

RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

Wednesday 11 February 2009

Session 3

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CONTENTS

Wednesday 11 February 2009

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SUBORDINATE LEGISLATION	1420
Feeding Stuffs (Scotland) Amendment Regulations 2009 (SSI 2009/21)	1420
CLIMATE CHANGE (SCOTLAND) BILL: STAGE 1	1421

RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

5th Meeting 2009, Session 3

CONVENER

Roseanna Cunningham (Perth) (SNP)

DEPUTY CONVENER

*John Scott (Ayr) (Con)

COMMITTEE MEMBERS

Karen Gillon (Clydesdale) (Lab)

*Liam McArthur (Orkney) (LD)

*Alasdair Morgan (South of Scotland) (SNP)

*Elaine Murray (Dumfries) (Lab)

*Peter Peacock (Highlands and Islands) (Lab)

*Bill Wilson (West of Scotland) (SNP)

COMMITTEE SUBSTITUTES

*Rhoda Grant (Highlands and Islands) (Lab)

Jamie Hepburn (Central Scotland) (SNP)

Jim Hume (South of Scotland) (LD)

Nanette Milne (North East Scotland) (Con)

*attended

THE FOLLOWING GAVE EVIDENCE:

Anne Cairns (Scottish Government Legal Directorate)

Janice Cassidy (Scottish Rural Property and Business Association)

Lisa Duggan (Loch Lomond and the Trossachs National Park Authority)

Gavin Ellis (Scottish Tourism Forum)

Stuart Goodall (Confederation of Forest Industries)

Dr Calum MacDonald (Forestry Commission Scotland)

Allan Mackenzie (Forestry Commission Trade Unions)

Bob McIntosh (Forestry Commission Scotland)

Jo O'Hara (Scottish Government Rural Directorate)

Michael Russell (Minister for Environment)

Angus Yarwood (Scottish Environment LINK)

CLERK TO THE COMMITTEE

Peter McGrath

SENIOR ASSISTANT CLERK

Roz Wheeler

LOCATION

Committee Room 5

Scottish Parliament

Rural Affairs and Environment Committee

Wednesday 11 February 2009

[THE DEPUTY CONVENER *opened the meeting at 10:01*]

The Deputy Convener (John Scott): Good morning and welcome to the fifth meeting of the Rural Affairs and Environment Committee in 2009. We meet this morning having lost Roseanna Cunningham, who, if Parliament agrees, will replace Michael Russell as the Minister for Environment. Of course, we congratulate her on her elevation—I think that that is the word—and thank her for her contribution to the committee. We have enjoyed serving with her. During her time as convener, we have done a power of good work and she has led the committee with enthusiasm and always in an entertaining way.

In addition to welcoming members, I welcome those in the public gallery. I ask everyone to switch off their telephones or put them to flight mode, as they affect the sound system if switched on. I have received apologies from Karen Gillon, who is a long-term absentee from the committee. I welcome her committee substitute, Rhoda Grant.

The main purpose of the meeting is consideration of the Climate Change (Scotland) Bill. We will take evidence first from witnesses in a round-table format and then from Michael Russell, the Minister for Environment, and his officials. If we have time, we will then consider a draft report on rural housing in private. Our witnesses for the round-table discussion are with us, but we have first to consider one item of subordinate legislation, so I ask them to bear with us for a moment.

Subordinate Legislation

Feeding Stuffs (Scotland) Amendment Regulations 2009 (SSI 2009/21)

10:03

The Deputy Convener: We have one negative instrument to consider. The Subordinate Legislation Committee had no comment to make on the regulations and no motion to annul has been lodged. Do members agree to make no recommendation on the regulations?

Members *indicated agreement.*

Climate Change (Scotland) Bill: Stage 1

10:04

The Deputy Convener: We will now take evidence on the Climate Change (Scotland) Bill. The committee was appointed as the secondary committee on the bill and we agreed to scrutinise the provisions on waste, forestry and muirburn. Today, we will take evidence on section 47, on forestry, and touch briefly on section 46, on muirburn.

I welcome the witnesses to this round-table discussion, the aim of which is to generate open discussion between witnesses and members. We want to get as much information as possible from the session. I remind everybody that, for ease of officially reporting what has been said, it is best if only one person at a time speaks. That rather contradicts the idea of having a lively discussion, but it makes it easier to report what has been said. Please refer to the table plan in front of you from our clever clerks, which should show where you are sitting and who is around you. On behalf of the committee, I welcome everybody who is here to give evidence.

To break the ice, I invite everybody around the table to introduce themselves briefly. Stuart Goodall can start. It is nice to see you.

Stuart Goodall (Confederation of Forest Industries): Thank you very much; it is nice to see you, too.

I am the chief executive of the Confederation of Forest Industries, which represents forestry and wood-using businesses in Scotland, from people who work in forests and people who own forests to sawmill and panel-board companies.

Alasdair Morgan (South of Scotland) (SNP): I am a member of the committee.

Allan Mackenzie (Forestry Commission Trade Unions): I am a Forestry Commission trade union representative.

Bill Wilson (West of Scotland) (SNP): I am a member of the committee.

Dr Calum MacDonald (Forestry Commission Scotland): I am chairman of the Forestry Commission's national committee for Scotland.

Peter Peacock (Highlands and Islands) (Lab): I am a member of the committee.

Lisa Duggan (Loch Lomond and the Trossachs National Park Authority): I am landscapes manager for Loch Lomond and the Trossachs National Park Authority.

Angus Yarwood (Scottish Environment LINK): I represent Scottish Environment LINK, which is Scotland's network for the environment movement. I am convener of its woodland task force.

Liam McArthur (Orkney) (LD): I am a committee member.

Janice Cassidy (Scottish Rural Property and Business Association): I am a policy officer for the Scottish Rural Property and Business Association.

Rhoda Grant (Highlands and Islands) (Lab): I am a Highlands and Islands Labour MSP.

Gavin Ellis (Scottish Tourism Forum): I am a Scottish Tourism Forum board member.

Elaine Murray (Dumfries) (Lab): I am a committee member.

The Deputy Convener: Thanks very much.

I will ask some questions to get the conversation going. In the absence of a formal early consultation process, what are your views on how the Scottish Government has taken into account the expertise of organisations and witnesses such as you in representing and developing the forestry proposals? Are you happy with how much you have been consulted so far? Have you been consulted too little?

Stuart Goodall: We welcome the Scottish Government's desire to support the growth and development of the forestry wood-using business sector in Scotland and we share the objectives of delivering an increase in new planting and finding funding for that. However, we would have preferred more time, or perhaps an opportunity prior to the consultation, to focus on alternative ways of achieving those outcomes. As the minister has said, he has been open to alternative ideas during the consultation period, but it has been difficult to make proposals. If a proposal is put in front of somebody, people will generally focus on that. The Christmas and new year period has also made it difficult to get any debate going. We certainly found it difficult to come up with something substantive in the available time. We have worked on that further since we made our submission, but we would still like to have more debate about how things could be delivered as opposed to simply saying yes or no to the proposals in front of us.

Angus Yarwood: We are interested in expanding the debate and in not looking at the forestry proposals in a silo. We want the issues to be considered holistically across the land use sector, and we want a sustainable land use strategy to be brought forward.

As Stuart Goodall says, the timescales were unfortunate. It is also unfortunate that the Forestry Commission reports that have come out in the past few weeks were not available to us before the bill was published. It would have been useful to have seen the Scottish Government's proposals on woodland expansion before we had to comment on the bill. That is because the bill deals with reducing our climate change emissions overall and I do not think that these proposals, which focus on carbon sequestration, are necessarily the primary way in which we should consider contributing to achieving the bill's overall intention.

The Deputy Convener: That is quite interesting.

Bill Wilson: I have a follow-up question on what Angus Yarwood said about sustainability. In considering flooding, the committee has discussed sustainability fairly regularly. Should the bill require a commitment to sustainability, perhaps with reference to economic measures or to forestry?

Angus Yarwood: We would support such provisions. Scottish Environment LINK was keen for the Flood Risk Management (Scotland) Bill to refer to sustainability and we would like similar provisions in the Climate Change (Scotland) Bill.

The Deputy Convener: You spoke about sustainable land use. Do you have a view on integrated land use policy and on the overarching policy that forms the context for the provisions?

Angus Yarwood: Do you mean integration with all land uses?

The Deputy Convener: Yes.

Angus Yarwood: Forestry should be considered in that vein. As I said, having silos does not help much. Like other organisations that have submitted evidence, we would like an holistic view to be taken of how we use our land in Scotland. A much greater proportion of carbon emissions and greenhouse gas emissions comes from land use as a whole in Scotland, so we need an action plan across the board.

Elaine Murray: I will follow up the argument about carbon sequestration. I know that one view is that carbon sequestration should not be the primary reason for planting trees—there are many other reasons for planting trees—and that carbon can be sequestered by other methods, such as the reinstatement of peat bogs. Does anybody have comments on the certainty of the science? Should we address climate change in that way rather than plant trees for other desirable reasons?

Stuart Goodall: We have been very interested in carbon sequestration in forestry for years. I have liaised closely with the Forestry Commission, whose forest research arm has done an awful lot

of studying and work on the subject. It has done world-leading research, which we have supported.

The common opinion is that forestry is about much more than sequestering carbon—that is our approach, too—and that tree planting should be part of an integrated land use policy.

You asked about the strength of the research. The research is pretty conclusive—if a tree is planted in the right place, it will sequester carbon, which is a benefit. The wood product locks up carbon, especially if it has a solid wood use such as construction and it can be used to displace more energy-intensive materials such as concrete, steel and plastic. That contributes significantly to mitigating the effect of climate change.

The Forestry Commission is considering more sensitivity in the types of planting, the trees that are planted and where they are planted, to understand the benefit more accurately. However, it is clear that such planting has a benefit and that we have enough information to plant trees to achieve that benefit.

Alasdair Morgan: Am I right in saying that people's concern is not so much about the bill as it is about the Government policy that might drive how the bill is used? The bill will make almost identical changes to those that were passed at Westminster in 2006 in relation to the Forestry Commission south of the border. What concerns were expressed when those changes were made? Did devastating results flow from those changes?

The Deputy Convener: Calum MacDonald might be the person to answer those questions.

10:15

Dr MacDonald: The bill contains two sets of forestry provisions. The provisions on joint ventures replicate the legislation that was adopted south of the border, but the leasing proposals are new and different.

It is true to say that there is still work to be done on the science of carbon capture. However, the basic principle of carbon being captured in woodland is now accepted. As Stuart Goodall said, we are working to get more precise figures on how that operates.

It is also true to say that carbon capture is not the only benefit of a forestry programme, as there are also social, community and economic benefits. Over a number of years, forestry policy has developed to emphasise that wider range of benefits rather than being driven by only one factor.

Angus Yarwood: That is definitely the view of Scottish Environment LINK. There are multiple drivers for forestry, and carbon sequestration is

somewhere down the secondary list of actions that the Government can take to combat climate change. It is absolutely true that you can sequester carbon in woodlands, but you have to use the right tree in the right place at the right time. Carbon sequestration is a secondary benefit of forestry, which comes after the provision of space for wildlife in the interests of securing biodiversity; access and recreation; product substitution, which Stuart Goodall mentioned; and a range of other benefits.

The Deputy Convener: So you are slightly at odds with the Government's view that carbon sequestration is a primary benefit. Do you think that the bill should address other issues first?

Angus Yarwood: We would certainly like the issue of adaptation for wildlife habitat networks to be included more prominently in the bill. The Forestry Commission is doing a lot of good work in that area, such as its beetle project, which maps the movement of species, but we would like all that work to be linked together in a sustainable land use strategy that encompasses all those elements.

Alasdair Morgan: I accept that but, given that, sadly, we all produce carbon—although we might prefer it if we did not, as then we would not need to sequester it—is the Government's policy, as set out in its forestry strategy, of achieving woodland cover of 25 per cent by 2050, which is a 50 per cent increase on the current position, an aim that it should be pursuing?

Angus Yarwood: We wholly support the Government's forestry strategy. We were closely involved in its development, along with other stakeholders. We would like forestry cover to be at that level and we also agree with the strategy's aim of ensuring that 35 per cent of the cover is made up of native trees, as opposed to 17 per cent, which it is at the moment.

We do not want the mistakes of the past to be remade. Planting must be done as part of an holistic package, and it would be a backwards step if areas of land that have not been properly assessed were to be planted.

Gavin Ellis: The Scottish Tourism Forum is grateful for the chance to speak today, as tourism is an integral part of the Scottish economy.

