) as an officer of a body corporate, or a trustee of a trust. The Bill further provides, in section 47 (4) that in such an order the Forestry Commissioners can delegate certain functions to other bodies.

The detail of the proposals behind section 47 are fleshed out to some extent in the Policy Memorandum, which states that the Government is proposing two specific policy areas:

- The National Forest Estate – Renewable Energy Development (relates to proposed Joint Venture arrangements)
- The National Forest Estate – Releasing capital for woodland creation (relates to proposed leasing arrangements)

Each of these issues are considered in detail later in this briefing.

OVERALL VIEWS ON THE PROVISIONS

Whilst there seems to be a degree of consensus that it is legitimate to try and find ways to increase tree planting rates, some stakeholders have called for a wider debate on forestry policy, in the context of land use more generally, and taking into account public benefits which extend beyond carbon sequestration.

In the reply to the Convenor of the Rural Affairs and Environment Committee, the Minister stated that, from an initial assessment of consultation response received to that point:

- most of the attention is focused on the proposal to enable Forestry Commission Scotland to lease out management, or cutting rights
- there is general support for the intention to generate new funds for forestry-related climate change mitigation activity, although the forestry sector would like to see a guarantee that any funds so generated would be reinvested in forestry
- staff have concerns about the implications for job security of any who are transferred to a lessee, and concerns about the wider implications for the Forestry Commission. There is more information about this on the Forestry Commission Trade Union [website](#)
- industry stakeholders have a range of views, reflecting different interests; wood processors (in particular) having concerns about the future marketing arrangements for timber. The Confederation of Forest Industries ([Confor](#)) is gathering views on the industry position
- more specific questions about the suggestion of a lease relate to the standards of management that would be expected of a lessee, including their approach to access, heritage and community engagement issues; the effect on timber marketing and continuity of supply; the position at the end of the lease; the eligibility of a lessee to receive grants under the Scotland Rural Development Programme; and the impact on the remaining part of the national forest estate
- the suggestion of a not for profit Trust has led to questions about how such a body would operate and how, in the longer term, it would be possible to guarantee that it continued to reflect the public interest

[NFU Scotland](#) (2009) has said that it:

“is extremely concerned by the potential adverse impact that these proposals may have on the future development of many rural areas where farming plays the principal and pivotal role in securing and enhancing a huge range of economic, environmental and social benefits”

And that it:

“doubts very much whether this approach to tackling climate change will achieve anything positive. It is naive in the extreme to think that simply planting more trees on

mainly agricultural land, to lock up carbon, will make a significant contribution in addressing what is a global and complex problem”

[Scottish Environment LINK](#) (2009) also has concerns, stating:

We are particularly uncomfortable, as we have highlighted before, with woodland creation for carbon sequestration becoming the primary driver for the government and the national forest estate. LINK has repeatedly expressed its view that the best way to respond to climate change is to reduce greenhouse gas emissions by moving away from carbon based energy production, reducing energy consumption and energy loss. We see carbon sequestration as one of the secondary responses that feature down the list of the multiple benefits forestry can provide

[RSPB Scotland](#) (2009) has specifically called for the open ended provision for changing the Forestry Commissioners’ duties and functions to be removed.

The [Wood Panel Industries Federation](#) (2009) has said that:

“The wood panel industry is deeply concerned by some of the forestry provisions included in the Scottish Climate Change Bill. We do appreciate the Scottish Government’s over-arching aim of raising capital for extending forest cover in Scotland. Whilst we support the objective to expand Scotland’s forest cover in support of climate change objectives, the lack of detail in the Government’s consultation document leads us to question, a), whether the objectives will be met and, b), whether actions taken will actually threaten the continued operation of our members, who are reliant upon resource coming from the productive forest areas being discussed”

The Confederation of Forest Industries (Confor 2009) [stated](#):

“The proposal to lease forests contains insufficient information on which to determine its impact on Scotland’s forestry and wood-using businesses. ConFor would wish to reiterate the central message from its response to the consultation, that:

- there is benefit in delivering increased new planting;
- this could be delivered by a variety of mechanisms and requires improvements to the SRDP;
- ConFor is keen to utilise both its and its membership’s expertise in developing a way forward that addresses legitimate concerns raised.

