



# Consultation on forestry provisions in the Scottish Climate Change Bill

January 2009

# SWT Consultation Response

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### Overview

SWT supports the need for a strong Climate Change Bill to help Scotland move rapidly towards a low carbon economy. We particularly commend the Government for setting ambitious but very necessary targets for cutting carbon emissions in the short and long term.

Whilst it is true that forestry in Scotland can make a contribution to tackling climate change through sequestering carbon from the atmosphere, this contribution is a relatively minor one<sup>1</sup> in comparison with energy efficiency measures, emissions reductions and even other land uses such as agriculture and peatland management. SWT, in line with LINK<sup>2</sup>, therefore believes that whilst additional woodland creation and better forest management (e.g. greater use of continuous cover systems and long term retention) will make small contributions<sup>3</sup> to offsetting the estimated 59Mt of CO<sub>2</sub> equivalents<sup>4</sup> emitted each year in Scotland, sequestration should not become a primary driver of forestry policy decisions in Scotland. Instead, there should be a focus on delivering multiple public benefits such as enhanced biodiversity, sustainable forest products, improved access and health opportunities, landscape and historical environment enhancement and rural economic development in line with the Scottish Forestry Strategy.

It should also be stressed that use of wood, particularly quality hardwoods, as a substitute for 'carbon hungry' alternatives such as metal, glass, concrete, brick and plastics is likely to increase in the future as nations get serious about tackling climate change. This may well result in the value of quality timber increasing, and with it the profitability of the public forest estate. Carbon sequestration will be a useful supplementary benefit flowing from the delivery of multiple benefit forestry.

SWT also has serious concerns on the form and content of this consultation. The consultation paper provides very little information on the substance of the proposals, including no financial or cost/benefit analyses, future financial projections or indeed any useful detail on the purported carbon sequestration/carbon budget benefits. We also believe it is unacceptable that enabling powers needed to implement the provisions have

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<sup>1</sup> The carbon sequestered from ½ ha of woodland over one rotation can compensate for the emissions associated with car fuel consumption during an average driver's lifetime: there are 30 million registered drivers in the UK". From Broadmeadow, M & Matthews, R (2003) Forests, carbon and climate change: the UK contribution. FCIN48. Forestry Commission.

<sup>2</sup> Scottish Environment LINK Woodland Task Force, 2008. *Forestry policy and carbon sequestration in Scotland*. A policy briefing for Michael Russell, Minister for Environment.

<sup>3</sup> The consultation paper quotes -0.2m/t/yr by 2020 based on 10,000 ha/yr of new planting each year until then. Assuming all this woodland is not planted on organic soils and is retained (rather than burnt as woodfuel) this would still amount to substantially less than a 1% offset.

<sup>4</sup> Figure from Scottish Government statistics 2006

<http://www.scotland.gov.uk/Topics/Statistics/Browse/Environment/seso/sesoSubSearch/Q/SID/195>

been included in the draft Climate Change Bill<sup>5</sup> before the end of the consultation period. The powers in the draft Climate Change Bill (section 47) have implications for the Forestry Commission Scotland and the public forest estate (PFE) substantially beyond the proposals in the consultation and should be properly scrutinised by Parliament and other stakeholders under due process.

In general, we are concerned about what this approach implies about the Scottish Government's approach to the public forest estate. European Governments have generally supported and protected their national forests, and we know of few cases of them passing control to private interests on this scale. In the rare cases where EU member states have transferred control of the PFE to large single companies, serious problems have arisen. For example, the Swedish Government sold a substantial part of its NFE to a single company in 1992. A decade later the same company were experiencing extreme financial difficulties and ended up raising timber prices using its power as a semi-monopoly. Since then an estimated 20-30 sawmills have gone bankrupt, or been sold to Russian or Baltic owners, reducing forestry employment and capacity within Sweden. The Government has since offered to buy a 30% shareholding in the forests and subsequently the remaining 70% under certain conditions<sup>6</sup>.

SWT looks to the Scottish Government to safeguard *Scotland's* national forest estate in trust for the people of Scotland, now and in the future.

## **Consultation Questions**

### ***Question 1: What are your views on allowing the Forestry Commissioners to enter into joint ventures, with the intention of participating in renewable energy programmes on the national forest estate?***

SWT supports the idea of joint ventures between FCS and renewable energy companies, particularly if this generates new funds for reinvestment in new, primarily native, woodland creation, including commercial Scot's pine plantations. This could be a neat solution to bringing in additional funds to FCS budgets in order to increase the rate of woodland creation.