I back Angus Yarwood's point that the issue that we are discussing is about the economy. I also chair a tourism framework for change group—that strategy's aim is to grow tourism by 50 per cent—so I am aware that forestry has many benefits for places such as Mull, with its sea eagles, Dumfriesshire, with its mountain biking trails, and the Culbin forest in Moray. Further, there are health benefits across the country. Physically, forestry is Scotland's largest tourist attraction.

Liam McArthur: As our outgoing convener has said previously, the committee shares the concerns that have been expressed about the timeframe of the consultation. Given the points about the need for an integrated land use strategy and the forestry provisions in the bill coming ahead of their time, is there a concern that the proposals may not be in the right legislative vehicle? Would it be more appropriate for them to be set apart? The debate about the climate change impacts derives from the fact that the measures are in the Climate Change (Scotland) Bill. You are all working hard to say that there are other benefits as well. Concerns have been raised about the variety and range of enabling powers that the bill creates. Is it the most suitable vehicle for the measures on forestry?

Dr MacDonald: Speaking from the point of view of the national committee for Scotland, I can say that the Forestry Commission is comfortable with that approach. We feel that we have a role in tackling climate change. There might be arguments about the science at the edges—Forest Research is helping to develop that—but the fundamental principle that forestry plays a role in tackling climate change is accepted widely, including by us. We have a duty to be part of tackling climate change and we are comfortable with being covered by the bill.

Stuart Goodall: One key point is about the challenging timescale. It would have been ideal to have had a longer timescale and an opportunity to consider how forestry can contribute to tackling climate change in the context of a wider land use policy and the wider benefits that forestry provides. However, we are where we are and we have the Climate Change (Scotland) Bill. We can see the sense and attractiveness of including the forestry measures in the bill. If money is being raised from forestry, whether through leasing, joint ventures or some other mechanism, there will always be the pressure of what happens with the funding that is raised. I cannot speak for other people round the table, but everybody whom I represent from across the forestry spectrum would be unhappy if money that was raised from any part of the forestry sector, including the Forestry Commission, could be diverted elsewhere. At least with the bill, that money can be hypothecated. When new planting is delivered, because it has a significant climate change benefit, as well as other benefits, a strong case can be made for ensuring that the money is retained.

We therefore have a split position. We would have liked more time to consider the measures, but we understand that the bill might be a good place for them.

The Deputy Convener: Given the questions about the shortness of the consultation and the

inexactness of the science, and given the suggestion that one year of planting will not make a lot of difference in carbon sequestration terms, is the bill the right place for the measures, or should they be in a later piece of legislation?

Angus Yarwood: The powers in sections 47(1) and 47(2) are very broad. As Stuart Goodall said, we would like a longer discussion and more opportunity for all the stakeholders to get involved. We would prefer it if a later legislative opportunity was taken to introduce specific powers, once it has been determined what they should be. However, section 47(3), on joint ventures and giving the Forestry Commission more powers to consider renewable energy projects, has wide support. Scottish Environment LINK supports subsection (3) because—

The Deputy Convener: We will come to that subsection in a minute.

Angus Yarwood: It is important to us because it makes a contribution towards the bill's overall aim, which is to reduce greenhouse gas emissions.

Janice Cassidy: We think that forestry sits well within the Climate Change (Scotland) Bill. Although the science of carbon sequestration might not be exact, forestry can provide other benefits, as Stuart Goodall mentioned. Wood can be used in construction and is a less energy-intensive material than concrete. Wood can also be used for energy in biomass. Forestry can provide many other benefits in helping us to reduce carbon emissions, so carbon sequestration is only one part of the issue. For that reason, we think that the forestry provisions sit very well within the bill.

Stuart Goodall: I should make it clear that we have been pushing hard for an increase in new planting and for the Forestry Commission to meet its target—which was set not just by the current Government but by the previous Administration—of planting 10,000 hectares a year. Ideally, we want a 15,000 hectare planting programme. Such a programme would release the benefits that we have discussed, which are not just to do with having productive forests. The Woodland Trust is a member of our confederation, so we support having a broad mixture of forestry.

Because of the drop-off in planting from the 1980s onwards, in 25, 30 or 35 years the availability of productive timber will experience a hump and then a trough before it starts to increase again. If we can fill in that trough with some planting now, we will be able to supply a significant additional sustainable volume of timber for Scotland's businesses that will provide significant jobs, investment benefits and climate change benefits. If we cannot fill in that trough, everyone will predicate their business decisions on

the bottom of the trough and we will lose a big opportunity. Instead, we will have a short-term spike of opportunity that will then disappear. We would be disappointed if that additional energy and potential funding to support new planting were lost. We need to tackle the issue now. We cannot keep putting it off.

Angus Yarwood: As I said, the powers in subsections (1) and (2) are very broad. We support the Subordinate Legislation Committee's suggestion that the nature, scope and extent of the modification powers should be restricted.

Peter Peacock: I want to tease out that point a bit more. I understand the point that Calum MacDonald, Stuart Goodall and Angus Yarwood have made, which is that it is appropriate that the bill should include a section on forestry to signify that forestry has a role to play in climate change. However, that is very different from saying that the forestry provisions in the bill are in all circumstances appropriate. For example, there are two fundamentally different provisions, one of which deals with joint ventures and one of which deals with leasing. Within leasing, there are probably variations of what might be done. The Forestry Commission has probably been working on joint ventures for some time, but the leasing proposal is rather more recent. Notwithstanding what Calum MacDonald and others said about the principle of including forestry within the bill, do they think that there is a distinction between the joint ventures work and the leasing proposal? Does the commission's national committee for Scotland have a clear view on that? How do other witnesses feel about that?

The Deputy Convener: I think that Lisa Duggan also wants to respond to that point.

Lisa Duggan: One of our concerns is that, although forestry sits well within the bill, the bill does not promote dialogue. As Stuart Goodall mentioned earlier, we have not really explored the other options. Although we support providing more land for forestry, there has been limited consultation on the proposals in the climate change action plan, so we have not explored other mechanisms for doing that. One of our big concerns is that options for more integrated environmental projects, such as wood pasture, have not been considered and are not even contained in the action plan, even though they might sit better with current upland agricultural schemes. We are just concerned about how quickly the proposal is going through.

10:30

Dr MacDonald: The two provisions are different, but a common rationale links them in the context of the bill: to generate income that will be used to

speed up the rate of afforestation and achieve the 25 per cent target. In that way, they are linked.

I get a sense that, because it is a question of science, a question mark still hangs over some of the discussion. The science may be inexact—to use the deputy convener's word—but so is most science. I emphasise again that, despite that, the science is not in doubt that forestry can play a role in tackling climate change and in carbon capture. On page 10 of the Scottish Parliament information centre briefing on the bill's forestry provisions, there are figures for the number of tonnes of carbon a year that could be sequestered if we reached the 25 per cent target for woodland cover. The only inexactness of the science is that the figure could be higher. Research that we are doing at the moment shows that it is quite a modest estimate. Forest Research is working on the figure, which will be available in the coming year.

The Deputy Convener: So the figures are low-end estimates.

Dr MacDonald: As I said, scientists in Forest Research and internationally are still continuing that work. However, the basic, core principle is established and accepted and, according to the work that we are doing at the moment, the estimates in the SPICe briefing are quite conservative.

Elaine Murray: There is a carbon sequestration balance between the tree above ground and the tree below ground. The National Trust for Scotland said:

"there is a need for better understanding of the balance"

in the release of carbon.

"If cyclical cropping is encouraged then the benefits of sequestration will be consequently limited."

Are you concerned that, if a commercial company came in and rapidly recycled or disturbed harvested ground, the amount of sequestration would be limited if the trees were not given enough time to grow and the land was not given enough time to recover? Are you concerned that, if a commercial company came in with such a leasing arrangement, you would not achieve some of the good that you could do if you managed the forests differently, or that you might even undo some good that has been done?

Dr MacDonald: I do not want to discuss the leasing proposals now, because I think that you will come to them later. I was focusing on the key question of carbon capture. It is true that different ways of managing the ground, planting and the length of cycles have an impact and that, if we want to maximise carbon capture, we must take those elements into account.

Rhoda Grant: I am picking up that the 25 per cent target is a good thing but that the bill's method of achieving it is causing concern. How could it be achieved and paid for aside from leasing?

Stuart Goodall: I want to clarify a previous point. As Calum MacDonald says, there are different ways to consider the carbon element of how we fell and replant. Ultimately, the longer that we take to replant, the more opportunity we lose to sequester carbon in growing trees, so that has to be offset. If we introduce a standard that takes account of carbon, it will apply to the private and public sectors. Our businesses are working with the Forestry Commission on that, so I do not foresee any difficulty for us. That is not a principal concern about the effect of private sector planting on carbon capture. It is minor.

What was the other point?

The Deputy Convener: We will broaden the discussion out into leasing.

Stuart Goodall: The question was about other ways of raising money.

The Deputy Convener: Yes. What are your key objections to leasing and what are your alternatives?

Stuart Goodall: We seek an increase in new planting to achieve the 25 per cent target. The Forestry Commission's latest paper, which was published yesterday, is good. It sets out why we should plant and how we can achieve the target, and states that we need to plant 10,000 to 15,000 hectares a year. The current objective is 10,000 hectares a year, and it has been in place for some time. If we are looking to deliver 25 per cent forest cover by 2050—which is an opportunity to maximise carbon benefits within the timeframes that people are discussing—planting 15,000 hectares a year would achieve it.

If we want to plant 10,000 hectares a year, we are looking at another £7 million to £10 million per year to pay for it, over and above the existing funding; 15,000 hectares would require something like £24 million to £30 million per year. Our understanding from the financial memorandum is that joint venture income would raise £10 million per year by 2012 and £30 million per year by 2020. The joint venture income could be hypothecated for new planting, the bulk of which, we argue, has to take place in the private sector, because it is more cost efficient—the Forestry Commission would have to buy the land and plant it up, which is more expensive. If we go down the proposed route, we could deliver the new planting targets from joint venture income.

The Deputy Convener: I imagine that the Forestry Commission would have something to say about that.

Dr MacDonald: Are you asking about hypothecation?

The Deputy Convener: Yes, and taking money that the Forestry Commission has earned and putting it into the private sector to enable it to plant trees.

Dr MacDonald: The Forestry Commission already distributes money to the private sector, so we are quite comfortable with that. We see the achievement of the 25 per cent target as collaboration between the private sector and the Forestry Commission. Obviously, you would not expect me to say anything other than that I would be keen for any money that is raised from joint ventures or by the commission to be spent on achieving forestry strategy targets.

The Deputy Convener: I will bring Angus Yarwood in here. We want to talk about leasing in particular.

Angus Yarwood: We support that. Money that is raised should go to meet Scottish forestry strategy targets. However, we are also keen for a good proportion of the money that is raised to go towards delivering the multiple public benefits, particularly in terms of the native woodland aspiration in the strategy.

The Deputy Convener: Has it been guaranteed that the money that is raised will go back into forestry?

Angus Yarwood: There has not been enough detail on that.

Alasdair Morgan: Do the figures that we have been given rely on the rough proportion of, say, native woodland to cash crops being the same as it is today? Presumably, if we raise the proportion of native woodland or reduce the amount of cash crop that is being rotated, the cost will go up. To what extent is that an influence?

Stuart Goodall: The target is to plant 15,000 hectares per year of native woodland and productive forestry. The target set by the Woodland Trust, Scottish Environment LINK and others is 6,000 hectares per year, while we are looking at 9,000 hectares per year. It is coincidental that those figures add up to 15,000 hectares per year; no back-door deal has been done between the various parties around the table, it is just a happy coincidence. The target is achievable. Productive forestry is self-financing in normal circumstances. Native broadleaf forests are not self-financing, so there needs to be on-going grant support and other similar activities.

In the past, the private sector delivered 80 per cent of new planting and the Forestry Commission delivered 20 per cent. So to pick up on what Calum MacDonald said, taking a mixed approach can be a way of managing the cost of planting so that it does not become a significant burden on the Forestry Commission and leave it unable to deliver its other objectives. There is a lot of experience and understanding within the various parts of the public, private, business and environmental sectors that will make that approach work.

Bill Wilson: Stuart Goodall mentioned planting 10,000 to 15,000 hectares per year, which is quite a rapid acceleration of forestry planting in the coming years. He also thinks that it might have to be done mainly by the private sector. I am thinking back to the history of private sector planting, such as that which occurred in the flow country. Is anyone around the table concerned about such a rapid expansion of forestry being undertaken predominantly by the private sector? The question is not just aimed at Stuart Goodall.