In terms of delivering new planting we would note that good information is available on where and how best to establish new forests to maximise carbon sequestration while securing other economic and environmental benefits. Current sustainable management standards provide a firm basis for Scotland to really begin to achieve a target of 25% forest cover”.

During a publicly attended meeting in Pitlochry on 23 January a panel including the Minister for Environment heard views that benefits of increased tree planting would be reduced unless the issue of overpopulation of deer was addressed ([Riddoch Questions](#) 2009)

THE NATIONAL FOREST ESTATE – RENEWABLE ENERGY DEVELOPMENT

The Policy Memorandum to the Bill states that:

“The Bill will enable the Scottish Ministers to make an order which will allow the Forestry Commissioners to enter into joint ventures with developers and local communities to accelerate renewable energy development”

There is little other detail contained in the Policy Memorandum other than to point out that leases to renewable developers are already possible, but that joint ventures have the scope to deliver better returns⁵. The consultation on the proposals offers little further information but did ask for 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 Financial Memorandum states “Annual net income potential might be expected to reach perhaps £10m/yr by 2012 and perhaps £30m/yr by 2020.”

The Scottish Parliament has previously legislated to allow Scottish Ministers to enter into joint ventures - The Smoking, Health and Social Care (Scotland) Act 2005 (asp 13) included such provisions.

Table Three below draws on opinions made in selected consultation responses which have become available other than through the Scottish Government. Table Four includes some views submitted directly to Parliament as a result of the call for evidence of the Scottish Parliament Rural Affairs & Environment Committee. In general terms respondents felt that the consultation and the Bill contained little information on how the joint ventures would work, though the proposals are generally supported.

Table Three – Selected responses to the Joint Ventures question included in the Forestry Commission Scotland consultation

Respondent	Comments
The Highland Council	Welcomes joint ventures idea subject to some considerations including: Secure and maximise opportunities to benefit from joint ventures, including an equity stake in investments; Joint ventures should involve community ownership; Extend range of joint ventures to include biomass, especially wood fuel; Appraisal process requires to consider development on peat and carbon flux issues; Public Sector Reform Bill may offer a wider use and benefits from joint ventures; Working with Carbon Trust ('Partnership for Renewables') to develop and manage on site renewable energy projects; Opportunity for partnerships with LA's in providing heat and power for local communities
James Jones & Sons Limited (timber supplier)	Do not object to the Government's climate change aspirations but has some specific concerns including: funds raised must be ring fenced within the forestry sector; where afforested land is converted into other forms of renewable energy programmes, replanting to at least an equal extent must take place; where commercial forestry is removed, a proportionate amount of replanting must be carried out Renewable energy schemes must be phased to avoid dumping of felled material on the market at once; further clarification is required on what "joint ventures" actually means
Scottish Wildlife Trust	Supports the idea of joint ventures, particularly if it generates new funds for investment in new, primarily native, woodland creation, including commercial Scots pine plantations. Safeguards should include: protection of ancient semi-natural woodland, planted ancient woodland sites (PAWS) and other

⁵ FCS already operate joint ventures, for example see [Forest Research](#) (2006) *providing research and information services to the Scottish Parliament*

	woodlands and open ground habitats of high conservation value (including all blanket bogs) against development (e.g. wind farms);ring fencing funds generated by FCS from joint ventures back into woodland creation and multiple benefit forestry (which would also contribute to carbon sequestration); making all proposals subject to full Environmental Impact Assessments
Ian Thomas (forestry consultant)	Supportive of the proposal, suggesting that one option for raising capital in advance of actual revenue flows from FCS projects would be to launch a bond or share against the future energy/revenue creation
Woodland Trust Scotland	All income raised from joint ventures with energy companies must be reinvested in the delivery of multiple public benefits through forestry; safeguards should include a requirement to undertake environmental impact assessments; protection of public benefits; proposals must follow the full planning process; no development should lead to a loss of woods of high conservation value
National Trust for Scotland	Feels that the arrangements for any new joint venture are not clear and are set out in only the very broadest terms and that there could be potential from joint ventures for FCS to offer greater added value, develop its project management expertise, increase its revenues and expand community engagement. The Trust would be in support of further consideration being given to enabling FCS to carry out more joint ventures including those for renewable energy generation as long as these follow appropriate planning and environmental assessment procedures, are located and sited appropriately with safeguards being met for landscape and other aspects of natural and cultural heritage
Scottish Environment LINK	No objection, subject to appropriate safeguards, as support the principle of injecting new resources into forestry and climate change delivery. However feel too little detail in the consultation about how these joint ventures would be set up so it is difficult to comment fully. Safeguards should include a requirement: <ul style="list-style-type: none"> • To protect other public benefits such as: Plantation Ancient Woodland Sites (PAWS), woods of high nature conservation value, biodiversity, priority open ground habitats, public access and recreation provision. • To undertake full Environmental Impact Assessments. • That all proposals follow full planning process and any supplementary planning guidance on preferred locations for renewable projects. • Any money raised from such ventures would need to be properly reinvested in climate change actions and a protocol may need to be developed to ensure this delivers the greatest possible environmental benefit, including emissions reductions and wildlife adaptation

