

## RURAL ECONOMY AND CONNECTIVITY COMMITTEE

### DRAFT BUDGET 2017-18; FORESTRY

#### SUBMISSION FROM SCOTTISH LAND & ESTATES

Scottish Land & Estates is a member organisation that uniquely represents the interests of both land managers and land-based businesses in rural Scotland. Scottish Land & Estates has members with interests in a great variety of land uses, including those with both commercial forestry and amenity woodlands, and welcomes the opportunity to respond to this consultation.

#### **General Comments**

As the Committee will know, Scotland's Forestry Industry is a vital part of Scotland's rural economy. The Forestry Sector is worth nearly £1billion to the Scottish economy and supports 25,000 jobs. Our forestry and woodlands also provide important opportunities to deliver a wide range of environmental objectives, such as climate change mitigation, natural flood management and tackling biodiversity loss. Rarely does an industry offer the opportunity for economic growth, stable, long-term jobs and environmental improvement in one package. The Committee's focus on the forestry aspects of the Scottish Budget 2017-18 is therefore welcome and appropriate.

#### **Sales and acquisition of Forestry Commission Scotland (FCS) assets.**

This issue we assume relates to the FCS's re-positioning programme which has been ongoing since 2005. Scottish Land & Estates is supportive of the continuation of this programme. It makes sense that Scottish Ministers should consider how well public assets fit with public objectives, and should be able to sell off assets which would deliver more in the private, or community owned sectors. This would also enable FCS to purchase assets which would better serve public objectives.

In terms specifically of the forestry industry, it is important that Ministers fulfil their commitment to maintain a supply of timber to processors, and that in particular the likely commercial timber gap we are facing in the 2030s and 2040s is addressed. It does not particularly matter to the processing industry whether this supply comes from private forestry or from the National Forest Estate. However, Ministers need to be mindful when moving assets to and from the public sector that they are not doing so in a way which would threaten overall timber supplies.

In terms of forestry sales, we believe that it should be a requirement of sales of productive forestry that it is continued to be managed in such a way that the productive value is realised and future supplies of wood are produced. We support the ConFor position in relation to sales of afforested land under the Community Asset Transfer Scheme – there must be a presumption against woodland removal without appropriate compensatory planting.

Similarly, Scottish Ministers should ensure that they have the budget to properly manage the forestry assets they hold. The rolling programme of land sales has allowed significant sums to be re-invested not just into new woodland creation but also management of assets. Forestry is a long-term commitment, but a lack of appropriate management throughout the life of the forest will mean that the outputs

sought from it, whether that is commercial timber or other public or market goods and services, will be diminished. There is little point in the state holding assets that it cannot manage to best effect.

### **Planting targets**

There is currently a “working” target for new planting of 10,000 hectares per year. This target if met would enable Scotland to reach an overall increase in woodland cover by 2022 of 100,000 hectares.

However, as the Committee will know, the annual target has not been met to date and in practice if Scotland is to achieve 100,000 hectares of new planting by 2022, the annual target now needs to increase to 13,000 per annum for the next 6 years.

In terms of applications for new scheme approval to FCS, it now appears that the overall target could be met by 2022 – there has been a sufficient increase in interest to indicate this is the case. However, what is also clear is that FCS does not currently have the budget to meet the demand in the system for new schemes. In simple terms, the budget deficit needs to be tackled for the target to be met by 2022 or thereabouts.

The current forestry budget is £36 million per annum. This covers not only new planting but other grant-aided work such as forestry planning and management, deer management, recreation and so on. The average grant aid paid out for new woodland creation is circa £4,500 per hectare. To reach the 100,000ha target by 2022, the budget needed to cover all the current areas of work plus the additional planting schemes is upwards of £70 million per annum.

We acknowledge however that budget is not the only issue. It would also help enormously if the applications process could be made more straightforward. We look forward to Jim McKinnon’s report on this issue.

Going forward continuity of funding is important and recognition of the long-term cycles that forestry works to must be given in the development of a post Brexit policy and funding framework. The detrimental impact of the CAP/SRDP 7-year cycle on planting is clearly evidenced.

### **Plant Health challenges**

For commercial investors forestry, as we have said above, is a long-term investment that comes, as all investments do, with risks. Plant health challenges have though become more prevalent in recent years, with the presence in Scotland of Ash dieback (*Chalara*), *Phytophthora* (mainly threatening Larch) and red band needle blight (*Dothistroma*) which threatens conifers. These threaten the balance of risk and reward, and may lead to a reduction in investment if they become any more prevalent.

As we highlighted in our recent submission to Scottish Government on their “Future of Forestry Consultation”, Forest Research is a renowned and much valued institution within the sector. In budgetary terms there must be a strong case to adequately resource their work.

However, many in the forestry industry believe that the challenges we now face in terms of pests and diseases comes from imported nursery stocks rather than simply from climate change migrations. Scotland has a good tree nursery sector, but it must work a few years ahead of planting approvals if it is to supply the trees that are required when they are required. It must make educated guesses about what is required and when. The more certainty we can create in terms of forestry planting approvals and the more closely all sectors of the industry can work together on this, the more likely it is that Scotland's nursery sector can supply the young stock that is required. However, it is unlikely we will ever be in a position not the need imports of young trees at all and in this respect, high import standards must be in place and enforced.

From the point of view of tackling tree diseases once there is an outbreak, the current grant scheme through the SRDP offers some help to forestry owners in destroying affected forestry. This is very welcome and where forestry is commercial it is reasonable that the forestry owners bear some of the risk of tree disease and the costs of dealing with it.

However, where tree health issues impact amenity woodlands, the situation can be somewhat different. Owners of these woodlands are often faced with large costs, which can amount to tens of thousands of pounds, for tree removal without them having any commercial purpose for the woodland. We have recently been made aware of an outbreak of phytophthora in Mull which is affecting amenity larch and rhododendron woodland. Rhododendron removal is notoriously costly and the owners there are faced with very large bills for removal even taking into account the grant scheme contribution. Consideration should perhaps be given to the variety of situations that tree health challenges occurs in and tailor support as appropriate.

### **The potential impact of Brexit in relation to SRDP funds from the EU.**

As Scottish Land & Estates has already highlighted to MSPs and MPs through our five briefing papers on the subject produced over the summer and available [here](#), we have concerns over the impact of Brexit.

In particular we understand that there is no certainty of funding for rural land-based businesses post Brexit, and we are keen to work with the Scottish Government and other stakeholders as soon as possible to develop a rural land-based support policy for Scotland. By support we do not just mean financial support, although that will be an important element of the approach. We believe this is a valuable and necessary piece of work that will be relevant no matter what the eventual outcome for Scotland of the EU referendum vote. That is, whether Scotland realises a soft, hard or no Brexit scenario.

We can only reiterate here how important it is for Scotland and the Scottish Government to create as much certainty as it can, within what we know are very uncertain times, for the Scottish rural economy.