Stuart Goodall: I would rather hear the views of some of the others around the table. We have spent a lot of time over the past 25 to 30 years developing standards and ways of identifying where to plant to avoid a flow country situation. From our point of view as representatives of the business sector, we have no desire—and it is not necessary—to get into a bunfight with farmers, environmental organisations or anybody else.

We have pushed for an integrated land use policy, and we feel that there is scope for taking forward a planting policy that integrates with farming and protects food production—that is important. We want the right tree to be planted in the right place—an issue that is raised continually—and we believe that such a policy will deliver the benefits of productive forestry and other sustainable benefits without conflicting with and damaging other land uses.

Bill Wilson: Can that be done on a voluntary basis, or will the Government have to set clear guidelines in advance?

Stuart Goodall: It is important that there are robust standards for planting, and those are already in place. The United Kingdom Government's UK forestry standard, which is developed by all parties, is in place, and there is also, if required, an independent certification standard, which all parties have bought into and which is independently audited.

With regard to the number of hectares that are planted, we were planting 24,000 to 25,000 hectares a year back in the 1960s and 1970s. I am not saying that we should return to that approach, because it was very hard-headed and not particularly sympathetic to the landscape or to

environmental and other interests. However, that level is achievable, but only if the planting is done in an integrated way. If it is presented as just getting on with it, we will run into the same problems as before, and we do not want that.

Liam McArthur: To return to Alasdair Morgan's earlier question, if sequestration is viewed as an inexact science, perhaps the value projections—whether those involve planting 10,000 or 15,000 hectares—are inexact, too. Given the economic downturn and current market conditions, how much volatility is there in the numbers that you have quoted in relation to the return for the public purse that can be used for planting?

Stuart Goodall: There should not be too much volatility on the joint venture side. The joint ventures, and forestry in general, are an extremely attractive proposal when we are faced with the challenge of economic downturn—and economic growth, I hope, in the future—and tackling climate change. Wood is a unique renewable product that provides huge opportunities for sequestering carbon. The detail is inexact, but the broad pictures are robust, and the ability of wood to substitute for other materials and to provide biomass energy and all the other things means that it is an attractive material.

An increasing pent-up desire to deliver new planting has been evident, but because of the unavailability of grants for a couple of years, due to the closure of the grant scheme and the difficulty of getting the new grant scheme up and running, new planting has not been happening to the extent that we would expect. We feel that if those measures are put in place, planting will happen. I am referring to the joint venture income—sorry, I should have answered that question upfront.

With hydro opportunities, wind farms and other issues, we have concerns about the impact on deforestation. The Government is driving those things, and public subsidies are available. Those ventures will happen, and it is a pretty reasonable bet that the money will be raised.

Liam McArthur: We have had debates in relation to other areas about whether an economic downturn is the best of times or the worst of times to introduce measures that reduce waste or tackle climate change. Do you foresee any danger of there being pressure to go for lower-cost options? Will the strategy remain consistent over the medium to long term, and will the private sector be happy to subscribe to it?

The Deputy Convener: In fairness to everybody, I think that we have established that joint ventures are a good thing.

One of the privileges of being convener for the day is that I can focus our questioning on areas

that are slightly more controversial. One area on which I would like to tease out information from our witnesses is leasing. There has been a lot of debate on the subject, much of which has focused on whether leasing is a good or a bad thing. Perhaps Allan Mackenzie will say something about the difficulties that are involved.

10:45

Allan Mackenzie: Thank you for the opportunity to do so and for the invitation to participate in this discussion.

As we have said, the Forestry Commission trade unions oppose leasing. We have proposed a variety of different avenues for consideration. Our opposition is focused first and foremost on the effect that leasing might have on staff members who are transferred from the public to the private sector. Staff are frightened about issues such as their future employment prospects and long-term pension provision. The committee should also take account of the groundswell of support from other parts of the forestry industry, the general public and others. We are greatly concerned about the lack of financial detail in the proposed leasing option. I refer to the effect that it could have over time on the public purse in Scotland.

One avenue for consideration is the opportunity loss from areas that are leased out for purely commercial gain. The forests that are being considered for leasing—some of which I helped to plant around 35 or 36 years ago—are in their first rotation. Elsewhere in Scotland, the opportunity that that allows has been used to open up forests, create more diversity, ensure better access and provide downstream benefits to local communities. By leasing forest areas, those opportunities may be lost to the Scottish people.

A variety of issues are involved in our opposition to the leasing option. That said, we are keeping an open mind on the possibilities of the other options. Like others around the table, we feel that the joint ventures option is a way of bringing in the income that is required to offset the need for the private sector to plant more trees in Scotland.

Gavin Ellis: The Scottish Tourism Forum is concerned about the conflict of interest that is inherent in the commercial realities of private enterprise. Also, over the past five to 10 years, the Forestry Commission has taken extremely big steps in integrating recreation, health and education benefits with our forests. We are also concerned about not being able to develop the tourism opportunities that the dark skies of the Highlands offer. Our forest resource is fantastic for driving sustainability in communities that do not have many other options. We want to help to

develop those options. Our concern is that the baby might be thrown out with the bath water.

The Deputy Convener: I will bring in Lisa Duggan, as I want to hear all the arguments against leasing before bringing in witnesses who think that it is a good idea.

Lisa Duggan: I support what Gavin Ellis said. Visitors come to our national park because of the woodland and the positive recreational opportunities that forests provide. The park includes woodlands that are privately owned but to which access rights apply. However, the welcome that visitors get in such areas is not positive. They are told, "If you want to come in, you can. We are not going to lock the gate." That contrasts with the Forestry Commission approach, which is one of saying, "You are welcome to walk here. These are the signs for you to follow. Here is what we have put in place for camping. These are the other management guides that we have put in place."

I also support what Allan Mackenzie said. Forestry Commission staff in the park provide an essential service. In addition to providing the practical forestry work that private woodland operators might also provide, they are an essential part of the community. They do the rangering and they live in the community when they are off duty. The park does not want to lose those two important elements. The other thing that the Forestry Commission does particularly well—and perhaps better than a private woodland owner would do—is biodiversity. We work extensively with the Forestry Commission to consider how to manage public access and improve biodiversity. That work involves a big time commitment and quite a large financial commitment, which I cannot envisage many private woodland operators being willing to make.

Elaine Murray: Although it is proposed to lease 25 per cent of the total cover, it is the most commercially viable forests that will be leased, which in some areas could account for up to 40 per cent or even 60 per cent of forests.

The Deputy Convener: You can substantiate those figures, of course.

Elaine Murray: Yes. It has been argued that in productive forests such as the Galloway forest the proportion could be up to 60 per cent.

Mr Goodall, although your members purchase much timber from the private sector, I understand that the Forestry Commission guarantees supply, so that at times of reduced production your members can be assured of a supply. Are you concerned about the effect on your members of the possible loss of large parts of the most commercially viable forests and the possible loss of a guaranteed supply?

Stuart Goodall: I am happy to respond to your question, but first I want to make a point quickly. I need to be honest and say that the private sector cannot deliver the same level of environmental and recreational protection that the Forestry Commission can provide. That is because the Forestry Commission is Government funded. If the private sector was given grants and support to deliver that protection, it could do so. If organisations such as the Woodland Trust can deliver biodiversity benefits, woodland owners can deliver recreational benefits. However, that is not the current situation. The Forestry Commission can provide those benefits because it is funded to do so; we are not funded to provide those benefits—I do not argue with that point.

You asked about the impact of leasing on security of timber simply. It is very much about confidence. I represent members who are responsible for the overwhelming proportion of primary processing in Scotland—sawmillers, wood panel companies and the like. Those people have confidence in the Forestry Commission's ability to provide timber regularly, whether times are bad and prices are a bit lower, which is the case now, or times are good. The Forestry Commission provides long-term production forecasts, which it is pretty good at meeting. The private sector is not able to do that in quite the same way.

In the context of the proposal to lease land for 75 years, concern has been expressed that, although there might be opportunities to secure supplies of timber in the short term through existing contracts, security of supply will not be guaranteed 25, 30 or 75 years hence. That is of concern. We do not want companies to reduce investment, which is beneficial to everyone, so we are keen to consider alternatives that maintain the current security of supply.

The Deputy Convener: Let us get to the nitty-gritty. Are you saying that 75 years is the wrong timescale? Jean Balfour said in her submission that a lessee who had felled their crop and was not likely to be the beneficiary of replanting might be less than enthusiastic about cultivating that forestry. Should the length of leases be in sync with the planting cycle?

Stuart Goodall: Our understanding is that the purpose of proposing a 75-year lease was simply to have a period of time in place. The period sits slightly awkwardly with replanting cycles. We are talking about 100,000 hectares of Forestry Commission land, not all of which will have the same planting periods. It will always be the case that for some forests, two rotation periods will be involved, whereas for others, only one will be involved. Almost any period could be chosen.

There is a concern about the security of supply. Our fundamental point is that it will be extremely

difficult for anyone to provide assurances for more than five or 10 years of secure supply. Sawmill operators, manufacturers and small companies that put £250,000 into a piece of harvesting kit want to know that there will be activity. I am not saying that if the Forestry Commission leased areas for 75 years it would suddenly be the case that those areas would not be harvested each year and that there would be a complete drop-off, but there is a concern that there could be some loss of activity, which would impact on confidence. At this time, we would prefer to explore alternatives that maintain confidence. We think that we can do that, although it does not mean that we have to stick with the status quo.

The Deputy Convener: So any leasing agreement would need to reassure downstream industries.

Angus Yarwood: Stuart Goodall has raised several points. In response to the deputy convener, I say that, if the leases go ahead, we would like a number of things to be built in. As has been highlighted, one of our concerns is that a reduction in the Forestry Commission's income might have a negative effect on its ability to provide the multiple benefits that it has been mentioned are provided in the rest of its estate. To pick up on Lisa Duggan's point, there is a big difference between having the right to access land and its being accessible to the general public. If we proceed with leases, we would like a range of conditions to be built into them.

However, as I have said, we want a longer consultation on how the process would work. In principle, we do not object to the private sector managing the most commercial parts of the national forest estate. We acknowledge that the private sector already meets high standards, as Stuart Goodall has said, and that that would continue, but it is unlikely that any lease would include only the most commercial parts of the estate. It would cover other areas of the estate that currently deliver multiple benefits, which private industry would not necessarily have the same interest in protecting, as Stuart Goodall highlighted. A specific example is the historic environment benefits. We are extremely keen that a proper strategic environmental assessment be carried out on any proposals to lease the estate.

Alasdair Morgan: I have a few questions, one of which occurred to me earlier. The private estate accounts for about two thirds of the forestry in Scotland. We have heard about access and the historical aspects of Scotland's forestry. Have we magically arrived at the right balance between private and public ownership, or are people arguing that the balance is wrong and that the public percentage should go up? If private forests have many disadvantages—leaving aside what

the industry has told us—should we be trying to nationalise some of the private forests?

Angus Yarwood: As I have said, we strongly support the Scottish forestry strategy and its aims. We would expect any land manager, whether public or private, to do their best to achieve environmental benefits and multiple public benefits. Scottish Environment LINK does not have a principled objection to the management of the forest estate being in private hands. Everyone's long-term objective is to see the land managed properly. That is why we advocate the production of a sustainable land use strategy that will bring all those issues together.

The Deputy Convener: Provided that there is sufficient regulation to determine how the forest estate is managed, and that guarantees are in place, you do not care who owns it.

Angus Yarwood: We are not saying that the private sector—

The Deputy Convener: You are not indifferent; the public/private issue is just not relevant.

Angus Yarwood: Exactly—as long as the multiple benefits, including environmental benefits, access, the historic environment and so on are catered for in an holistic package.

11:00

The Deputy Convener: Does that answer your questions, Alasdair?

Alasdair Morgan: I would like to follow up my questions and ask about regulation. I do not think that people will mind my doing so. Galloway Fisheries Trust has a particular interest in the acidification of fishing rivers as a result of planting too close to them. It has said about the planting guidelines:

"The suggestion that the present guidelines and legislation is adequate to protect watercourses from acidification is simply not true. FCS have been excellent at using the guidelines very much as a minimum standard and putting in far wider buffer strips etc and being steered by the data we produce to show where there is the greatest risk of acidification—we have never had similar support in an area run by private interests."

Does anybody want to comment on that?