Table Four – Selected responses to the Joint Ventures question included in the call for evidence from the Rural Affairs & Environment Committee

Respondent	Comments
Scottish Renewables	Feel the Commission estate is likely to include a significant number of sites suitable for generation of electricity from hydropower and wind and it may prove commercially sensible to work in partnership to realise any potential, especially where rapid deployment is desirable. Believe that joint ventures should be limited to power from wind, hydro and micro power, and that the Forestry Commission should not be allowed to develop bioenergy projects, allowing a situation to arise where Forestry Enterprise Services is effectively selling timber to itself
Forestry Commission Trade Unions	Recognise that joint ventures have been widely accepted as allowing added value to the role of FCS
Institute of Chartered Foresters	Strongly supports powers for joint ventures, feeling they would allow for innovation, and would create significant resources

Munro Sawmills Ltd	Welcome any activity which will increase the viability of the FCS without impinging on its normal commercial customers. Income from these sources should be used to maintain and expand the national forest estate
Scottish Natural Heritage	See no problem with joint ventures to deliver well designed renewable energy developments
RSPB Scotland	Welcome the proposals contained in the Bill but have concerns about the objectives, functions and operations of new trusts. Ministers must make sure any trust is publicly accountable, delivers public policy objectives and does not raise memberships
Confederation of Forest Industries (Confor)	Believe that the big opportunity from joint ventures is opportunity to raise additional money, which could be used to deliver increased new planting through the private sector. There is a potential for a significant loss of productive forest with consequent negative carbon impacts. Confor would wish to ensure compensatory planting takes place. There may be impacts where a renewable project joint venture could result in a loss of a productive softwood area – these areas provide valuable biodiversity benefits that are rarely recognised
Wood Panel Industries Federation	On balance, supports the use of joint ventures for clean renewable energy programmes or micro-generation on the forest estate, subject to certain safeguards being implemented; i.e. timber extraction and replanting being maintained in productive areas, revenues raised being circulated back into increasing commercial planting and maintaining access for recreational and community use
Loch Lomond and the Trossachs National Park	Supports the proposal on joint ventures, which appears to be a practical way to increase the profitability of the national forest estate while contributing to the mitigation of climate change. Specifically, supports joint ventures between FCS and local communities which provide opportunities for the development of sustainable and affordable community renewable energy schemes. The development of sustainable and affordable energy generation is particularly important for those rural communities, off mains supply, that remain heavily reliant on fossil fuels for heating. Any income generated from joint ventures with developers and local communities should be used directly to fund further measures to mitigate climate change. There is an urgent need to undertake a feasibility study on the national forest estate to assess the potential for income generation from renewable energy schemes taking into consideration development constraints. If the potential is sufficient to generate adequate funding for FCS to make a significant contribution to climate change mitigation, leasing of land may not be necessary
Selection of individuals (John Taylor, Dr. Jean Balfour, Emma Stewart, Stephen Blow)	Believed joint ventures would be beneficial to FCS and the Scottish Government with a view to reducing greenhouse gas emissions and generating income for further forestry work

The Royal Scottish Forestry Society (2008) in an article in its journal, Scottish Forestry, considers that the Forestry Commission would:

“Have to participate in any losses if projects failed, and the FC would be in a difficult position as both developer and adviser to Government on the merits of proposals. On the whole, government departments do not have a good record in commercial ventures, and such projects would probably be best left to the private sector with the FCS retaining rental income”.

