

FORESTRY REFORM

1. INTRODUCTION

The Forest Policy Group welcomes the opportunity to submit evidence to the Land Reform Review Group. As a major land use across most of Scotland, it is crucial that proposals for land reform adequately consider the current role and future potential of forestry in delivering benefits to all of Scotland's people.

Forest Policy Group

The Forest Policy Group (FPG) seeks to further the development of sustainable forestry in Scotland, by contributing informed inputs to the policy debate. Its membership is drawn from woodland organisations, forestry and land use professionals and timber users, who subscribe to a view of forestry in which:

- environmental and social issues are treated as core parts of forestry on an equal footing with timber-related economic interests; and
- diversity is actively fostered – diversity of tree species and woodland types, woodland ownership, management approaches, timber production and processing, and wider economic opportunities.

In 2012 FPG published a review of forest ownership in Scotland called “Forest Ownership in Scotland- A Scoping Study”; the only paper to have tackled this issue for many years. This submission draws on this paper and presents the main issues and proposals from it. FPG also published “Woods for People” - a plea for a new emphasis in public support for forestry in Scotland: 'forestry with a belief in people', accompanied by a suite of briefing papers in support covering rural development, grants, forest ownership, the National Forest Land Scheme, restocking, deer, & quality broadleaves (2011).

These publications are available from the Group's website at www.forestpolicygroup.org

Structure of submission

This submission starts with short sections which set the scene:

- Land ownership and delivery of public benefit
- Forest ownership
- Forest Economy
- Towards a diverse forest culture

The final section (6) outlines visions, barriers and means of overcoming some of the barriers as requested by the call for evidence.

2. LAND OWNERSHIP AND DELIVERY OF PUBLIC BENEFIT

As a land use, forestry has significant potential to deliver the three key objectives set out in the remit of the Land Reform Review Group. It is a land use that can deliver a wide range of social, economic and environmental benefits. There is scope to improve the delivery of rural development and social inclusion, but this is constrained by the current pattern of land ownership, which works against the involvement of communities, locally based (less wealthy) owners and small-scale rural businesses.

The Scottish Forestry Strategy, the Forestry for People Panel Report and the Scottish Government's Rural Development Programme and Land Use Strategy all contain useful aspirations about how forestry can support rural development, a sense of place, opportunities for young people etc.¹ However, none of these documents says anything about how the characteristic pattern of ownership of Scotland's forests assists or hinders these aims. This is a reflection of a long-standing resistance to the suggestion that landownership is itself a critical factor.

Forestry Commission and land use agencies have largely considered questions of ownership to lie outside their remit; and as a result these impediments have persisted. One crucial advance would be for Scottish Government to make it clear that the pattern of land ownership is a legitimate area of enquiry and action on the part of land use agencies and the relevant government departments. The aim of this would be to remove constraints on the delivery of benefits affected by the pattern of land ownership.

In comparison to the rest of Europe, Scottish forestry is peculiar in terms of forest ownership and the structure and ownership of the forest industry. In other European countries with a resident, smaller-scale pattern of forest ownership, there is the motivation to develop the forest resource by people who live in the countryside. An aim of FPG's involvement on forest ownership is to explore the pros and cons of different ownership patterns in relation to the delivery of benefits; and it is clear that this field of research and policy development would be strengthened by the involvement of government agencies, forestry institutions, civil society and research agencies.

¹ See for example Key Theme 4 and Appendix 2 of Scottish Forestry Strategy particularly pages 77-79.

3. FOREST OWNERSHIP COMPARISONS

Unlike most other European countries (which not only consider the ownership of forests to matter a great deal but collect and publish data on the subject), the Scottish Government and the Forestry Commission collect minimal information on forest holdings and publish nothing.²

About 67% of Scotland's forest area is privately owned (i.e. owned by private individuals, trusts, companies, charities, communities etc.). Preliminary research by the Forest Policy Group reveals that of these privately owned forests,

- 91% of the area is owned either by landed estates or by investment owners; leaving only 9 % for all other ownership types;
- 55% of the area is owned by absentees;
- amongst private owners, 32% live outside Scotland.

Scotland's forest resource is thus dominated by the state, landed estates and forestry investors. This contrasts with other European countries where a significant proportion is owned by individual resident owners, farmers, co-operatives, and municipalities.