The Deputy Convener: Certainly not me. I welcome your raising constituency interests, but that might be a matter—

Alasdair Morgan: Basically, the question is whether the standards are inadequate. It has been suggested that the Forestry Commission goes beyond the current standards. Are the current standards inadequate? Do we need to include in the package the aim of building up the standards?

The Deputy Convener: Alasdair Morgan has asked about acidification. Go for it, Lisa.

Lisa Duggan: The standards are minimum standards. We can look beyond acidification at designs for forest roads. The national park authority is very landscape focused. The minimum standard is okay, but it is not acceptable to us in the national park, so we work hard with the Forestry Commission and the Woodland Trust so that their roads are of a much higher standard. We simply would not get that from the private sector, because of its lack of revenue at the moment. Asking that of the private sector would be unfair and unrealistic, as significant extra costs would be involved. As I say, there are minimum standards, but we look for better.

Stuart Goodall: The issue is important and picks up on a point that I tried to make before. If somebody is asked to do something that involves costs or the loss of a benefit opportunity, and future income is therefore reduced, that must ultimately be paid for. We need to be clear that if the Forestry Commission reduces its income and increases its costs, the taxpayer, essentially, will have to pay for that.

There are plenty of examples of the private sector being prepared to go a little bit beyond the minimum that is required, but it should be funded in the same way as the Forestry Commission if it is to ensure water quality. It should be given the same opportunity because it is, ultimately, still a forestry owner that delivers benefits, and its funding should come from the same source. We should not think that the Forestry Commission somehow provides free goods, because it does not.

The Deputy Convener: Everybody should bear it in mind that we are aiming to finish this session by about 20 past 11 and that we want to discuss one or two other topics. Gavin Ellis has been trying to get in for a while.

Gavin Ellis: I am a bit of a layman. Is the system broken? Is the balance about right? As an outsider, I think that it is about right. If there is privatisation, public money will have to be made available to ensure that the private sector can deliver the things that tourism is looking for.

The Deputy Convener: That is a good point. Thank you very much.

Peter Peacock: We have focused mainly on commercial leasing, but there are other leasing possibilities—for example, to local communities that wish to have a greater stake in potential revenue streams from their local forests and in recreation and access opportunities. Do those who have concerns about large tracts of commercial forest land being leased have similar concerns about forest land being leased to local community

groups in the spirit of the land ownership changes that we are seeing throughout Scotland?

The Deputy Convener: We also need to deal with the availability of Scottish rural development programme funding. Elaine Murray may want to talk about that.

Elaine Murray: Janice Cassidy is perhaps the most appropriate person to answer my question. In answer to a written question, ministers confirmed that, should the commercial leasing proposal go forward, the lessee would be entitled to apply for funding under the Scottish rural development programme. Are landowners who might be eligible for such funding concerned that a large company with a lot of expertise might come in and compete with them?

Janice Cassidy: That was one of the key points that we raised in response to the consultation. The consultation paper does not specify how many leases there would be, but it seems that the proposal is to have one, or possibly two. All our members were opposed to that because it would mean that one company would own a large proportion of the forestry in Scotland and could outcompete other, smaller growers. That is definitely a key concern. One large lessee would have a better chance to get SRDP funding than many of our growers, who would be small in comparison.

The Deputy Convener: So you feel that the current level of SRDP funding would be inadequate to sustain the potential extra demand.

Janice Cassidy: Yes, definitely.

Liam McArthur: This point goes back to an earlier one about commercial leasing as opposed to joint ventures. In his response to the committee and in the recent forestry debate in Parliament, the minister seemed to suggest that commercial leasing was a necessary evil to enable the level of planting that is required to meet the targets. My understanding of what you said is that properly structured joint ventures would enable the targets to be met and that leasing is therefore not required.

Stuart Goodall: Could we achieve the new planting targets by hypothecating the total of the joint venture income? Based on the calculations that we have seen, the answer is yes.

The Deputy Convener: Therefore, the leasing becomes unnecessary.

Stuart Goodall: The discussion about whether to lease forestry land is part of the broader issue, which is whether the Forestry Commission and its activities can become more efficient through partnership—or increased partnership—with the private sector. That would provide mixed public-private sector delivery of Government forestry

policy. Leasing is not necessarily the route to be followed for that; the principle could be explored in a different way.

Liam McArthur: We will hear from the minister later, but his view in the debate was that it is incumbent on those who oppose leasing to come up with an alternative. Your argument is that, while there might be a genuine debate to be had about leasing in order to incentivise other things, leasing is not required alongside joint ventures to achieve the planting targets.

The Deputy Convener: Do other people have views on the viability of the proposal that sufficient money could be raised from joint ventures to obviate the need to go down the leasing route?

Janice Cassidy: Our members' view is that joint ventures would generate enough money without having to introduce leases, which would be complex and very long term. Our members felt that they did not receive sufficient information about the leases to back them as they stand. They thought that joint ventures would produce sufficient benefits.

Lisa Duggan: We had a question about whether anyone has done the maths. We did not see, during the consultation, hard and fast figures for how much could be brought in by joint ventures and leases, versus how much would go out in SRDP money that would then not be available to others for tree planting. So the question was whether we were putting an unnecessary spoke in the wheel. That was where we wanted the consultation to continue.

Angus Yarwood: We support that. We cannot give a full opinion either way until we have fully costed figures for all the options and have strategically assessed the proposals for their environmental worth.

The Deputy Convener: I ask Calum MacDonald to express a view on the proposal.

Dr MacDonald: I cannot comment on the leasing proposal because the national committee has discussed the matter only once—in December, after the consultation paper was published—and we decided not to come to a view on it until the consultation had concluded. That is what we will do. We are meeting tomorrow, so if it had been Friday I might have been able to give you more of a reply.

We have been considering the option of joint ventures since I joined the Forestry Commission. There are already wind farm developments on the national estate, so the income that is generated by those wind farms, albeit for private sector developers, provides us with a good basis from which to estimate the kind of income that is available. We therefore have a lot of confidence in

the estimate of achieving £10 million by 2012 and £30 million by 2020.

We do not see the joint ventures as only a dash for cash; other benefits are to be gained from the joint venture approach. One such benefit is that the approach gives us a more strategic overview and control of the development of wind farms on the national estate. That is important, because we deliver many other public benefits, such as environmental benefits, biodiversity and so on. By developing a joint venture approach we can better protect those other elements of the estate, instead of taking what has been, up to now, an ad hoc approach whereby we respond to approaches made by various developers. If we take more of an active role ourselves, we will have better strategic oversight. The other big benefit is that we can better involve communities in the benefits of developing wind farms.

The Deputy Convener: People have, perhaps uncharitably, asked whether the Forestry Commission has the capability to develop joint ventures. Some have said, "Of course it does," and others have questioned that. I seek your reassurance that the Forestry Commission has the capability to develop joint ventures. From my limited experience, joint ventures also imply that you have cash to put up. Given that this is about raising cash, would you raise the money from within your own organisation? Do you have the funds available to develop joint ventures?

Dr MacDonald: In respect of its capacity, as you know, the Forestry Commission is already involved in the commercial world. As Stuart Goodall said, it supplies timber on the basis of long-term investment programmes and long-term thinking, which is the approach that is required for renewables development. The commission's staff also have many relevant skills, including environmental awareness and biodiversity awareness. The commission has, for example, a large database on modelling the effect of wind in forests. There is significant capacity within the commission but you are right that, depending on how far we want to go down the joint venture route, we will have to consider issues about developing further capacity, the revenue that is available and where we can access borrowing, as well as the legal right to do so, which is the whole point of the bill.

The Deputy Convener: Although you cannot yet commit yourself on the Forestry Commission's view on the leasing proposal, could you let us know those views following the meeting tomorrow?

11:15

Dr MacDonald: The commission is conducting an options review, which has taken place in parallel with the consultation and which will report by the end of the month. I imagine that we could provide the committee with a summary of that review when it is ready.

Alasdair Morgan: I want to clarify whether we are all talking about the same joint ventures. Calum MacDonald talked about joint ventures such as wind farms and potential hydro schemes. Were Janice Cassidy and Stuart Goodall talking about the same developments, or did they also mean joint ventures that would involve planting and felling?

Janice Cassidy: I was talking about wind, hydro and any renewable energy developments.

The Deputy Convener: I gained the impression that joint ventures would raise cash through other means than forestry.

Alasdair Morgan: I just wanted to be clear about that.

The Deputy Convener: Of course, it is not for me to answer the question. I ask Stuart Goodall to clear up the point.

Stuart Goodall: Like Janice Cassidy, we understand that the joint venture income and the sums that are discussed in the financial memorandum relate to hydro schemes, wind farms and—potentially—biomass developments. My additional point is that the joint venture principle could be taken further—that relates to the idea of the wider delivery of Forestry Commission activities. However, that would be additional to and separate from the joint ventures.

Angus Yarwood: I will follow up Calum MacDonald's point. We support the Forestry Commission having a more strategic role in deciding where joint ventures take place. We expect such developments to follow the full planning process, to ensure that they are not located in the wrong places.

The Deputy Convener: That was an excellent session. On the face of it, we appear to have found an alternative to leasing. Allan Mackenzie might be the happiest man of all in that regard.

We will now briefly discuss the muirburn proposals, on which various pieces of work have been done. I think that the witnesses have been primed for questions about muirburn. If anybody has anything to say about the muirburn dates, wildlife and birds nesting, we would like to hear your views. I appreciate that that is not everybody's expertise, but since you are here, we would like your views. I am looking round the room

for speakers—I thank Angus Yarwood for responding.

Angus Yarwood: I am afraid that I will disappoint you—Scottish Environment LINK does not have a collective view on the muirburn provisions. However, if you have specific questions, we are more than happy to pull together views on them.

The Deputy Convener: We would be grateful if you did that. We are particularly interested in whether the muirburning season should end earlier or whether its start should be extended into September or even August. Should special licences be issued for burning out of season to counteract the danger of heather beetle? Such key questions need to be asked.

Does Janice Cassidy have a view on muirburn?

Janice Cassidy: We responded to the consultation on the muirburn dates. The consultation paper gave no specific details about how the dates would be changed—about whether the period of burning would be longer or shorter or whether it would be lengthened at the start or at the end. For that reason, our members were dubious about allowing the proposed changes. They felt that they were given insufficient information to make an informed decision about any changes to the dates.

The Deputy Convener: We will reflect on those comments.

I thank all the witnesses for giving evidence, for which the committee is grateful. As we always remind witnesses, if you wish on reflection that you had made comments that you did not make, please write to us. The clerks will be pleased to hear from you if you have further information to impart that is germane to the discussion.

11:20

Meeting suspended.

11:24

On resuming—

The Deputy Convener: Good morning, minister. I guess that this will be one of your last functions as Minister for Environment, but we look forward to hearing your evidence on the bill. In the meantime, we congratulate you on your new appointment and welcome you and your team—David Henderson-Howat, Bob McIntosh, Jo O'Hara and Anne Cairns—to the committee. I understand that you would like to make an opening statement; we would welcome a short one.

The Minister for Environment (Michael Russell): Taking your hint, convener, I shall make a short opening statement. Thank you for your good wishes. I am pleased to be here: it is likely to be my last appearance before the committee, but I have enjoyed the appearances that I have made and look forward to this one.

As the committee knows, consultation on the forestry provisions in the Climate Change (Scotland) Bill came to an end about two weeks ago, and I am pleased to have been able to circulate a preliminary analysis of the responses in advance of today's meeting. There are no real surprises in that analysis. There appears to be consensus in favour of the proposals to allow forestry commissioners to enter into joint ventures with developers and local communities to accelerate renewable energy development. In addition, a good many useful suggestions have been made about ways to promote woodland expansion, including the urgent need to improve implementation of the Scottish rural development programme in that area.

I am sure that committee members have noted and will quote from what one could describe as considerable opposition to the suggestion of a long-term lease for up to 25 per cent of the national forest estate. Ministers—primarily my successor as Minister for Environment—will obviously need to reflect carefully on what has been said in the consultation, examine the reasons for the opposition and consider how they should respond to the ideas that have been suggested. For example, some of the respondents who opposed large-scale leases welcomed the proposal for small leases to communities—that is a useful distinction—while others made detailed suggestions about lease conditions that would help to address their concerns.

I am sure that, during the consideration of the provisions, the new Minister for Environment will be keen to engage positively in finding ways to fulfil our overarching objective of making better use of Scotland's forests in the fight against climate change. That fight is an absolute imperative. The proposals are made because of it, and it is incumbent on everybody to consider the imperative and respond to it.