THE NATIONAL FOREST ESTATE – RELEASING CAPITAL FOR WOODLAND CREATION

As alluded to earlier, the Bill itself includes technical provisions to give powers to modify the functions of the Forestry Commissioners in or as regards Scotland – for detail it is necessary to consult the Policy Memorandum which states:

One option being explored, and covered by the consultation, is to release capital from the national forest estate, through the letting of cutting rights, to provide additional funding for woodland creation

And

The Bill will provide an order making power that will allow for the delegation of the Forestry Commission's land management function. This will enable the Scottish Ministers to lease land for forestry purposes and enable Forestry Commission Scotland to let cutting rights over that land, with the land management function being delegated to the lessee. Public benefits will be safeguarded through careful structuring of the agreements and rigorous selection of appropriate areas. The shaping of proposals will be in discussion with stakeholders. The consultation paper launched on 4 November 2008 seeks views on transferring the proceeds from leases and cutting rights to a not-for-profit trust, for investment in woodland creation. It also seeks views on transferring the landlord's interest in this land to a not-for-profit trust, and on Ministers stipulating the constitution of such a not-for-profit trust.

The Financial Memorandum to the Bill states:

The income would depend upon a range of factors including, critically, the area covered by a lease and its terms; one option being evaluated is a 75 year lease over about 100,000 hectares (or up to 25% of the national forest estate).

There is little other detail contained in the Policy Memorandum, though the consultation offers some more information, principally that:

Additional funds could potentially be made available for woodland creation by releasing capital from the estate. It could be possible to achieve this, while safeguarding public benefits from the estate, by offering long leases and cutting rights over some of the land. There would need to be rigorous selection of appropriate areas (ie where the timber production function is dominant). In addition, the lease would spell out such safeguards as the need to observe the UK Forestry Standard, and to protect the interests of existing stakeholders (including recreational users, community groups and staff). The lease would also ensure that returns from (e.g.) future renewable energy developments were shared equitably. However, releasing capital in this way could only be possible if Scottish Ministers had powers to lease land for forestry purposes and Forestry Commission Scotland was able to grant cutting rights over that land.

In his reply to the Convener of the Scottish Parliament Rural Affairs and Environment Committee, the Minister for the Environment has acknowledged that the proposals to release capital for woodland creation are more controversial than those relating to renewable energy development.

In reply to a Parliamentary Question⁶ the Scottish Government has outlined that:

⁶ [S3W-18612](#)

Forestry Commission Scotland does not currently have the power to delegate its land management function but it has entered into a number of agreements with community groups to encourage greater engagement with their local woods. These range from concordats to management agreements and include activities such as footpath maintenance and educational events.

Policy development - Leasing

The Bill would give powers to allow Scottish Ministers to lease land for forestry purposes, and enable FCS to let cutting rights over that land, with the land management function delegated to the lessee. As alluded to above, powers already exist for leasing to take place for non-forestry purposes (for example renewable energy projects) and powers also exist for Forestry Commissioners to dispose of land through Scottish Ministers. Under the Forestry Act 1967, Scottish Ministers can lease land from others which in their opinion is suitable for afforestation or purposes connected with forestry - this land can then be placed at the disposal of Forestry Commissioners.

According to the Financial Memorandum, one option the Scottish Government is considering is to allow 25% of the national forest estate to be made available for leasing – it estimates this could generate up-front funds of some £200 million for a 75 year lease.

The First Scottish Forestry Strategy (Scottish Executive 2000) did not mention leasing, despite being written in the context of the 1998 National Audit Office report into Forestry Commission: Disposal of Forest Land, which made reference to leasing. On closer examination, the National Audit Office's [main recommendations](#) were (National Audit Office 1998)⁷:

- when disposing of assets, the Commission should set out clearly the major strategic objectives and targets to be achieved, and define the criteria to be applied in selecting assets for sale. This would enable them to optimise their sales programme nationally
- the Commission should make every attempt to quantify the costs and benefits of decisions taken to select assets for disposal and
- where outright sale of an asset inhibits the achievement of a disposal objective - such as in the case of preserving public access to forests - the Commission should consider alternative methods of transfer. Leasing could help protect public access and help rationalise the forest estate.

The 2006 Scottish Forestry Strategy identified a requirement to:

“Seek legislative changes that would enable the lease of national forest estate land for woodland management”

However, this was included under the section entitled “Encouraging community ownership and management” and implying that leasing for large scale commercial development was not the aim.