As there is very little detail in the consultation about how these joint ventures would be set up, it is difficult to comment further. However, there are certain safeguards which we would wish to see in place should such joint ventures be taken forward in the future. These include:

- protection of ancient semi-natural woodland, planted ancient woodland sites (PAWS) and other woodlands and open ground habitats of high conservation value (including all blanket bogs) against development (e.g. wind farms);
- ring fencing funds generated by FCS from joint ventures back into woodland creation and multiple benefit forestry (which would also contribute to carbon sequestration)
- making all proposals subject to full Environmental Impact Assessments.

### ***Question 2: What are your views on allowing Scottish Ministers and Forestry Commissioners to offer leases and cutting rights over parts of the national forest estate?***

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<sup>5</sup> <http://www.scottish.parliament.uk/s3/bills/17-ClimateChange/index.htm>

<sup>6</sup> Information from the draft response from the Forest Commission Trade Unions

SWT's policy on forestry and woodlands (paragraph 19) states:

“SWT supports the public ownership of some woodland and the continued role of the Forestry Commission Scotland as stewards of the public forest estate. Direct management of woodland through Forest Enterprise is likely to secure public benefits cost effectively and to a high standard. *We would not support any significant disposals of public forest estate land*, particularly if this is for development purposes and believe there should be absolutely no disposals of ancient semi-natural woodland (ASNW) or PAWS. Conversely, SWT does support the acquisition by the Forestry Commission of strategically important woodlands, including ASNW, PAWS, forest habitat network linkages and sites on the edge of towns and cities, which could be substantially improved for public access and biodiversity.”

This does not mean that SWT does not support private forestry ownership; it merely recognises that having a large PFE brings ‘benefits of scale’. In particular it enables FCS to:

- take a strategic, long term approach to management of Scotland’s forest resource for primarily *public* benefit;
- retain specialist staff to help ensure biodiversity is recorded, monitored and managed expertly and directly (without the need for sometimes costly grants, advisors and agents);
- take large scale and effective action over large areas when required by adapting policy, e.g. programmes to develop forest habitat networks to decrease fragmentation thereby building resilience against climate change in Scotland’s ecosystems.

Leasing off around 25% of the PFE would, we believe, constitute a ‘significant disposal’ and seriously undermine the ability of FCS to deliver public benefits to current standards.

More specifically, we feel there are a number of other compelling reasons why this proposal should not be taken any further forward, whether under the climate change bill or any other piece of legislation. These are listed below.

### **Less secure public benefits**

In general terms, the economic, social and environmental public benefits, including biodiversity, currently being delivered through the PFE would be less secure under the control of large commercial forestry companies or ‘timberland funds’. It would also be far more difficult to ensure the long term planning and management of biodiversity assets under a regime of grants, middle men and complex lease conditions.

### **Increasing primacy of economic drivers**

Under a lease to a large commercial forestry company, economic considerations would become the main driver of forest management on the leased land. This would be true even if leases prescribed a degree of public benefit delivery, for example by including UK Woodland Assurance Standard certification within the conditions of the lease. It would of course be possible to include stringent conditions into the lease, or ‘buy back’ public benefits through grant aid to the lessee. Both these options would require substantial portions of the value of the lease flowing back to the lessee in order to safeguard public benefits.

### **Long term financial losses**

It is worrying that no cost / benefit analysis or financial scenarios were published with the consultation. However, it must be assumed the leasing scheme will result in a loss of revenue from timber sales over the 75 year period substantially greater than that which will be realised from the sale of the lease. Furthermore, the 25% which is proposed to be leased comprises the most commercially valuable areas of the PFE which in reality represents the equivalent of around 35% of income from the PFE. This revenue is public money which should be invested in woodland creation and sustainable forest management across the whole estate over the long term. In effect, this long term loss of stable revenue would result in a 'running down' of that part of the PFE remaining in FCS control. SWT has serious concerns this will lead to an erosion of the biodiversity assets on both the leased land *and* the remaining PFE.

### **Short term financial uncertainty**

There is a risk this proposal may end up being very expensive in the short term for FCS as grant spend on the leased woods may need to increase in order to 'buy back' public benefits (see also above). Delivery of public benefits could of course be written into the lease but this would reduce the value of the lease, so effectively income would still be lost. Either way, the public benefits on the leased 25% will need to be paid for if they are to be safeguarded, whether through grants, or prescriptive (and therefore less valuable) leases.