The Deputy Convener: Thank you for your statement and its brevity. The committee shares your view that there is a need to address climate change urgently. We certainly support you in that.

We had a fruitful discussion this morning on the issues that you raised—leasing in particular. I do not know whether you were able to watch the discussion as it took place, but it was suggested that joint ventures in themselves might provide adequate funding—indeed, almost replacement funding. That was an interesting perspective.

Michael Russell: I recognise that perspective and realise that people have made the point for the best reasons, but there is an issue of timescale. It is extremely unlikely that the required income could be achieved from joint ventures in anything less than five or 10 years. By contrast, we are talking about income running from leases within two or three years. That is imperative for our purposes.

I would not want people to think that it is a simple matter of replacing one proposal with another. I would not have offered the proposals for consideration by the Parliament and the wider public if I had thought that there was another easy answer. I recognise—as I am sure members do—that there is none. Trying to find one through joint ventures is not as simple as it seems.

The Deputy Convener: I accept that. We would like to discuss the general welcome for joint ventures.

Alasdair Morgan: Given what the minister has just said, I have a question on joint ventures and, to a lesser extent, leases. It struck us that the consultation document lacked detail on joint ventures—several organisations have commented on that. Does the Government intend to publish any more details of what it is considering before the stage 1 debate or even before the committee considers its stage 1 report?

11:30

Michael Russell: As its chair Calum MacDonald pointed out, Forestry Commission Scotland is involved in an options review, which will provide more information on a range of matters.

The consultation was genuine. I have heard some of the evidence that has been given, and I would like to respond to it. There is no absolute detail on what should be in the proposed leases or on the proposed joint ventures. Joint ventures are a better-known approach, as that model is practised elsewhere, including south of the border. However, the idea was to consult on principles, particularly on the principle of leasing. At every consultation event that has been held, I have been at pains to point out that, if the principle of leases is accepted, the detail of what should be in the leases will require substantial stakeholder involvement at the second stage. Many of the discussions that I have had with representatives of various organisations have been based on that point. To reiterate, the consultation has been a genuine consultation on principles.

Alasdair Morgan: This point is perhaps more relevant to the matter of leases, but we do not have the details, and the provisions in the bill—its enabling powers—are very broad. That might make some people nervous.

Michael Russell: As those powers essentially enable secondary legislation, a great deal of the detail will be in that secondary legislation, which I am sure will be subject to intense scrutiny by this committee. That is not a model that this Government has invented; it was much used by our predecessors—although Mr Peacock looks shocked. I would not want secondary legislation to be made until there had been substantive involvement on the details from stakeholders in the wider community.

The Deputy Convener: Notwithstanding that, you are inviting us to buy a pig in a poke—to use an old-fashioned expression.

Michael Russell: I am sure that it is an old-fashioned expression in your farming communities, but I am not inviting you to do that. I am inviting you to do something that is well understood, in politics as in agriculture: to agree on principles and then to ensure that those principles are converted into detailed action, in this case by the process of consultation and parliamentary scrutiny.

Liam McArthur: The responses as set out in the summary that has been provided and the evidence that we have received this morning and hitherto have been markedly unfavourable to the proposed principle. The comment was made that, without the detail, it was difficult to articulate the suggestions in a more sophisticated fashion. The debate on much of what is covered by the consultation—for which there is widespread support—becomes derailed because of the focus on an issue on which there is a lack of clarity and complete uncertainty.

Michael Russell: I make no apology for bringing forward ideas—we would be living in a far less hospitable Scotland if we were closed to new ideas.

The consultation has been a useful exercise, and it has served a variety of purposes, particularly in the light of climate change but also more generally. As was referred to in the earlier discussion, there is a need constantly to examine the role and function of the Forestry Commission—to scrutinise a body that was established in 1919 for clear and strategic reasons, with the knowledge that times have substantially changed. I make no apology for our approach: the consultation has been a useful exercise and provided a useful way to look at things.

It is always possible to criticise a consultation. I am long enough in the tooth to remember other consultations that have been criticised for a lack of detail but, at every single meeting that I have attended to discuss the bill, we have been able to

engage in substantive, detailed discussion about a range of aspects.

One of the really positive things is that I have excluded nothing and ruled nothing out. For example, we have discussed the lengths of leases and the way in which they could incorporate best practice in modern forestry. We have discussed different methods of approaching forestry and different ways in which forests are grown and managed. All those things have been discussed and will continue to be discussed. We have also discussed the guaranteeing of existing contracts and the interesting situation in Scotland, whereby the private sector has become very much dependent on long-term contracts from the Forestry Commission. That is not a common model in other parts of Europe and, although I think that it has been useful in the past, we need to discuss whether that is the best way forward.

All those things have been up for grabs, and there have been interesting debates and discussions. I simply wish that some people had reacted as positively in bringing ideas to the table.

Elaine Murray: The minister is right to point out that other pieces of primary legislation have used secondary powers. For example, the minister's current—and soon to be ex—department is progressing a number of statutory instruments flowing from the Animal Health and Welfare (Scotland) Act 2006 to regulate matters such as the sale of puppies and kittens and the registration of livery yards.

A parallel issue in that legislation is the controversial issue of mutilation and tail docking. The fact that such matters were dealt with in the original bill enabled John Scott's colleague Ted Brocklebank to lodge amendments at stages 2 and 3, which allowed parliamentary debate on issues that were generally considered to be contentious. Given that the leasing arrangements are more contentious than the other proposals, is there a possibility that they could be included in the Climate Change (Scotland) Bill—or a subsequent bill—so that the proposal could be discussed in Parliament?

Michael Russell: Dr Murray makes a fair point that is worthy of serious consideration. I am not happy about the timescale within which we are working. We are dealing not so much with late proposals as with the fact that, in our discussions on the bill and the Forestry Commission's parallel work on climate change, it has become increasingly apparent that the Climate Change (Scotland) Bill is the best—indeed, probably the only—available vehicle for climate change action by the commission. I accept that in the best of all possible worlds, which has existed under neither the previous nor the current Administration, we would have more time and more detail.

The substantive principle of leasing is clear to understand. It is not a new concept: the idea was included in the National Audit Office's 1998 report and was proposed to the Forestry Commission by UK ministers in 1998, so the proposal has been around for more than a decade. The detail of leasing would be comparatively new, but that is where the detail of the secondary legislation would come in. However, I would not in any sense resile from Elaine Murray's point that, in an ideal world, we would have more time and more opportunity.

Peter Peacock: I want to pursue that point further slightly. Reflecting on where we have got to and given the apparent opposition to commercial leasing—I will come back to another variety of leasing in a minute—is the minister saying that he is now prepared to consider dropping from the bill the proposed powers to introduce secondary legislation on leasing?

As the minister will surely concede, the bill seeks to give ministers substantial powers. He will surely also concede that, notwithstanding his point that secondary legislation can receive detailed scrutiny, by definition secondary legislation cannot receive the same scrutiny as primary legislation. Members are not free to lodge amendments to secondary legislation, and there is not the same requirement to provide a financial memorandum and the like, so scrutiny of secondary legislation is truncated by comparison with primary legislation. Is the minister saying or hinting that, in the circumstances, he is prepared to consider withdrawing that proposal from the bill?

Michael Russell: No, I am not saying that. I believe that the leasing proposal is worthy of the committee's support—in that remark, of course, I cannot bind anyone other than myself—and that the proposal needs to proceed.

It is possible to envisage a process in which the details of the proposal would be subject to substantial scrutiny. I accept Peter Peacock's fair point about secondary legislation, but it is possible to consult on a draft instrument with the committee and outside interests and to engage fully with stakeholders. I have repeatedly made that commitment to everyone who has been involved in the discussions. Therefore, I will not close up my folder and say that I am now moving on. There are important aspects of the leasing proposal and other proposals—obviously, I do not want to spend all the time discussing leasing—that will move the forestry industry forward substantially in making its contribution to tackling climate change.

Let us just remember that, based on 2006 figures, planting of the nature that we are talking about—10,000 hectares a year—will sequester over time the equivalent of 44 per cent of vehicle emissions in Scotland. In some of the earlier evidence today, I heard doubt being expressed

about the contribution that timber sequestration can make. There will always be doubt and debate, but we are in times when we do not need endless speculation on climate change objectives: we need delivery. Timber sequestration is a deliverable, and the Forestry Commission wants to be involved in it. The issue is one of getting on and delivering.

I will ask Bob McIntosh to come in on that.

Bob McIntosh (Forestry Commission Scotland): In the past, we have achieved planting levels of 10,000 hectares a year. For a variety of reasons, those levels have slipped over the past five or six years, and we are keen for them to be raised again to meet the aims of the Government's forestry strategy. We will need to use a variety of mechanisms to achieve that. Clearly, we will want to look hard at the grants scheme, and ultimately if the Forestry Commission is to provide those extra grants, we will need additional funding. The issue is where the extra funding will come from.

Michael Russell: The Government can neither borrow the money nor change the tax regulations—the latter has traditionally been used as the strongest method of encouraging forestry. In addition, we do not have the resources to inflate artificially the price of timber. Given the timescales and requirements that we are discussing, we have to consider all possibilities.

The Scottish people—I am talking not about me or committee members but the Scottish people—own an asset that is worth £850 million. The question is: can we put part of the asset to work to meet important climate change objectives? The question is a sensible one, although it can be rejected. I have heard all sorts of things about the consultation and proposals, but that question is at the root of the matter. We have to ask ourselves whether we can put the resources that the Scottish people own and will continue to own to work to meet the real problem that we have.

Peter Peacock: I seek clarity on the powers, which I understand to be enabling powers. Your policy option is for commercial leasing of up to 25 per cent of the national estate over a period of 75 years—

Michael Russell: Up to 75 years. All these things are open for discussion.

Peter Peacock: Indeed.

That may be your policy objective, but the bill gives powers to not only your but subsequent Administrations. The bill also appears to set no limit on the figure of 25 per cent. Surely a future minister or subsequent Government could increase the figure to 40, 50 or 100 per cent. Am I technically correct in saying that?

Michael Russell: Technically, that is where we are, but any committee member can lodge an amendment to limit the powers. If that were to happen, I would give it serious consideration, and I am sure that my successor would do, too. The opportunity exists to lodge an amendment to create a ceiling or specify a maximum length of time. It is entirely legitimate for any member to do that. From the outset, I have been keen to engage in the detail of what is possible and desirable.

Peter Peacock: I regret that I do not have to hand the answer to a parliamentary question that I put on the links between the joint ventures and leasing options. In essence, the question was whether leasing could be done under a joint venture. I cannot remember the exact reply, but the gist was that that was a possibility. Notwithstanding the individual merits of the joint ventures powers, it would be unfortunate for them to become a Trojan horse for leasing provisions.

Michael Russell: There is no intention to make that linkage.

Peter Peacock: Is there a way of buttoning that down in the bill?

Michael Russell: I would be happy to find a way of buttoning it down.

Peter Peacock: That is helpful.

You have said that commercial leasing will make a contribution to climate change and accelerate the level of planting and so forth. In a letter to the convener, you said that the recent proposals were not necessarily the best or the only option—a statement that I find slightly curious. You are telling the committee that we should legislate to give you some pretty broad powers but that those powers are not necessarily the best or only option. What are the better and other options by which to reach your objectives?

Michael Russell: The letter has been much quoted throughout Scotland—from my reading of the local papers in Galloway, I see that Mr Hume seems to have given it almost totemic significance—but my point was more philosophical than political. As Mr Peacock knows, and my friends around the table such as Mr Morgan know even better, I am not arrogant enough to assume that I have all the answers. There may well be better options out there. From the outset, I have said constantly that I am looking for all the options.

Indeed, the consultation was unusual in that it included an additional question that said, “If you have any other ideas, will you come and tell us about them?” I am realistic enough to know that the substantial opposition to the leasing option creates a problem for the bill, and I am not in the business of bulldozing things through. What I meant in the letter that I wrote and signed and

know entirely by heart is that it is possible that there are other, good proposals. I would like to hear about them, but I must say that I am not convinced that I have heard anything yet that will replace my view that leasing remains a good option.

11:45

Peter Peacock: That is pretty extraordinary, is it not? You said earlier that leasing is just an idea.

Michael Russell: No, I said that it was an idea.

Peter Peacock: But you seek colossal powers for that idea. Now you are saying to us that there might be better ideas but you do not plan to consult on them in the context of the Climate Change (Scotland) Bill.

Michael Russell: Because I have not yet heard them. If you have them, Mr Peacock, do not hold back. Please give me those ideas and I will be happy to say if they are better than this one, but you have not done so yet.