It is understood, however, that the proposals being consulted on have been under development within the Scottish Government for a period of time, though it is possible that an approach from a private investor has prompted action - the Minister for the Environment did make reference to one such approach during the [forestry debate](#) on 29 January 2009, stating:

⁷ During the debate on 29 January 2009 the Minister for the Environment cited this report

Let us talk about how the proposals came about. For years, people have approached the Forestry Commission and asked to buy its land. As forestry minister, I will not sell Forestry Commission land. However, we need to consider creative ideas. When Rothschild came to us with a creative idea, I considered it and rejected it, because it was a proposal for 100 per cent of the forest estate. I needed to find a creative way to deal with the issue. The creative way is to take the 25 per cent package, get the value from it and invest that money so that we can grow more trees in Scotland. That is essential. Moreover, by putting that in the Climate Change (Scotland) Bill, we guarantee that it will be used in that way because it would be ultra vires if it were not.

Since the debate, a number of Parliamentary Questions have been lodged seeking to explore the detail behind this approach from Rothschild, the investment bank. Many of these were due for answer on 5 February 2009 but were not, and so are, at time of writing, deemed to have a holding reply.

Other reports suggest that other approaches to the Scottish Government have been made. The Journal of the Royal Scottish Forestry Society (2008) states:

“It is understood investors, such as Timberland Companies from America, have approached the Forestry Commission with a view to investing in parts of the national forest estate with the exception of the current repositioning schemes⁸”.

This has been explored in parliamentary questions including:

[S3W-18692 - Jim Hume \(South of Scotland\) \(LD\) \(Date Lodged Monday, December 08, 2008\)](#): To ask the Scottish Executive whether it has been approached by or has had discussions with private foreign timberland investment companies wishing to buy or lease the most commercially-viable forested land.

Answered by Michael Russell (Thursday, December 18, 2008): The Scottish Government has not held any discussions with private foreign timberland investment companies regarding buying or leasing parts of the national forest estate arising from the present consultation on the climate change bill.

[S3W-18657 - Peter Peacock \(Highlands and Islands\) \(Lab\) \(Date Lodged Friday, December 05, 2008\)](#): To ask the Scottish Executive what discussions it has had with US company the Timberland Fund and when.

Answered by Michael Russell (Thursday, December 18, 2008): The term Timberland Fund is a generic term used to describe investment funds specialising in forests, but the Scottish Government is not aware of a US company called Timberland Fund.

Neither the Policy Memorandum nor the consultation on the forestry provisions makes reference to such an approach, though SPICe understands that a company called [Cambium Global Timberland Limited](#) may have been involved, though this cannot be verified.

The leasing proposals have led to the development of campaigning websites such as from [Scottish Labour](#) and the [Scottish Liberal Democrats](#) (as well as on [Facebook](#)).

⁸ Current repositioning schemes refers to.....

Policy Development - Not for Profit Trust

The Policy Memorandum contains no information on the likely setup of a not-for-profit trust, though the Financial Memorandum states “Detailed proposals have yet to be developed, and will include consideration of State Aid issues”

The consultation states:

A not-for-profit trust, with open membership, could bring new sources of energy and expertise to the challenge of using forest-related measures, such as woodland creation, to fight climate change. This could be done by transferring assets derived from the lease of land and cutting rights to a not-for profit trust that was set up to invest these funds in woodland creation. Subsequently, the trust could sell the established woodland to generate more funds for the same purpose. This activity would supplement existing woodland creation programmes and increase the level of carbon sequestration. If the trust also owned the landlord’s interest in the leased land in perpetuity for the nation, it could be given the task of ensuring that public interests were safeguarded. If the trust were a membership-based organisation, this would help to diversify land management by giving the people of Scotland a direct stake in the long-term stewardship of this land.

WOODLAND CREATION PROPOSALS - THE KEY ISSUES

A number of concerns have been raised in the few consultation responses in the public domain to date, and in the responses to the Committee call for evidence. In reply to the Convener, the Minister for the Environment has accepted that are some themes coming from the respondents to the consultation – these are reproduced on page 13. Some of these themes, and other concerns raised, are elaborated on below.

General views on the leasing and cutting rights proposals

The following table briefly outlines the position of selected stakeholders - as before, this draws on opinions made in selected consultation responses which have become available other than through the Scottish Government, and also includes some views submitted directly to Parliament as a result of the call for evidence of the Scottish Parliament Rural Affairs & Environment Committee.