Forest ownership is dominated by large land holdings with very high purchase prices. Over 93% of Scotland's privately owned forest area is in holdings of more than 100ha.

In comparison to the rest of Europe, Scotland has by far the most concentrated pattern of private forest ownership, occupying the extreme end of the spectrum of forest landholding size classes, with large holdings dominating the picture, and by far the lowest proportion of the population involved in owning forests. A detailed comparison with eight European continental countries for which comparable data exist (Austria, Belgium, France, Hungary, Latvia, Lithuania, Norway, Poland and Slovakia) shows that:

- 55% of the total number of forest holdings in Scotland are over 50ha (Europe = 1.6%).
- 59.6% of European forest holdings are less than 1ha in extent (Scotland = 6.3%).

The graphs on the next page show the comparison in holding size between these eight countries and Scotland.

The contrast between the pattern in continental Europe and in Scotland is a reflection of a number of historical and political factors:

1. Feudal tenure.
2. The wider pattern of landownership generally.
3. The widespread rights of children to inherit land in most European countries.
4. The historic prohibition on tenant farmers having rights to forests in Scotland.
5. UK Government taxation policy and financial incentives.
6. The fact that European revolutions, which transformed aristocratic and ecclesiastical Power, never took place in Scotland.
7. Lack of any national policy on ownership in recent times in Scotland.

² See *Forest Ownership in Scotland - a scoping study* Chapter 3 for further details. And see, for comparison the Swedish forestry statistics at www.skogsstyrelsen.se/statistics