### **No guarantees that the income from leases will stay in the forestry sector**

The current consultation and draft Climate Change Bill give no assurances that the short term windfall raised from leases will remain in the forestry sector. Even if the money is ring fenced for climate change measures, these might not necessarily relate to forestry. The negative consequences of this outflow of funds from the PFE for public benefits are obvious.

### **Erosion of biodiversity delivery.**

It is unclear whether the 'biodiversity duty' (Section 1 of the Nature Conservation (Scotland) Act, 2004) will apply to the leased land; but even if it does, it would be much more difficult to enforce. FCS currently takes a strong lead, through structured programmes, in delivery for most woodland Biodiversity Action Plan priority habitats and species on the PFE. There is little doubt that biodiversity delivery would be weaker under leased arrangements. The argument that the forests to be leased are commercial forests low in biodiversity is not credible. Although the consultation does not provide details on where these forests are, it is obvious that 100,000 hectares of forest, regardless of its composition, will contain very important biodiversity assets.

A recent paper<sup>7</sup> on biodiversity in plantation forests concluded that [although] "Natural forests are usually more suitable as habitat for a wider range of native forest species than plantation forests, there is abundant evidence that plantation forests can provide valuable habitat, even for some threatened and endangered species, and may contribute to the conservation of biodiversity by various mechanisms." Furthermore, FCS has made great strides in recent years in diversifying and encouraging biodiversity in its more

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<sup>7</sup> Eckehard G. Brockerhoff, Hervé Jactel, John A. Parrotta, Christopher P. Quine and Jeffrey Sayer (2008) Plantation forests and biodiversity: oxymoron or opportunity? *Biodiversity and Conservation* 17:5.

commercial plantations. This welcome effort and investment by the taxpayer we believe would be substantially eroded under the leasing option.

### **Erosion of FCS's strategic and long term planning role**

The forestry industry requires very long term planning compared to other land use sectors. This long term planning requirement is one of the principle reasons why so many countries have state forests. The capacity for FCS to plan long term and thereby facilitate market stability, timber supply and strategic development within the sector will be reduced under these proposals, as will its capacity to exercise exemplar and leadership roles. In a time of rapid climate change, this long term planning role is more important than ever.

A large PFE will enable FCS to deliver climate change programmes in a relatively quick and effective way, for example by using the PFE as a core from which wider forest habitat networks can be developed to build resilience for biodiversity adaptation, or by retaining areas on long term retention to lock up carbon which might otherwise be released into the atmosphere. The enhancement of biodiversity and ecosystem health - both within forests and on priority open ground habitats – is crucial to facilitating adaptation. Without question, FCS is in a stronger position to deliver a strategic response to the climate change problem in Scotland than are a multiplicity of private landowners; however committed they may or may not be to delivering public benefits.

### **Less funding available for other areas from Scottish Rural Development Programme**

The lease proposal would mean an extra c100; 000 hectares of land would become eligible for grant payments under the Scottish Rural Development Programme. This would draw funds away from existing schemes meaning there would be significantly less public benefit forestry being delivered in Scotland as a whole.

### **Erosion of FCS expertise.**

It is likely there would be less direct involvement of expert FCS staff (e.g. specialist ecologists, researchers and many other staff highly trained in biodiversity policy and management) in forest management planning and operations. This is likely to affect adversely the quality of management and delivery of biodiversity objectives.

### **Alternative funding sources to increase the rate of woodland planting**

SWT supports efforts to increase the rate of (primarily native) woodland creation to at least 10,000 hectares a year. In fact, SWT would ideally wish to see this rate increased so we approach 30% forest cover by 2050. We would suggest the following options are explored to increase future take up of woodland creation grant scheme.