Table Five – Levels of support for the leasing proposals

Support the proposals	Require firm guarantees in order to support the proposals	Do not support the proposals
None of the responses that have been made available at the time of writing have given unconditional support	James Jones & Sons Limited – outline 19 principal concerns including that a promised working group has not yet materialised	The Highland Council – 11 major concerns including lack of business case and loss of regional presence
	Woodland Trust Scotland – outline 7 principal concerns including all funds raised must be used in forestry related activities	Scottish Wildlife Trust – cite less secure public benefits, increasing primacy of economic drivers and erosion of biodiversity duty
	Scottish Environment LINK – feel much more work is required on the	Loch Lomond and the Trossachs National Park – has concerns that proposals

	proposals including a detailed economic case and analysis of the remaining FCS activities to deliver the Scottish Forestry Strategy	undermines the concept of a national forest estate and may undermine its economic viability
	Confederation of Forest Industries (Confor) – believes the proposals are not detailed enough to determine their impact but that there is benefit in increased new planting which could be delivered by various mechanisms including the Scottish Rural Development Programme	Ian Thomas (forestry consultant) – feels a lease to a single entity increases risk and investment companies subcontract work with no guarantee for FCS workers
	Scottish Natural Heritage – believes the leasing proposal carries risks including reduced commitment to biodiversity, landscape and amenity care. SNH suggests some principles that should be applied to safeguards	National Trust for Scotland – do not see a suitable weight of evidence
		Wood Panel Industries Federation – believes the proposals appear to jeopardise the future supply of wood to the wood processing industries
		Scottish Rural Property and Business Association does not think that the leasing proposal would enhance FCS's role in dealing with greenhouse gas emissions and climate change
		Archaeology Scotland – believes business case has not been made
		NFU Scotland – considers that skewing the funding balance within the Scottish Rural Development Programme could be very risky
		RSPB Scotland – believes the forestry proposals are a distraction from the main purposes of the Bill, and that they are inappropriate as they undermine the biodiversity duties and functions of the Forestry Commissioners
		Munro Sawmills Ltd – have grave reservations on forest leasing, not least that in the event of a leaseholder default there would be no guarantee of proper replanting after felling and the carbon sink would be depleted
		Institute of Foresters – believes the proposals have been presented without detail, and could mean the loss of regular timber contracts to the timber trade, thus reducing employment and risking investments made or planned by the trade
		Forestry Commission Trade Unions – very strongly oppose leasing as it considers only the economic aspect of sustainability
		Selection of individuals (John Taylor , Dr. Jean Balfour , Emma Stewart , Stephen Blow , Peter M Fairweather) – strongly disagree with the leasing proposals

Employment

Employment is one of the key concerns raised by stakeholders, in particular the Forestry Commission Trade Unions (2009) who state:

Leasing as presented by the Consultation document has been widely condemned by the public and is opposed very strongly by the Trade Unions. It considers only the economic aspect of sustainability and fails to recognise the added value of FCS staff in areas where the environment has less natural attractions for environment and tourism. Considerable staff resource and funding has been put into remote rural areas such as the Galloway Forest Park by such ventures as the 7Stanes Mountain Biking facilities.

The Forestry Commission Trade Unions are extremely active. Their [website](#) states:

We believe that whilst it is important that we support the fight against climate change, some of the proposals outlined in the consultation paper represent the biggest challenge to our jobs, the integrity of the FC and the sustainability of the Scottish Forestry sector that we have seen for over ten years. Therefore whilst it is important that we support those elements of the proposals that will make a positive contribution to tackling climate change, it is essential that all members take an active role to help oppose the plans to lease long-term full management and cutting rights over at least 25% of the national forest estate in Scotland.

The Scottish Rural Property and Business Association (SRPBA 2009) has [said](#):

“if 25% of the national forest estate is leased, including some of the most productive areas of forestry, then it is inevitable that FCS will not be able to fund as many positions as at present. The Minister has argued that there could be an increase in jobs available if the leasing proposals go ahead because the money raised from leasing could be reinvested back into the forestry sector and more positions could be created. However, there is no guarantee that the money will be put back into the forestry sector and the lessee will be under no obligation to employ existing FCS staff because they may already have their own staff”

In the [debate](#) on 29 January 2009, the Minister said:

“triple assurances on jobs have been given, and there will be new jobs”.