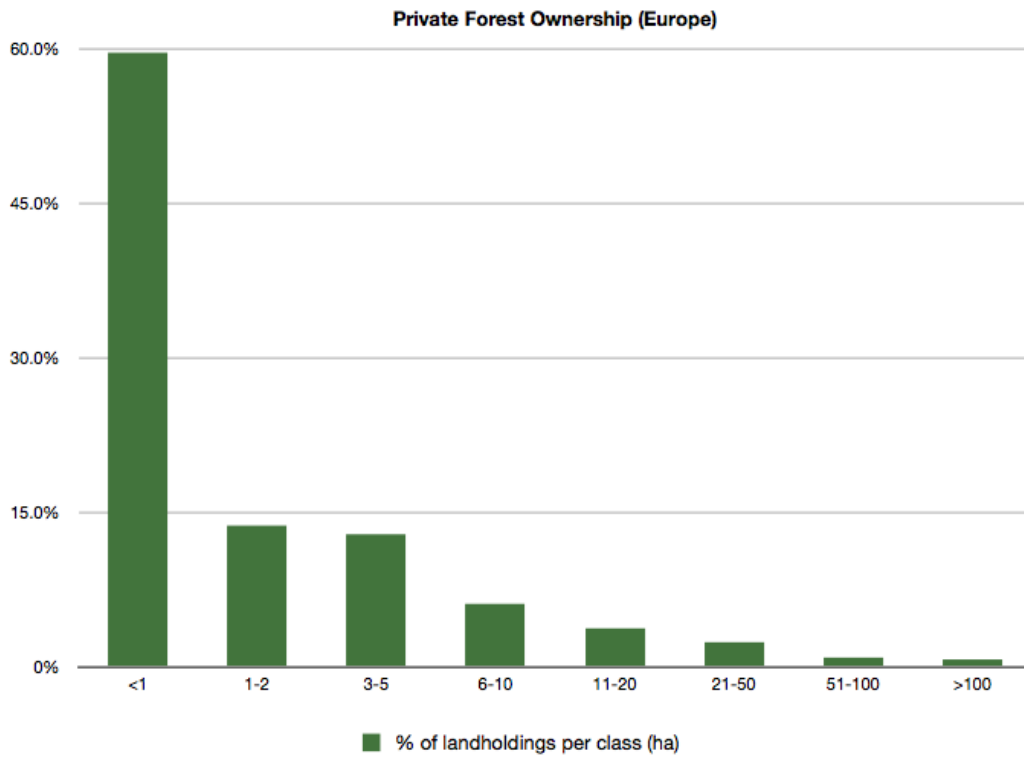
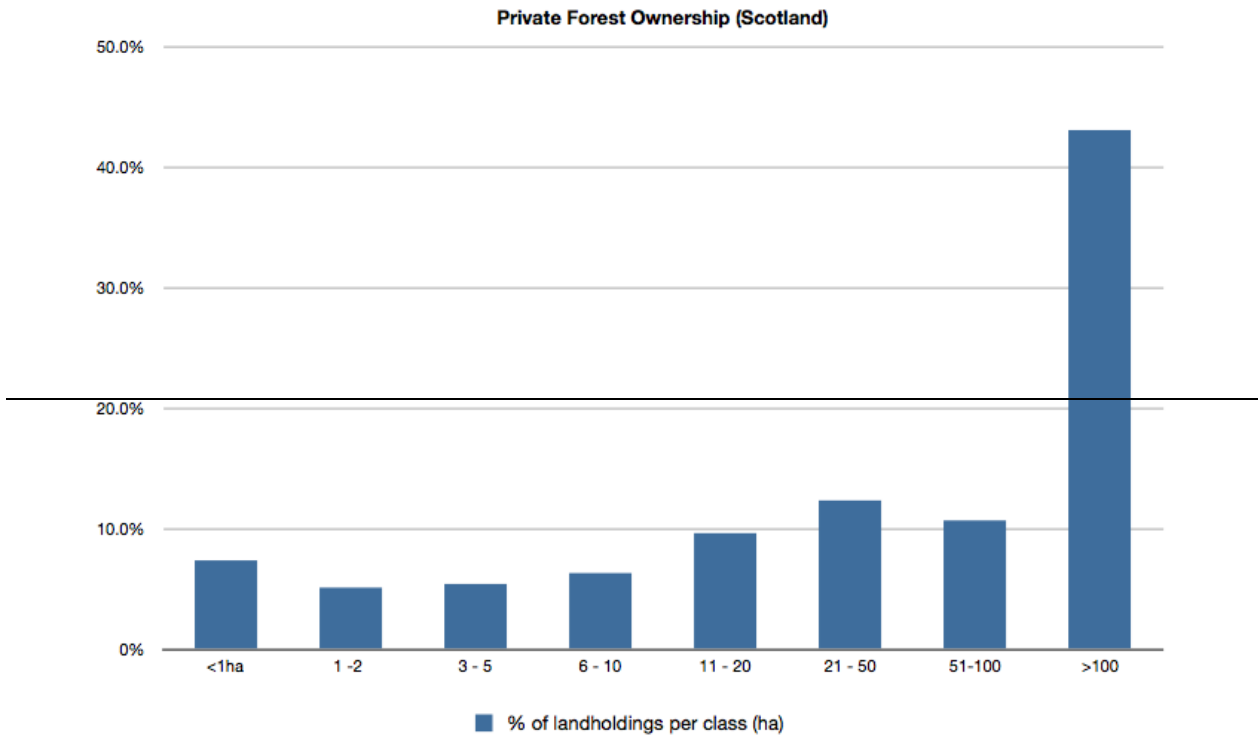


Figure 1 Size distribution of privately-owned forest holdings in Scotland and Europe.³

³ See *Forest Ownership in Scotland - a scoping study* for further details.

The following examples illustrate the very different situations of forestry institutions in Scotland compared with other European countries.

- In Finland, 40,000 forest owners attend forestry training courses each year, there is a growing proportion of female forest owners, and the number of small forest holdings is increasing.
- In Norway, 90% of forest holdings are family holdings and the existence of forest owners' co-operatives makes it possible to manage small holdings efficiently.
- In Belgium, the average size of forest holding is decreasing as the number of owners increases through inheritance (in Scotland children have no legal rights to inherit forest land).
- Structurally, many European countries have a more diverse range of ownership types. In France, for example, there are 11,000 local forest communes, accounting for 30% of all communes in the country. They own around 3 million ha of forest - 20% of the total forest area of France.
- In Sweden, 51,000 forest owners, owning 36,000 forest properties, own Södra, a company operating timber processing and pulp and paper plants.
- Some of the UK and Europe's biggest businesses are co-operatives. Some like Mondragon are global. Others like the Swedish forest co-operative Södra are still substantially based in their own country but expanding regionally.
- Metsäliitto is a Finnish producer co-operative owned by 130,000 Finnish forest owners. It is Europe's largest wood producer and has diversified into a range of paper, packaging, wood processing and biofuels markets. It turns over €8.4 billion and employs 30,000 people. Metsäliitto was established during the 1930s following land reforms which saw 51% of the country's forest area pass to individual land owners.

