

Confor briefing on Forestry and Land Management (Scotland) Bill, stage 3 Amendments – updated, 19 March 2018

Confor: promoting forestry and wood (www.confor.org.uk) is a not-for-profit membership organisation for sustainable forestry and wood-using businesses.

It represents the whole forestry and wood supply chain and focuses on strategic issues vital to a successful and sustainable future for the sector.

Confor has engaged in detailed discussions with the Scottish Government and Rural Economy and Connectivity Committee since the introduction of the Bill.

Forestry is worth £1 billion annually to the Scottish economy and supports more than 25,000 jobs. Confor welcomes the recognition it is being given by the Scottish Parliament, and the positive cross-party support for the industry.

The attached brief outlines Confor's position on each of the amendments for consideration at stage three of the Bill and asks for your support in accepting or rejecting each of the amendments. The brief is ordered according to the marshalled list of amendments.

Amendment 39 is of particular interest to Confor:

39 (Claudia Beamish MSP) – Establishment of a single agency for forestry regulation and land management, with amendments by Stewart Stevenson, Colin Smyth and Andy Wightman

Confor and its members in the forestry and timber processing sector have serious concerns regarding these amendments.

Confor has previously set out its concerns that amendment 39 would mean the loss of public corporation status for Forestry and Land Scotland (FLS), which would call into question its ability to invest in tree planting and timber sales, at a time when timber supply is already under severe pressure in Scotland, with prices for raw material at modern-day highs and the UK has recently overtaken Japan to become the second biggest importer of timber in the world. The public sector produces around 40 per cent of the softwood supplied to the processing sector in Scotland. This amendment could severely impact Scotland's ability to produce this renewable and sustainable resource.

The sector's concern has now been raised even further by the recent publication of a detailed memorandum from the Scottish Government's Chief Financial Officer Gordon Wales which sets out his own concerns regarding establishment of a single agency. The memorandum sets out starkly the likely loss of 'public corporation' status if a single agency was created. In addition to the possible loss of up to £30 million each year which Confor has highlighted, Mr Wales raises concerns about complications related to VAT which could result in additional costs in the region of £3 to £5 million per annum should the Scottish Parliament vote in favour of amendment 39. Mr Wales report states "The building up and use of reserves by FES currently enables it to smooth out the peaks and troughs in timber sales,

allows for the funding of long-term asset investment and enables investment in key programmes such as FES woodland creation activity...”.

We have also seen correspondence from Simon Hodge, Chief Executive of Forest and Enterprise Scotland, setting out key reasons why classification as a Public Corporation is essential to its operations - and therefore essential to the operations of the proposed new agency, Forestry and Land Scotland.

Amendments have now been put forward to amendment 39, including one with the option of creating two agencies. Our understanding is, that while two agencies would resolve the damaging threat of a loss of ‘public corporation’ status, it would mean that a ‘sponsoring’ policy function would need to be created in Scottish Government – a model akin to the situation in England with Defra. That model is not one we support: the participation of forestry professionals with the policymaking function of government is something we have campaigned for from the start, for example through the creation of a post of Chief Forester.

We therefore urge MSPs to reject amendment 39 outright.

For further information please contact:

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