Peter Peacock: We might well have ideas but, with respect, you are in the midst of a consultation on a bill to give you powers to legislate in a profound way on the future of our forest estate, which has generated a lot of concern. You say that there might be better ideas but you do not know what they are and you will not consult in the context of the bill.

Michael Russell: We obviously differ in our political approach. I believe that there are always other options and possibilities. I repeat that the consultation was genuine and open and sought good ideas, some of which have come in, but I make the point in the letter, which I am happy to repeat, that I have not yet seen other ideas. Of course leasing is not the only option; I would be foolish to say that it was.

Peter Peacock: But do you concede that, even if some good, alternative ideas to the proposal in the bill were proposed at this stage, it would not be possible now to consult fully on them and accommodate them in the bill?

Michael Russell: Other people have other opinions, but if I thought that any proposals were better than our proposal, I would say so—I am not hidebound by it in the slightest. However, I go back to the important imperative that you have not yet raised, Mr Peacock, which is that the climate change clock is ticking. We need to plant more trees. We have not met the target, and we need to get on and do it. We can split hairs, talk about the number of conifers you can get on the head of a pin and all that sort of thing, but we need to get on with planting.

The Deputy Convener: Peter, the argument is becoming circular. You can ask a final question.

Peter Peacock: On this part, but we have other things to come back to.

I will put the contention to one side for the moment, if I can. Although we might disagree about the commercial scale of forestry, I am conscious that, given the Forestry Commission's powers, it may be constrained in community leasing. I heard what you said in your opening statement about that and I know that there are administrative provisions for Forestry Commission leasing under its natural forest land scheme, but it may not have the powers to do that. Do you think that, in the context of the bill, it is possible to construct a legal definition that would allow you to have powers over community leasing that would not open up the scope for the wider commercial leasing that people might be concerned about?

Michael Russell: Bob McIntosh wants to make a point on that.

Bob McIntosh: It would be possible to do what Peter Peacock described, but we need to remember that, because the bill is about climate change, the leasing would need a clear link with climate change, which might make it difficult to lease land to communities for any purpose. I think that Anne Cairns can confirm that.

Anne Cairns (Scottish Government Legal Directorate): Yes.

Michael Russell: I have talked to the community forestry sector about leasing and I am keen that it has the opportunity to do that, for two reasons. First, there are communities out there that would like to lease forest land for climate change purposes and to be involved in forestry. Secondly, as you will know, the purchase of forests by communities has dried up because of difficulties with the heritage funding. I deeply regret that and we must try to do something about it, but that is the present situation. However, discussions are taking place with the National Lottery. In those circumstances, I am keen to see community leasing happen. I think that it is necessary to have a section in the bill that permits leasing. Whether that section could be constrained by amendment to cover only community leasing, I will have to leave up to you. My view is that it is best to establish the power of leasing, then constrain it by secondary legislation that will be properly scrutinised. Other routes are, of course, open.

Bill Wilson: Many years ago when I was working as a biologist in another country, I came across an iron age fort that some genius had contrived to plant all over the top of. That experience has always left me rather nervous in discussions of historic monuments and forestry.

I have a few questions for you, minister, and I will bundle them together. Evidence suggests that the Forestry Commission possesses one of the largest collections of ancient monuments. What proportion of those monuments might be transferred to lessees—and if you cannot answer that question now, will you answer it in the near future? Will you reassure me that the level of protection guaranteed by the lessee for those monuments will be the same as that guaranteed by the Forestry Commission?

Evidence—especially that from Jean Balfour—suggests that, if 25 per cent of the forestry estate is leased out, 35 per cent of the income might be lost. If that is the case, I presume that a lower proportion of income would be left for the protection of biodiversity and ancient monuments.

If a not-for-profit trust is set up, it will obviously be planting in new areas. Would that not-for-profit trust have the same duties to protect ancient monuments and the biodiversity in sites of special scientific interest as would the Forestry Commission if it were planting in those new areas?

Michael Russell: Those were good questions. I am about to take on responsibility for ancient monuments, so I had better be careful in what I say. Perhaps it will be a lack of knowledge that drives me.

I will answer your last question first, Dr Wilson. I do not believe that the level of protection offered would be any less. There are statutory protections that the Forestry Commission observes and which a private owner would have to observe too.

An important distinction has to be drawn: what happens on leased land will not be the same as what happens when private forestry companies plant on their own land. Conditions will have to be attached to the lease, and they will refine the planting carried out by the private sector.

My answers to your first two questions, on transfers, are yes and yes. I want to ensure that that is on the record.

Your point about Jean Balfour was interesting. Jean has been an open critic of our proposals since the very first time that I discussed them with her. She is also an open critic of our proposals on crofting. I enjoy my conversations with Jean, but I have to say that, on many issues, they do not lead to much agreement. I disagree with her on the point that has been raised. It is absolutely certain that the resources of the Forestry Commission will not be adversely affected. Indeed, they will be positively affected by our proposals. The Forestry Commission is not being asked to commit suicide, so—with the greatest respect to her—I disagree with Jean. I want to place on record my great

respect for Jean Balfour and for her views on all these issues, which are very important.

I am informed that there is a clear legal definition relating to resources. We will ensure that it is applied.

The Deputy Convener: Elaine, did you have a question on archaeology?

Elaine Murray: No, I want to go back to a previous point.

The Deputy Convener: I would like to move on, but I will let Bill Wilson finish his questions on archaeology.

Bill Wilson: I want to follow up on my last question. Minister, why do you prefer, if you do, a not-for-profit trust doing more planting, as opposed to the Forestry Commission?

Michael Russell: I do not prefer that. Although the proposal for a trust is interesting and would offer certain advantages, I see little overall advantage. It might be overbureaucratic. That is my personal view, although I have not come to a final view on all the submissions on the subject. However, very few submissions were in favour of the trust.

Bill Wilson: So it might simply be the case that the trust does not happen and the Forestry Commission continues with its responsibilities.

Michael Russell: It will be up to the Government minister to make that decision. My view is that, although interesting, the trust proposal does not have a lot of mileage in it.

The Deputy Convener: I will bring in Elaine Murray and then Rhoda Grant.

Elaine Murray: I will preface my question by expressing a concern. We should not be saying that the solution to climate change lies in planting trees, because the solution to climate change will go a lot wider than that. Difficult decisions will have to be taken about how to produce fewer emissions, and we will have to consider microgeneration, energy efficiency and so on. It would be unfortunate if we sent out a message that all that we had to do was plant trees, and that that would absolve us all of responsibility for controlling emissions.

Minister, you say that the principal motivation behind your proposals on leasing is to bring money in quickly, so that tree planting can start early. Where did the figure of £200 million come from? How was it calculated? When do you expect to get it? If you get it in a couple of years' time, would you be able to spend it that quickly, or would the spending be profiled over a number of years?

You mentioned conditions that might be imposed on the lessee. Are they likely to reduce the amount of income that comes in? Has the fact that the lessee could be eligible for payments under the Scottish rural development programme been factored into the income? Would it result in a deficit over a longer period? Money might come in early, but there would a deficit in the money available for planting trees as time went on.

Michael Russell: I will make two points before I get Bob McIntosh to address the financial questions, of which he has greater knowledge than I have. First, I have made it clear repeatedly and at every event that clear, substantive and rigorous lease conditions are essential. It would not faze me if it were impossible to undertake leasing because the conditions were too rigorous. I would regret the impact on income, but the priority is to get the conditions right. I do not think that lease conditions would have a great effect on leasing, but it is a point of principle that we must get them right and have a system to enforce them.

I am happy to agree that the solution to climate change is not planting trees. I do not think that I ever said that it was the total solution. However, I differ from you on an important point—or perhaps not; perhaps we can agree on it. It is really important that people understand the imperatives under which we are working and that a range of actions will be required. There is no single solution; there are many solutions. Forestry has its role to play in tackling climate change. As the minister with responsibility for forestry—at least until tomorrow—I am very keen that it fulfils that role. I must put on record what a great pleasure it has been to work with Bob McIntosh and his entire team. They too know that forestry has a role to play and they want to play their part. They know that they have to get on and do something and that their individual actions will be important. I do not want to hold them back from making a difference, because that is what they need to do.

Bob McIntosh: The estimate of £200 million arises from the assumption that the leasing option would involve perhaps 100,000 hectares—about a quarter of the woodland area of the estate—being leased out. There is a market in purchasing forest property, so we have a good idea what that package would be worth if it were sold freehold on the open market. We also know that a leasehold purchase is likely to be slightly less attractive than a freehold purchase and have used professional agents who are involved in the investment and forestry property market to give us their best estimate of what a 100,000 hectare leasing package would be worth. That is where the £200 million figure comes from.

Elaine Murray: Were the profiling of the income and potential SRDP payments to the lessee factored into the figure?

Bob McIntosh: Yes, they were. We have made an assumption about SRDP payments. It is a broad assumption because we do not know what sort of grants the lessee would apply for. If the new owner, to use that term, of the 100,000 hectares was eligible for grants, they might net something like £2 million a year in grants under the current scheme. That has been factored into the overall financial assessment.

Elaine Murray: You have not spoken yet about profiling. Over how many years do you expect to get the income? Will it come in all at once and, if so, how will you be able to spend it?

Bob McIntosh: That is a choice that the Government can make. Let us assume that £200 million was available. The choice would be to take it in year 1 or tell the purchaser that we would like to take it at £15 million a year over the next six or seven years so that it came in as a steady income stream.

Michael Russell: There are many permutations on that and they are all worthy of consideration.

Liam McArthur: I am interested in that response because Bob McIntosh provided a little more detail than some of the previous witnesses had before them. Lisa Duggan from the Loch Lomond and the Trossachs National Park Authority suggested that nobody appeared to have done the maths and that the money made available by a lease might at least in part be taken up by the lessee through the SRDP. I take the minister's point about the purpose of a consultation and eliciting views, but it is rather strange that a consultation—albeit a truncated one—has concluded and key stakeholders appear still to be unaware of the basis of the calculations that were done to arrive at the conclusions that the Government has reached.

Michael Russell: I am surprised. The relevant witness has never requested that information from me as far as I know. I have a close relationship with the Loch Lomond and the Trossachs National Park Authority and would be happy to provide the information. Indeed, I would have been happy to talk to them in person about the matter.

At every meeting in which I have taken part and in all the discussions that have taken place, there has been a good opportunity to exchange information. I do not regard it as strange that we are still doing so; I welcome the fact that the opportunity exists to exchange information. I hope that the process has been entirely transparent. Indeed, had you or your colleagues sought any of the information from me face to face at any stage, I would have been delighted to provide it to you.

12:00

Liam McArthur: Clearly Jim Hume is no longer on your Christmas card list, and I would hate to think that the Loch Lomond and the Trossachs National Park—

Michael Russell: There will be no Christmases, according to Mr Hume, but there we are. I shall have to send cards to him at another time.

Liam McArthur: I am sure that seasonal greetings can be mutually communicated.

In relation to the paucity of information, it is fair to say that—

Michael Russell: There is no paucity of information.

Liam McArthur: That is your view.

Michael Russell: It is.

Liam McArthur: It is not the view shared by the witnesses that we had this morning.

Michael Russell: I listened to them quite carefully, and they were exploring ideas. I always welcome that, but there has always been the opportunity to discuss these issues properly and in a consultative way. Were I to have approached the issue by making an ex cathedra pronouncement, full of detail and appendices, I would have been attacked by the Liberal Democrats for every line of that document.

I have given the opportunity for a full and frank discussion, and many people—alas, not all—have availed themselves of that opportunity.

The Deputy Convener: Peter Peacock has a question on this point, and then I want to move on to our other questions.

Peter Peacock: What is your view of the cash flow that comes from joint ventures? You heard evidence this morning that joint ventures could probably provide all the income necessary to meet and fund the planting objectives. If you were to take the leasing route, when would the first payment become available? Would it be in 2012 or 2015?

Michael Russell: That is a key issue for profiling. Bob McIntosh might want to say a word about it; he heard this morning's evidence too.

Bob McIntosh: If we were asked to push ahead with the leasing scheme, we would expect income to come in within two years. That might be pushing it, but within two years would be the earliest.

We would need legislation to set up joint ventures and it is difficult to see a significant joint venture income stream coming in in less than five to 10 years. It will take that long to build up to the £15 million to £20 million of additional income that we are talking about because of the long lead-in

time needed for big renewable energy projects, such as wind farms, in respect of planning and other issues.

Peter Peacock: What do you mean by “significant”?