The Pros And Cons of Different Ownership Patterns

The pattern from across Europe, whilst more diverse, presents a varied set of issues and outcomes. Forestry tends on the whole to be better integrated with agriculture and the cultural life of rural communities. In some countries, however, the fragmentation of ownership into very small parcels has posed challenges to positive long-term management. Given the divergence between the patterns illustrated in the diagrams above, FPG does not propose the European continental experience as a model, but suggests that capturing some of the advantages of a smaller scale ownership pattern can only be achieved if we are willing to consider ways of diversifying ownership .

The pattern of forest ownership in much of Europe is a consequence of a more diverse pattern of ownership generally which arose out of reforms enacted centuries ago, principally in relation to inheritance laws. This highlights the value of thinking about

land use policy in relation to land reform in Scotland and thinking about how the two processes could be mutually supportive.

4. FOREST ECONOMY

Forest ownership affects not just the delivery of the benefits of forestry as a land use but also influences the wider rural economy. The Scottish Forestry Strategy notes that currently:

“Forestry businesses are characterised by large-scale timber processing.”

and promotes a vision for the second half of the 21st century of:

“A broader range of forestry related businesses is also well established, including new value-adding enterprises, local timber processing based on softwoods and hardwoods, biomass for energy, non-timber forest products and more businesses benefiting from the links between forestry and tourism”⁴

FPG believes that this will be impossible to achieve without a forest policy geared to greater local and regional autonomy, integration and co-operation.

For example, Andy Wightman, draws a comparison between Mull and Sjak kommune in Norway. Sjak kommune has a population of 2280 people and 9500ha of forest. Mull has a population of 2667 and around 10,000ha of forest. Sjak kommune has two sawmills, and a timber house factory – all are community-owned. Mull has no sawmills and is dependent on the export of timber to distant processing facilities. Recent support for the timber market in Mull has featured the building of a pier for timber export; however approaches which would foster remote rural areas such as Mull as legitimate loci for serious business development appear always to be ruled out in Scotland. They remain hampered by both the pattern of ownership and control of resources and successive policies which avoid confronting and addressing these.

For the forest economy in all its facets to thrive and provide full benefit to rural Scotland, the ownership, governance, and use of the nation’s forests must be far more in the hands of local people and businesses. The governance of the public forest estate must also be reformed so as to reflect local and regional priorities, as well as the needs of the large-scale timber processing industry.

⁴ Scottish Forestry Strategy page 15



Medium-scale sawmill in Sjak Kommune, Norway



Timber house prefabricated in community owned factory in Sjak Kommune, Norway.

5. TOWARDS A DIVERSE FOREST CULTURE

The role of communities

FPG is aware that the Community Woodlands Association has submitted a separate & comprehensive response to the LRRG and we therefore highlight only the key issues as we see them.

Community woodlands have a role which spans all three key objectives for land reform highlighted in the call for evidence, and accordingly FPG believes we need many more of them. They deliver a huge range of public benefits, including recreation, biodiversity and conservation, economic development, renewable energy and social inclusion. This latter point is worth highlighting, as it is almost unique: they involve all sections of the community in planning and decision-making, and ensure that the benefits of local woodlands are available to all.

There are now over 200 community woodland groups covering several thousand hectares of woodland. However, this still means only a minority of communities have a community woodland. The *vision* therefore would be for every community in Scotland to have one, and thus share the benefits.

Local Ownership and Family Forestry

It is significant that the terms “local ownership” and ‘family forestry’ are rarely heard in Scotland – indeed they don’t actually appear at all in the Scottish Forestry Strategy. Many people would however intuitively understand what is meant by this - small scale forestry, based on personal involvement and strong stewardship values - but struggle to think of examples ‘on the ground’ in their own communities.

This is partly a reflection of both the concentration of forest ownership in Scotland – leading to few owners overall – and also the current homogeneity of both the existing ownerships and their management approaches.