It is understood that these triple assurances are:

- TUPE - Transfer of Undertakings (Protection of Employment) Regulations
- No compulsory redundancies
- Seek to avoid transferring anyone who didn't want to be transferred

Specifically on the employment issue, the Minister [wrote to the Parliament](#) on 2 February 2009 indicating that one of the figures he had used in the debate was erroneous (Scottish Parliament 2009b):

“Regrettably I stated in the debate on more than one occasion that 1,000 Forestry Commission jobs in Scotland had been lost since 1999. This assertion was based on information provided to me in my briefing. But yesterday evening Forestry Commission Scotland drew my attention to an error in their methodology used to draw up these figures. In short, my statement drew upon data sources that were not comparable to

those from previous years, hence the inaccurate figure. I would like to sincerely apologise for this genuine and inadvertent mistake and assure you and my fellow MSPs that there was, of course, no intention to mislead the chamber. I accept full responsibility for the error and in addition I apologise for the fact that the figure was picked up and used by at least one other member during the course of the debate”

Income from leasing

The lack of a detailed economic case has been cited by some as a reason for not supporting the proposals. The Highland Council (2009) asked whether the current economic downturn had been factored into the assumption that leasing of 25% of the national forest estate would generate some £200 million.

This issue was explored in the following written answers:

S3W-19037 - Peter Peacock (Highlands and Islands) (Lab) (Date Lodged Monday, December 15, 2008): To ask the Scottish Executive what overall financial appraisal it undertook of potential costs and benefits of leasing part or parts of the national forest estate before consulting on potential benefits.

Answered by Michael Russell (Wednesday, January 14, 2009): Initial estimates of the potential costs and benefits of leasing parts of the national forest estate were based on Forestry Commission Scotland's accounts and its valuation of the estate.

S3W-19546 - Elaine Murray (Dumfries) (Lab) (Date Lodged Friday, January 09, 2009): To ask the Scottish Executive how much additional capital it estimates that it will receive in (a) 2009-10, (b) 2010-11, (c) 2011-12, (d) 2012-13 and (e) 2013-14 through offering management leases and cutting rights, as proposed in its document Climate Change and the national forest estate - Consultation on forestry provisions in the Scottish Climate Change Bill.

Answered by Michael Russell (Tuesday, January 20, 2009): If a decision is taken, following the consultation, that leasing of forest land and cutting rights should take place, the additional capital received will depend upon such factors as the terms of the lease, costs associated with leasing, and the lessee's expectations of future market conditions. Subject to these factors, it could be in the range £150 to 200 million. The timing of payments will depend upon securing legal powers to allow leasing, the time taken to prepare and agree any leases and decisions about whether or not to receive payment in instalments. No receipts are expected before 2010-11.

Arguments have been made that leasing of the best 25% of the national forest estate could have knock on implications for the management of the remaining 75%. The Institute of Chartered Foresters (2009) states:

Leases are proposed for 25% of Forestry Commission Scotland estate which equates to approximately 33% of FCS income. This will increase Forestry Commission Scotland unit costs. If these are 75 year leases they will be expensive to monitor and will create inflexibility for the future. Roll over of leases or sale may result.

The Financial Memorandum suggest 75 years as an appropriate length of lease, though it is not clear what the rationale is for this length of time.

Access to grants

FCS has to fund its own new planting from its own budget, but other public bodies or enterprises which own or lease land are eligible to apply for grants for new planting under the Scotland Rural Development Programme⁹.

The consultation states that the Scottish Rural Development Programme (SRDP) is a key mechanism for delivering additional planting. Individual measures within the SRDP are not ring-fenced. However the seven year programme estimates £175 million for woodland creation. As regards expenditure since the Programme started, £19.2 million was spent in 2007-08, and £9.9 million has been spent so far in the current year¹⁰.

The Policy Memorandum states:

Current sources of funding for woodland creation are the Scotland Rural Development Programme (SRDP), and, to a much lesser extent, proceeds from land sales through an existing “repositioning” programme on the national forest estate. The SRDP has made provision for £23 million per year (over the period 2007-13) for woodland creation, but grant rates are constrained by the Rural Development Regulation (EC 1698/2005)²⁰. Given the complex range of cultural and fiscal factors affecting land use change, woodland expansion under the SRDP is likely to fall well short of the desired 10,000 hectares per year. Another alternative is to scale up the repositioning programme on the national forest estate, selling more land for investment in woodland creation. However, undertaking this on the required scale would require a change in strategic direction, leading to concern over loss of public benefits in relation to land that was sold.