Bob McIntosh: For funding additional planting, we are looking to raise somewhere in the region of an additional £10 million to £12 million per year. Generating that amount from renewable energy projects and joint ventures is at least five to eight years away.

The Deputy Convener: On that point, do you have the capacity to borrow for an interim term?

Bob McIntosh: We do not have the ability to borrow. If we set up a joint venture company, it would be able to borrow, but the Forestry Commission cannot borrow.

The Deputy Convener: Rhoda Grant, I am sorry for not bringing you in earlier; the enthusiasm of your colleagues overwhelmed me.

Rhoda Grant: No problem. I have a couple of supplementary questions, and then I will move on to another substantive area.

Given that the 25 per cent of forestry land that could be leased produces approximately 33 per cent of forestry income, how will the funding gap arising from the loss of that income be filled, so that the Forestry Commission can continue to provide the public benefits that it does at the moment?

Bob McIntosh: You must recognise that, as the estate is fairly young and a lot of investment is being made in forest roading, the estate does not make a profit at the moment. If we reduce the estate by 25 per cent, we are reducing 30 per cent of our income, but also a significant proportion of our expenditure. If we lost 100,000 hectares of the most commercial part of the estate tomorrow, broadly speaking, the annual cash cost of managing the estate for the next few years would be relatively neutral.

Rhoda Grant: But having once had the income, there would be a deficit. You would have had the income in the early years, and you would be facing 65 years of an income gap.

Bob McIntosh: That income would be a net loss in 15 to 20 years’ time, once things like our expensive roading programmes are completed. At the moment, however, the estate does not generate a profit or a surplus, so a 25 per cent reduction in the size of the estate would not lead to a 25 per cent reduction in the net income.

Michael Russell: Remember that we have been reprofiling the work of the Forestry Commission in the light of this change. We are essentially saying, as I have said from the beginning, that there will

be no change. The assertion that there will be no change is not my assertion; it is an assertion based on the figures and on the support that I have been given by the commission. It will have no effect in that way, but it will produce substantive income for planting, which is crucial.

Rhoda Grant: It seems to me that it will have an effect on the public purse. You told the committee earlier that £2 million per annum could go out under SRDP. That is £150 million over the period of the lease, which leaves you with an income, over the period of the lease, of about £50 million, which will probably lead, in subsequent years, after the initial input, to a loss to the public purse.

Michael Russell: No, I do not see any loss to the public purse—I see only a gain to the public purse, because we will add resource to pay for planting and there will be no loss in respect of the operation of the Forestry Commission. I repeat that the commission is not being asked to commit suicide. The proposal will provide additional resource to the commission and it will provide additional planting; I would not have gone anywhere near it unless that was the case.

Bob McIntosh: The financial calculations are complicated, because they depend on whether we consider cash or full-resource accounting. Because we have a large estate with a large capital value, we are charged a non-cash capital charge, as it is called, on having the estate. If that is included, there is clearly a big saving, in a sense, from losing 25 per cent of the estate, because we lose quite a large chunk of that capital charge. The calculations on the financial side depend very much on whether we are looking at cash or full-resource accounting and whether the capital charges continue into the future—there is some doubt over that.

Rhoda Grant: But that is a paper exercise rather than hard cash to the taxpayer.

Bob McIntosh: It is in a sense but, as far as our budget is concerned, it is treated as cash. We have to set aside money from our budget to pay that charge.

Michael Russell: This is a problem for all parts of the public sector and it is a particular problem in forestry; it is an enormous charge, and it is a great disincentive to all sorts of things.

Rhoda Grant: I will move on to employment issues. The trade unions have raised concerns about the position of their members if the proposal goes ahead. You have said publicly that you would avoid compulsory redundancies and would look at redeployment. Forestry workers have come to me privately and told me that when they attend workshops they are being told that the position is much starker: either they accept the transfer to the new company or they are deemed to have

resigned and will not even be paid redundancy. On a policy level you are making statements that give people some comfort, although there are no guarantees, but on a practical level individuals are being told to take it or leave it.

Michael Russell: Let me put a public statement about this on the record, so that there can be no dubiety: there will be no compulsory redundancies. That is an absolute; it is the Government's policy and it is what will happen. Secondly, although it may not be possible in every case, every effort will be made to transfer individuals to other work in the Forestry Commission. Thirdly, the Transfer of Undertakings (Protection of Employment) Regulations will, of course, apply in full.

I will make an additional commitment. I have met the unions to discuss these issues, and I hope to do so again. I cannot guarantee public sector jobs for ever, but I understand the concern about public sector jobs. I have said to people that I do not believe that it is possible to spend this amount of money on expanding tree planting in Scotland without creating new jobs in rural Scotland. I would not be so foolish as to play about with statistics on relative employment in the Forestry Commission—it is wise not to be burned twice on that—but a longer view on these matters, over the past 30 years, shows that there has been a steady decline in public sector employment in forestry. None of us can dispute that; I am not attributing any individual or corporate blame, but it has undoubtedly been the case. It should be possible to stabilise that position, and I think that the wider jobs situation in rural Scotland will be improved by the proposal.

I am conscious that the issue is crucial for individuals, and I said to the unions as recently as last week that I would actively seek ways in which we can make my pledges have real force so that they will not rely just on my word, even as it is reported in the *Official Report*. I will look for every possible way to do that and I will actively discuss the matter with the trade unions.

Rhoda Grant: I would like to push you slightly further on that. Given that people are not being offered compulsory redundancy if they do not transfer but are being told that they will be deemed to have resigned, which is a different thing and almost falls below your radar, will you give a guarantee that they will not be deemed to have resigned if they do not transfer across under TUPE?

Michael Russell: I guarantee that that is not the message or the fact of what I understand the situation to be. That is not what should happen. I will not go to the stage of saying that there would then be redundancies because, with the greatest respect, I would then be pilloried for saying that there will be redundancies. There will not be, but the message that you mention is certainly not

being given with my sanction or authority and is not the Government's view, which I know the Forestry Commission will listen to.

Rhoda Grant: It would be much more straightforward if you said that people will not be deemed to have resigned and that you will look to redeploy them if they do not transfer across under TUPE.

Michael Russell: I cannot give that commitment because, obviously, if I did, the union would say that that would be a redundancy situation and redundancies would be enforced. I am sorry that what I have said is not good enough for you, but I will repeat it. In my view, there is a guarantee on jobs, which I am seeking to give every possible force to. There is no intention to deprive anybody of their job, particularly those who have worked hard in the Forestry Commission in difficult circumstances. I hope that I stand four-square with them on such issues.

Elaine Murray: I have a supplementary question. As you know, those who work for the Forestry Commission may work in small numbers in remote rural areas. If those areas are transferred to the lessee, it may be difficult to offer employment in the same area to those individuals. Therefore, although you may wish to guarantee alternative employment to people, it might be difficult to do that because of the nature of the forestry industry. If large numbers of people say that they do not want to transfer to the new lessee under TUPE and that they would prefer to stay with the Forestry Commission, would that not add to the commission's deficit? If it was able to redeploy all those people, a higher concentration of individuals would work in it. Would that put it under pressure, because it would seem to be less efficient? Perhaps there would be pressure on it to find efficiency savings.

Michael Russell: I strongly believe that it is important to be transparent and honest and show good will in such matters. There is no intention of forcing people to lose their jobs. It is always difficult in such circumstances to talk about every individual but, like the Forestry Commission, I have the strongest commitment to the staff who work in that organisation and to their future, and every effort is being expended to ensure that no individual suffers. I appreciate that there are always possibilities of all sorts of difficulties to which each of us can refer, but there is a very strong commitment at every level in the commission that what happens should be positive. The commission has a record as a good employer, which it wants to maintain. I have read and heard a lot of speculation, which I can counter only with my genuine intention, what I believe to be the genuine intention of the Forestry Commission, and

the desire to give that intention as much legislative force as I can. That is the commitment that I make.

Elaine Murray: People might have to move to other areas simply because of the nature of the Forestry Commission's work.

Michael Russell: That is, regrettably, possible, but I hope that such moves will be very infrequent. I cannot rule that out, but I return to the desire that exists to handle matters in the best possible way, with the strongest commitment to the staff.

Elaine Murray: What about the consequences for the Forestry Commission's budget if large numbers of employees transferred across? It might be better if Bob McIntosh answered that question.

Bob McIntosh: If we were asked to go ahead with leasing in two years' time, we would endeavour to ensure that people who operated in the leasing area would get the first opportunity to transfer to vacancies in the rest of the organisation. That is the only thing that we could realistically do to limit the number of people affected. Ultimately, people would have to be transferred under the TUPE regulations which, as the minister said, would require the new employer to employ them under their current terms and conditions of employment. It is clear that people would rather stay with the commission, but if they are transferred, at least they are guaranteed to maintain their current terms and conditions.

12:15

Alasdair Morgan: The aim of the exercise is to increase forest cover by 50 per cent and, I presume, to increase proportionately the amount of commercial forestry by about 50 per cent. Has the commission looked at what the capacity and employment consequences might be for the downstream industry?

Michael Russell: Before I bring in Bob McIntosh to speak about the details, I say that it is obvious to anybody with only the merest knowledge of forestry—I regard myself as such a person—that there is likely to be a reduction in the amount of timber available from its peak in a number of years. Therefore, the more planting that we do, even outwith the climate change imperative, the better it will be to meet present demand. I convened a wood fuel task force last year to address the shortage of supply that might arise in the biomass industry. We need to plant more trees to service a growing demand for timber and indeed, in construction, we are encouraging a demand for timber. I have been slightly surprised by some of the responses from the wood-using industries. There is great potential for them in our plans, and enthusiasm from them might pay dividends.

Bob McIntosh: Was your question more about the resources available and the capacity to achieve increased planting?

Alasdair Morgan: Yes, and I was thinking about the consequences for employment. I am conscious that, at the moment, partly due to the construction industry cycle, sawmills in my areas are shedding labour.

Bob McIntosh: It is fair to say that the resources to achieve the new planting programme are not immediately available but, given the current economic climate, if an additional new planting programme were available, the contracting base would grow quickly to fill the vacuum and provide the capacity needed.

Michael Russell: It is also a question of the wood-using industries' need for timber in the coming 20 to 30 years.

Bob McIntosh: There is a big concern in the processing sector about the dip in future production, which is a natural consequence of how the forests were planted originally. If that dip is not filled and we do not have a sustainable supply of timber over that period, there is no doubt that it will cause considerable difficulties for the processing sector. Planting needs to begin quickly to fill that gap and ensure that timber is available at the right time.

Michael Russell: When Alasdair Morgan spoke of redundancies in his area, I know precisely to where he refers. The industry is going through a very difficult time, but we hope that it will not last for ever and that opportunities will arise. Because forestry is a long-term business, it is necessary to plan and make decisions for the long term.

Rhoda Grant: The processors make the point that they have guaranteed supply from the Forestry Commission regardless of what is happening elsewhere, but there would not be the same onus on a commercial operator to provide the same throughput, regardless of the economic situation. They spoke about the security and sustainability of their industry and asked how that would be managed under the leasing agreement.

Michael Russell: I addressed that point slightly in earlier evidence. I understand the situation. We have said that we would regard existing long-term contracts as contracts that had to be honoured, but I also made the point that the arrangement in this country—dependence on state-supplied long-term contracts—is uncommon. A more flexible market might serve the wood processors better, although it would take some time to persuade them of that. However, there is no intention to disrupt supply—quite the reverse. We have made absolute commitments to the continuation of supply, but I regret that the point Stuart Goodall made in evidence is probably correct. We need a

bit more time to have that debate and discussion with the processors to assure them that it is so—but it is so.

The Deputy Convener: Does Peter Peacock wish to wind up the discussion?

Peter Peacock: No, I want to clarify with the minister two small technical points that arose in answer to an earlier question. Going back to the subject of cash flow from potential joint ventures, although I accept Mr McIntosh's evidence, we heard firm evidence this morning that if you were to take a long view of the potential income stream from joint ventures, it would be sufficient to meet your planting objectives. Do you accept that that is the case?

Michael Russell: I do not dispute it. Both possibilities are desirable, and the short-term imperative makes it necessary to do both. However, the situation is not certain. Much will depend on what happens with the renewables market, and much will depend on the Forestry Commission's ability to enter into sustainable joint ventures.

I do not dispute what you suggest, and I do not want to fall out with you about it.

Peter Peacock: That is very encouraging—

Michael Russell: Quite all right.

Peter Peacock:—just as you are moving on.

Section 47(1) says that ministers can

“modify the functions of the Forestry Commissioners”.