Scotland has perhaps 4,000 owners overall. The Scandinavian countries, of similar population to Scotland, have numbers of woodland owners ranging from 25,000 in Denmark (with less than half the woodland cover of Scotland) to 920,000 owners in Finland. Nor is this a particularly Nordic or even European picture: New Brunswick in Canada has 42,000 woodland owners from a population of 750,000; whilst the USA has 10 million family forest owners. Clearly, family forestry is the norm in other countries, and from it arises a forest culture - a culture where people do not need to be educated of the benefits of woodlands; do not need to be encouraged in a top-down manner to use timber; and will instinctively manage woodlands for multiple-purposes and local benefit.

Woodland Crofts

Woodland crofts are one key way to deliver local ownership and family forestry in Scotland. We understand that the Woodland Crofts Partnership has submitted a comprehensive response to the Call for Evidence and we therefore refer the LRRG to that evidence. For now we simply note that SG supports woodland crofts & recognises the benefits they can bring, and therefore needs to do more proactively to help deliver them both on its own landholdings and on those of others.

One problem however with woodland crofts is that crofts are only available in the crofting counties. Whilst the Crofting Reform Act (2007) makes provision for the extension of that

area – and some, such as the Scottish Crofting Federation, argue that crofting should be available throughout Scotland.

Woodlots

Woodlots are relatively small areas (up to 50 hectares) of tenanted woodland managed by individuals as small-scale forestry enterprises. They empower local people to manage woodland for timber production and environmental benefits in forest lots, similar to tenant farming. The Scottish Woodlot Association has submitted separate evidence to the LRRG and we therefore refer the LRRG to that. FPG fully supports woodlots as being another model that can deliver enhanced public benefits through local management of woodland.

We would also note that the inspiration for this model of tenanted woodlots has come from British Columbia, where the provincial government leases Crown land to woodlot licence holders in recognition of the benefits to society arising. We would call on the SG to consider this approach for its own woodlands, and note that it already has a precedent in the agricultural sector, where SG lets both farms and crofts to individual tenants.

6. LAND REFORM

FPG believes that land reform issues should not be the preserve of specific legislation, nor indeed of any particular Government department, but rather should be a cross-cutting theme across public life in general. The way government goes about its business can have just as much of an impact on the objectives of land reform as specific legislation.

In response to the questions set out in the LRRG's Call for Evidence, the FPG makes the following observations.

How things could be different and why they should be different.

The Scottish Forestry Strategy's vision is as follows

By the second half of this century, people are benefiting widely from Scotland's trees, woodlands and forests, actively engaging with and looking after them for the use and enjoyment of generations to come. The forestry resource has become a central part of our culture, economy and environment.

We broadly agree with this vision but it will only be realised if different policy choices are made. The FPG advocates a more local, diverse, pluralistic and long-term structure of forest ownership as a key means of attaining this vision. The majority of Scotland's forests should increasingly be owned by farmers, local people, communities, co-ops, and local authorities. This would deliver a more diverse pattern of ownership, more rooted in local communities and economies, more integrated with the wider rural economy and providing a far greater stake in the land by the people of Scotland.

Forestry could be an engine for rural development, could provide housing, rural industry, renewable energy, soil restoration, farm-forestry, a renewed forest culture, recreation and much, much more. Some of this is already happening but vastly more could be achieved if the question of who owns and controls the forest resource (both public and private) were to be seriously addressed.

Forest ownership is ripe for radical reform and a new approach could bring lasting long-term benefits.

Barriers in the way of attaining this vision.

The barriers in the way of attaining this vision are primarily political. Governments of all parties have shown no inclination to engage in any meaningful study, analysis or debate about the structure of Scotland's forest ownership. As noted earlier, neither the Scottish Government nor the Scottish Office before it have ever even undertaken a basic audit of forest ownership [beyond publishing gross figures].

This failure highlights a reluctance to engage in any significant debate about landownership in general. As a consequence, Scottish forestry remains as the late Professor Sandy Mather described it in 1987.

There has been no stated policy towards ownership structure. Whether by design or by default, the state has exerted an influence of fundamental significance for the structure of forest ownership through its choice of policy instruments. Whether by design or default, the state has facilitated the expansion of financial ownership of forests in Scotland.”⁵

The main **barriers** for developing community forestry relate to the acquisition of woodland for the establishment of community woodlands. The first question to ask is: why this should be necessary? The National Forest Land Scheme (NFLS) administered by FCS is an exemplar scheme (though with scope for improvements) facilitating the transfer of land in the national forest estate to community groups.