The lessees under the Government proposals would be eligible to receive funds from the Scotland Rural Development Programme, subject to approval of appropriate work proposals¹¹.

Concern has been raised [for example NFU Scotland (2009)] that the proposals could result in a “skewing” of the SRDP. The Highland Council (2009) has called for the “early and significant refinement of SRDP, including simplified application and approval process” in order to allow the Scottish forestry sector to contribute to the 2050 Scottish emissions target.

Continued planting

As has been outlined, the carbon sequestration value of forestry is only evident if replanting of cut trees takes place appropriately over a long timescale. Some stakeholders have raised concern that this would not necessarily be the case under the proposed arrangements. This issue was considered in the written answer below:

[S3W-19039 - Peter Peacock \(Highlands and Islands\) \(Lab\) \(Date Lodged Monday, December 15, 2008\)](#): To ask the Scottish Executive what arrangements are envisaged in potential leases for the national forest estate that would require continued investment in planting on leased land until the expiry of such leases.

Answered by Michael Russell (Wednesday, January 14, 2009): If a decision is taken to lease parts of the national forest estate, leases would have to comply with the felling regulations which generally require that replanting is carried out after felling.

⁹ S3W-19033

¹⁰ S3W-19032

¹¹ S3W-19034

Areas to be leased

Neither the consultation nor the Bill indicates which areas would be considered for leasing. In answer to a Parliamentary Question the Scottish Government has stated:

“If a decision is taken to lease parts of the national forest estate, there will be a further opportunity for stakeholder groups to be involved in discussing and influencing the way in which this would be implemented”.

Security of supply

The wood processing industry has concerns as it is used to security of supply and is concerned competitors might set up agreements with any lessee. The [Wood Panel Industries Federation](#) states:

We cannot support proposals that threaten coniferous wood supply. Whilst not agreeing with all Forestry Commission policies, we recognise that over the long term they have introduced a degree of stability into the market, and by maintaining supply throughout the economic cycle have enabled processing industries to have the confidence to invest and grow. Under the proposals, the only commitment voiced is to honour existing supply contracts, which means that there is no certainty beyond these and evidence to date would point to a private investment group being less than willing to enter into long-term supply arrangements.

Retaining quality

The Scottish Government has been asked whether it proposes to use the UK Woodland Assurance Standard or the UK Forestry Standard in any leasing arrangements for the national forest estate. The Scottish Government replied that¹²:

The consultation paper suggests the need to observe the UK Forestry Standard as an example of a means of safeguarding public benefits. The UK Woodland Assurance Standard is also a possibility.

The Confederation of Forest Industries (Confor 2009) commented on this stating:

The leased forests would be productive softwood forests and therefore would be managed in that manner by a lease-holder. The same standards of management would apply – the Government’s UK Forestry Standard, and most likely the independent certification standard UKWAS that the private sector, FC, environmental and access groups all endorse.

How money will be spent

Some views have been expressed in relation to how money generated from the forestry proposals would be spent. In particular this relates to whether money could be spent on wider climate change related activities, or whether the money would be channelled back into forestry.

The Highland Council (2009) suggested that there was no guarantee all monies raised would go into climate change activities, and that the forestry industry would be unlikely to be able to spend such a large sum in one financial period. The Scottish Rural Property and Business Association (SRPBA 2009) [stated](#) that they are:

“apprehensive that the money raised will not necessarily be put back into the forestry sector. The proposed leases will last for 75 years, during which time governments will

¹² [S3W-18634](#)

change and agendas will change. In practice, the government cannot guarantee that money raised will be reinvested into the forestry sector. Any lease arrangement that attempts to ensure that the public's interest in the national forest estate is retained is likely to be very complex, possibly not 100% effective in the long run and very expensive overall. Furthermore, a 75 year lease does not relate to rotation length and this may lead to the demand for a lease roll over or sale of land"

The Minister said in the debate on 29 January 2009 that:

The creative way is to take the 25 per cent package, get the value from it and invest that money so that we can grow more trees in Scotland. That is essential. Moreover, by putting that in the Climate Change (Scotland) Bill, we guarantee that it will be used in that way because it would be ultra vires if it were not.

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