That could be a pretty broad power, but it is subsequently slightly modified.

As I understand the legislation on forestry, the commission and the commissioners have obligations on biodiversity. Would the powers that are being sought in section 47, which allows commissioners to delegate and you to modify the functions of commissioners, mean that present ministers or their successors could remove the biodiversity obligation?

Bob McIntosh: My understanding is that the Forestry Commission's biodiversity obligation would transfer to the lessee.

Michael Russell: I think that I can see where Mr Peacock is coming from. If the bill does give ministers that power, then it should not. I am happy to make that clear. We may have to consider the drafting. I will ask Anne Cairns. Anne, do you believe that the bill gives ministers that power?

I am sorry to ask a solicitor for a legal opinion in such a way. But, hey ho, let us see what we get.

Anne Cairns: The biodiversity duty is in the Nature Conservation (Scotland) Act 2004, and the

duty is on all public bodies in Scotland, including the forestry commissioners. I therefore do not believe that the power could be used as suggested.

Michael Russell: I thank Anne Cairns for that. I landed her with that question, but the answer was very good.

Peter Peacock: Yes, it was helpful.

You said earlier that an amendment to the bill might make it possible to fetter, in a variety of ways, the discretion that is being sought for ministers. Have you yourself—no, I will rephrase that, because it will not be you yourself who does this. Has the directorate been considering stage 2 amendments to the section on forestry? If so, can you tell us about them? Might they be in the territory of fettering discretion?

Michael Russell: I have seen no such proposals, but it is not unreasonable to assume that the idea might be occurring to some people, in light of today's discussion. That would be quite legitimate.

Bill Wilson: You have given us a guarantee—or a legal reassurance—that biodiversity functions will not be affected. However, the Forestry Commission has other functions. Could the bill mean that other functions could be dropped?

Michael Russell: I will try my luck again and seek legal opinion. What do you think, Anne? It strikes me that access would be an absolute, because measures are imposed on all landowners in Scotland. I do not think that access could be affected, could it?

Anne Cairns: No.

Michael Russell: Were you thinking primarily of access?

Bill Wilson: Not necessarily. Quite a few organisations have expressed concern to me that the power in the bill is sweeping. Will you reassure us that you will consider what may or may not be lost because of the power?

Michael Russell: In seeking this power, we have no intention of doing anything other than what we have been talking about, and I would not be unsympathetic to making that clearer. I think that the section has been drafted as it has because ministers and forestry commissioners are constrained by other legislation.

The Deputy Convener: If you prefer, you may wish to reflect on that question and then write to us.

Michael Russell: It would be very civil to write to you, and I will ask my successor so to do.

The Deputy Convener: All right. I will bring in Alasdair Morgan and then Rhoda Grant.

Alasdair Morgan: I want to ask about the potential to raise all the money that is required from joint ventures—not immediately, but in the longer term. We have heard that the joint ventures would be mostly wind farms. As we know, and as Bob McIntosh has suggested, wind farms can have their problems when people object to planning permission being given for them. Have you a rough idea how many turbines would have to be built to raise the kind of money that is needed?

Bob McIntosh: No—but we might receive £2 million net income for roughly every 100MW of wind farm generation. It probably takes 40 to 50 turbines to generate 100MW nowadays, so £10 million would be received for five times that number of turbines. That is a broad indication of the scale.

Michael Russell: I would be cautious about the figures being used over time, because technology changes and planning is an issue, so it is difficult to tie things down to exact numbers of turbines.

Alasdair Morgan: We are, however, talking about a substantial number of wind farms over and above those that are already in the planning system.

Bob McIntosh: Hydroelectric schemes must also be considered, of course. There is quite a lot of scope for small-scale hydroelectric schemes on the estate.

Alasdair Morgan: There is, if the Scottish Environment Protection Agency approves them.

Michael Russell: This is not just about wind farms. Smaller-scale hydroelectric power still has potential in Scotland. Hydroelectric power is one of our great untapped resources.

Rhoda Grant: If it is okay to do so, I would like to move on to another subject, which NFU Scotland raised.

The Deputy Convener: I will let Bill Wilson ask a supplementary question before we move on to that.

Bill Wilson: The joint ventures that we are talking about are mainly renewable energy ventures. It is understandable that we are doing so—we are discussing climate change—but I presume that other ventures, such as tourism ventures, could be included.

Michael Russell: No. There is support for the Forestry Commission to enter joint ventures in other areas, but we will have to wait until a public services reform bill is produced before that matter can even be considered. The proposals are targeted on climate change: there might be a grey

area in respect of tourism ventures—people might want to visit wind farms, for example—but other ventures are highly unlikely to be included.

Bill Wilson: People might also want to visit hydroelectric plants.

Michael Russell: Some people want to visit such places. It strikes me that you are possibly one such person, Dr Wilson. [*Laughter.*]

The Deputy Convener: Enough.

Rhoda Grant: Let us move swiftly on.

In written evidence, the NFUS raised concerns about tree planting and where it occurred, and two witnesses this morning—from Scottish Environment LINK and the Confederation of Forest Industries—mentioned a land use strategy. My understanding is that the Government has talked about producing a land use strategy. It seems to me that this is a good time to revisit that and to consider how such a strategy could work.

Michael Russell: Rhoda Grant will no doubt be pleased to know, and will welcome the fact, that work on that is on-going. I am sure that you know about the event at the Macaulay Land Use Research Institute last September, which I think the deputy convener, John Scott, was at.

The Deputy Convener: No.

Michael Russell: That event started the process of research into land use in Scotland. There is no intention to have a five-year plan that tells people what they can do in each part of Scotland, but we need to be aware of the different pressures that exist.

I will give an example—we may get round to talking about muirburn. Since 1945, 25 per cent of heather moorland in Scotland has disappeared, so substantial changes have taken place and forestry has been a key player in the process. It is undoubtedly true that where trees are planted will be a significant issue. The Government's view is that they must be planted on poorer land; I accept the NFUS's evidence on there being pressure on better land. It has also been difficult to persuade the agricultural sector to engage fully with short-rotation coppicing, for example, which could have been used. There is undoubtedly an issue to be considered: it will not stop the process, but it will need to be considered.

Rhoda Grant: Witnesses have said that a strategy would manage the process, especially if we want a large increase in planting.

Michael Russell: Things will not all happen in a week. There is a lot of time to debate and discuss the matter, and there are already places that are ready and suitable for planting. That will continue. Of course, the issue that you raise is always an issue. As Mr Morgan will know, there are concerns

about planting of new forest in parts of Galloway and Upper Nithsdale at the moment. There are also concerns in other places. We must be sensitive to those concerns and recognise what communities want to do. Other places in Scotland are crying out for trees to be planted, and for a balance between native and non-native species in particular.

The Deputy Convener: That seems to have exhausted the questioning on that aspect of the Climate Change (Scotland) Bill. Perhaps we should now take up the minister's entrée and discuss the vital issue of muirburn a little. I am grateful to him for giving us the time that he has already given us. Minister, do you have anything to say as a brief opening statement on muirburn? We do not want to spend too long on the matter, as you have other commitments.

12:30

Michael Russell: I will be positive. There is nothing sinister in the proposal and I am slightly surprised that people have been taken aback by it, and that they think that it is an attempt to go out and stop people setting fire to hillsides in any way. The proposal in the bill is actually very constrained. The specific wording that is used is:

"necessary or expedient to do so in relation to climate change."

That is clear. There is no doubt in anyone's mind, aside from the occasional correspondence that we all get, that climate change is taking place. It is also clear that certain activities that are constrained within a legislative calendar, and which are also tied to the natural seasons, will change. Muirburn is one such activity, so we took the opportunity that the bill presented to ensure that there was flexibility in that respect.

We have been a little taken aback by some of the reaction. The reality is that muirburn will continue; no one is disputing that it is a very important land management tool. The bill offers the opportunity to be much more flexible. There will be a strong debate about exactly when muirburn can take place and how the provisions will apply, but there is no intention to abolish it, limit it or stop it happening. Indeed, the greater flexibility in September, for example, might be desirable. It is an issue on which we need to get everybody around the table and ask, "Can we go ahead with this?"

The Deputy Convener: From my experience of burning heather, I think that extending the season into September would be a good idea, although I would be grateful to hear views from other members. Is that your thinking, minister—given what you have said?

Michael Russell: The extension could be helpful. Many people have said that it will be. It would be equally helpful to ensure that we change the earlier time in the year to take account of, for example, the earlier breeding cycles of birds. Mr Peacock is much more expert on that than I am, but he would acknowledge the need to recognise what is happening in the countryside, and that things are changing.

The Deputy Convener: The view on the breeding cycles of birds does not seem to be unanimous.

Michael Russell: I do not think that it ever will be, but there is some evidence that we should address the subject. There is no imposition in the bill: it says merely that we need flexibility, which we will exercise in close consultation with all the interest groups.

Elaine Murray: I must admit that I, like the minister, was somewhat surprised by the strength of the response to the proposal. I am also surprised that people are saying that the breeding cycles of birds are not changing, because there is a fair amount of evidence that they are changing due to climate change.

Because some people are concerned that there might be a different motivation behind the muirburn proposals, will it be possible to lodge an amendment that might offer them reassurance?

Michael Russell: I would be positive about that. I want to give every reassurance to people that there are no sinister motivations behind the proposal. If anyone feels that it has been made for such reasons, I—or rather my successor—will be open to any suggestions. It is necessary that we move forward on the matter. On environmental issues, as members will know, people often seem to find themselves in opposition. There is no need for opposition on the proposal—we could fairly easily agree on it.

The Deputy Convener: Would anyone else like to say anything on the matter? The minister might like to talk about the special licences that relate to control of the heather beetle. That is another new concept for me. Someone suggested in the consultation that it might be an idea to help to control heather beetle in areas where there were unexpected outbreaks, and that licences might be issued to permit burning outwith the normal season.

Michael Russell: Jo O'Hara knows so much more about that than I do, which is not difficult. I ask her to say something.

Jo O'Hara (Scottish Government Rural Directorate): It is clear in the bill that the enabling power on special licences kicks in only if it relates to climate change. We have received quite a lot of

evidence that suggests that people want to explore special licences. We will do that, but probably not within the scope of this bill. A lot of stuff to do with muirburn but which does not directly relate to climate change came out of the consultation. We are keen to explore that further, but it is probably not for the bill.

The Deputy Convener: Might such provision be subsequently introduced by secondary legislation if doing so was regarded as worth while. Do members have any other comments?

Rhoda Grant: Muirburn is not really to do with climate change. The process might need to change because of climate change, but muirburn is nothing to do with stopping climate change. Should the muirburn provisions be in the bill at all?

Jo O'Hara: The provisions are an adaptation measure. Muirburn is a weather-dependent activity. If the weather changes, it is likely that we will need to change the dates for muirburn. The situation is as the minister said.

Rhoda Grant: Muirburn does not mitigate the effects of climate change.

Michael Russell: We agree. Without doubt, the measures on muirburn will not advance or retire climate change, but the bill is a useful place for them because the activity results from climate change. Members might seek to exclude the measures from the bill on the ground that Rhoda Grant mentioned, but many people will not thank them for doing so.

The Deputy Convener: Would it not be fair to say that the bill is about mitigating the effects of climate change as well as seeking to avoid it? In that regard, the bill is probably a relevant place for the muirburn provisions.

Rhoda Grant: I was merely trying to be helpful. If there are other issues with muirburn that would not fit with the bill, would it not be wise to deal with those under different legislation, given that the muirburn provisions are because of climate change rather than to prevent climate change?

Michael Russell: Having consulted on the issue and taken it forward, we would like to get it settled. The issue is raised with us—it is certainly raised with me—regularly, so it is wise to get on with it.

The issue of special licences can be dealt with in a variety of ways, such as through secondary legislation. Indeed, as the countryside agencies are aware, it is possible that at some stage we will introduce legislation on natural heritage, which special licences could fit within. Special licences for tackling heather beetle would probably fit pretty well within secondary legislation.

The Deputy Convener: In the absence of further questions, I thank the minister for appearing before us today and on previous occasions. I wish him every success in his perhaps not chosen, but new, career.

Michael Russell: It might not quite be that.

The Deputy Convener: I also thank the officials for accompanying the minister and for their input into this most interesting of subjects.

Michael Russell: I thank the committee for the interesting discussions that we have had over the course of our relationship. I look forward to working with members in different capacities in the future.

The Deputy Convener: We look forward to that.

12:37

Meeting continued in private until 12:56.

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