However such an ownership transfer is in many situations neither practical nor appropriate. There needs to be another way for communities to work *with* FES, but structural changes within FES over recent years – for example, staff reductions and the withdrawal from a local ‘beat’ system in favour of more remote specialist teams - present particular difficulties in terms of community engagement. Also, internal procedures revised & centralised in recent years – for example for timber sales, or procurement of services – often hinder the aspirations of community groups who require greater flexibility in arrangements.

Some years ago FES led the way amongst government bodies in helping to transfer land to communities; but the feeling is that since the NFLS exists, FES no longer needs to engage further with community groups. We recognise resources are now more constrained than they were, but this is an issue as much relating to leadership and priorities as resources.

The disposal of Government land represents a golden opportunity to diversify land ownership, one of the key aims of land reform. However currently the way FES disposes of land is not making the most of this opportunity. True, communities and approved NGOs have ‘first refusal’ on any sale via the NFLS; however if they do not take this up for any reason (and there are many good reasons why they might not), no further effort is then made to ensure a diversity of potential bidders are encouraged.

The NFLS does not provide any opportunity for other types of small-scale, locally accountable and democratic groups which do not meet all the standard Scottish criteria for “community groups” to acquire FCS land (e.g. they may not be geographically defined, or non-profit-distributing). Furthermore woodland areas are not being lotted into smaller parcels to be more accessible to buyers of ordinary means. Indeed, FPG is aware that in fact the reverse is happening (for example in Skye), where several individual woodlands are being bundled together to create bigger lots of substantial value. This highlights that insufficient priority is being given by FES to ensuring that its disposals programme serves the Forest Strategy objectives by delivering the widest local and community benefit.

How these barriers could be removed and progress facilitated.

The FPG believes that forestry has tremendous potential in Scotland but that the current model of development and expansion is not delivering the kinds of benefits that would be possible with a more ambitious programme of land reform. The following are some suggestions of ways in which land reform could contribute to the fulfilment of the LRRG’s objectives.

⁵ A.S. Mather, 1987. ‘The Structure of Forest Ownership in Scotland: a first approximation Journal of Rural Studies, Vol. 3 (2) pp.175-182. Available at www.andyweightman.com/docs/Mather_JournalRuralStudies.pdf

Better understanding of forest ownership

- The Forestry Commission in Scotland should initiate action to better understand in the pattern of forest ownership and how it affects the delivery of policy, and at least as a first step, begin to collect data on ownership.

Management of the national forest estate

- Management of the national forest estate should be opened up to a wider range of bodies than the Forestry Commission. Currently, the estate which is owned by Scottish Ministers, is put in its entirety at the disposal of the Forestry Commission under the terms of Section 3 of the Forestry Act 1967.⁶ There is no legal impediment to Scottish Ministers deciding that some of the national forestry estate should, instead be put at the disposal of other bodies so as to make its management more locally accountable and responsive.

Grant support

- Public finance to support the expansion for forestry should be targeted at specific sectors or classes of owner, so as to promote a more diverse pattern of forest ownership and control. For example, specific proportions of government support might be allocated to community-based organisations, farmers, new entrants and existing landowners.
- The forest economy should be developed so as to encourage greater business development in rural areas and the local vertical integration of the forest resource and forest -related businesses.

NFLS

- Once the LRRG has produced its Report of Intermediate Measures, FCS should review the NFLS with stakeholders to assess what improvements can be made. As the NFLS is a discretionary scheme, this need not await legislation.

FCS Repositioning Programme

- Portfolio analysis should be opened up to external stakeholder engagement; the cumulative effects of recent and planned disposals should be properly discussed with communities especially where this is resulting in an effective withdrawal of FES from large areas. Procedures for the sale of FES land should be reviewed so as to facilitate the diversification of ownership (i.e. better inclusion of local and less wealthy bidders).

FPG would welcome the opportunity to present more detailed proposals on specific issues to the LRRG in due course.

⁶ See www.legislation.gov.uk/ukpga/1967/10/section/3