- ringfence the money raised from joint renewables ventures (see Question 1 above) for woodland creation. Estimates suggest that annual net income from joint ventures might be expected to be £10m/yr by 2012 and 30m by 2020. These sums would be easily enough to ensure an increased rate of woodland planting to over 10,000 ha/yr which ConFor<sup>8</sup> estimates would cost less than £8m/yr;
- ensure better take up of future woodland grant schemes through better and simpler SRDP scheme design, adequate per hectare payments and reduction of administrative 'red tape';

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<sup>8</sup> See ConFor response to this consultation

- continue to run the National Forest Land Scheme, reinvesting the money from sales into land purchase in priority woodland creation areas (e.g. in and around towns, key forest habitat network areas);
- take more opportunities to deliver low cost woodland creation on the PFE through measures to encourage extensive natural regeneration ('re-wilding') on areas of open land which are not priority UK Biodiversity Action Plan habitats;
- negotiate the abolition of the charge which FCS pays on the capital value of the NFE to HM Treasury. This charge is currently a significant financial burden on FCS (£18.1 million in 2007/08<sup>9</sup>). It is particularly unfair in relation to those public forests which primarily deliver socio-environmental benefits and therefore where return on investment is low (in purely financial terms). SWT would welcome the opportunity to work with FCS and the Scottish Government to advocate the abolition of this charge.
- increase core Government investment in FCS.

**Question 3: *What are your views on (i) transferring the proceeds from leases and cutting rights to a not-for profit trust, for investment in woodland creation; (ii) transferring the landlord's interest in this land to a not-for profit trust; and (iii) Ministers stipulating the constitution of such a not-for profit trust.***

SWT would not be opposed in principle to the idea of 'not for profit trusts' managing land with funding from FCS. However, we are declining to comment further on these *specific* proposals as they are dependent on the lease proposal which we oppose in its entirety. Also, there is insufficient detail provided regarding this strand of the consultation to enable informed comment to be made. For example:

- What proportion of the proceeds of the leases would be transferred to the not for profit trust?
- What benefits are there in creating a 'middle man' arrangement? Why not let FCS use its considerable "energy and expertise" to create new woodlands directly?
- Why is it felt that FCS's management of the PFE is not "giving the people of Scotland a direct stake in the long term stewardship of land"? And how would a not for profit trust dependant on funding from FCS be any different?
- If one of the benefits of creating a not for profit trust is access to new funding streams (e.g. lottery funding) not currently accessible by FCS, then what implications does this have for established charities reliant on such funding streams? Is this just a way of reducing Government investment in the forestry through levering in new 'charitable' contributions?
- As the funding sources accessed by charities fluctuate from year to year and are never secure in the long term, where does this leave the security of investment in the not for profit trust to enable it to deliver public benefits?

**Question 4: *Are there other actions which need to be taken, or are there other changes in legislation which need to be made, in order to allow the public and private forestry sector to contribute to Scotland's target of reducing emissions by 80% by 2050? If so, please outline what these are.***

As we said in the overview, forestry will only ever be a minor player in reducing or offsetting climate change emissions in Scotland. Carbon sequestration should not therefore be a primary driver of forestry policy. This could lead to knee jerk and unbalanced decisions being made, as happened in the 1970s when vast areas of

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<sup>9</sup> [http://www.audit-scotland.gov.uk/docs/central/2008/fa\\_0708\\_forestry\\_commission.pdf](http://www.audit-scotland.gov.uk/docs/central/2008/fa_0708_forestry_commission.pdf)

pristine blanket bog in the flow country were planted with non native conifers. Whilst we feel that more focus still needs to be placed on native woodland (creation and management), FCS has developed generally sound and balanced policies in recent years which are helping to deliver multiple benefit woodlands across Scotland. There has also been significant investment from the taxpayer in creating a PFE resource more valuable and *valued* by the public. We do not wish to see any return to largely single purpose forestry which could have the potential to undermine recent progress.

Finally, SWT would strongly advocate the development of an 'integrated land use strategy' which includes a full assessment of climate change emissions from *all* land use activity, identifies a programme of action to reduce and offset these, linking closely with the Government's proposed climate change adaptation framework.

See also above answers in reference to question 4.

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#### **About Scottish Wildlife Trust**

The Scottish Wildlife Trust (SWT) was founded in 1964 to take all appropriate measures to conserve the fauna, flora, and all objects of natural history in trust throughout Scotland. With over 33,000 members, several hundred of whom are actively involved in conservation activities locally, we are proud to say we are now the largest voluntary body working for all the wildlife of Scotland. The Trust owns or manages over 120 wildlife reserves and campaigns at local and national levels to ensure wildlife is protected and enhanced for future generations to enjoy.

The Scottish Wildlife Trust is a company limited by guarantee, registered in Scotland (registered number SC040247) having its registered office at Cramond House, 3 Kirk Cramond, Edinburgh EH4 6HZ. It is also a Scottish registered charity (charity number SC005792).