

well that import substitution is something that the Government would welcome under normal circumstances that you can then say, I think this is what we can do, what will you do to help? I welcome what you say and hope you can take the debate forward in a positive manner.

Roger Carr (Chairman)

I now take questions and points from the floor, it would be helpful if you say who you are and who you represent and keep your points as brief as possible....

Capt. Neil Baillie-Hamilton (Cambusmore Estate)

I am the Regional Chairman of Timber Growers U.K. for the West of Scotland. First of all I would like to welcome the fact that Lord Sanderson is here and secondly to be very grateful that he is in fact the Minister responsible for forestry. My own member of Parliament, Michael Forsyth, has made it quite clear that he believes that all commercial forestry is to be deplored. He likes a certain amount of environmental planting of broadleaves and I spent a whole day trying to persuade him, but at the end of the day he was in no way convinced that Sitka spruce was a sensible thing to plant. Unfortunately, I am afraid that the Government's planting target of 33,000 hectares hasn't a cat in hell's chance of being met in 1989... I am not just being difficult, but the figures that we have are that there isn't a cat in hell's chance in meeting the target, moreover there isn't a cat in hell's chance of meeting half that target. We shall be lucky if 11,000 hectares are planted in 1989 and of that about 4,000 will be planted by the Forestry Commission and a large part of the remainder will be fag ends of Forestry Grant Schemes and other schemes. Can I go on just a little bit. I speak with some experience. I have been planting for thirty-two years. I have built up a forest of 4,000 acres. I shall be planting again about 250 acres in 1989 and the same again in 1990 and thereafter I cannot see myself planting at all and the reason is that for thirty-two years I have had to go to the bank and borrow money. The interest on that money was allowed against tax. It isn't just the cost of planting allowed against tax which is important; it is also the cost of borrowing. Existing landowners are not going to plant; if they were going to plant they would have done it. If people who are going to buy land and borrow money are going to plant, then with the present grant and tax structure they cannot afford to buy land and plant it.

Lord Sanderson

Yes, I am very interested in what you say; the lead minister happens to be the Secretary of State for Scotland and as Minister of State I have responsibility. Michael is doing other things like education and health. I know his views but of course these are personal and do not reflect official policy.

As far as your point of planting, I did in fact indicate what the direction was going to be in the immediate future but what I did also say is that it is up to the industry to try to identify how they go to the next stage, and I do think it is important that industry should do this and not get the Government to tell them how to do it each time. It happens in other industries you know.

What I am very encouraged about, and Jamie Galbraith knows much more about this than I do, is that the positive reaction of the whole industry to look at the future is very important indeed. It may very well be that what you say is true and I wouldn't dispute it, but what I would say to you is that the Government would like to see new investors, perhaps smaller investors. What are the schemes that are going to come forward? How are they going to be structured? How is one going to bring money into the industry? I do honestly think that this is something for the whole industry to look at, not least the processors.

Mr D. W. Williamson (nurseryman, J. W. Christie Ltd., Forres)

I would like to put to the Minister this question. I don't wear rose-tinted spectacles in this matter. This is the month of November in 1988. What message can I give to my staff for this coming year since our nursery is already stocked with the plants for this season's planting? I have heard nothing today to suggest that there is any immediate future for us. I would like to get the message across that, as a result of the tax changes, there isn't any long-term future.

Mr Len L. Yuill (Economic Forestry Group)

I am General Manager for EFG Highland Division. Lord Sanderson mentioned that he thought perhaps the title of this meeting was not quite right. "Scottish Forestry...the Crossroads". I think many of us thought last March it was "Forestry in a cul de sac". I think probably now it's "Forestry Danger Road Ahead". I think the changes in the fiscal arrangements with regard to the forestry were inevitable. They had to happen for all sorts of reasons. Whether they were good reasons or not, they simply had to happen. I think the problem we've got is that the system which has been set up to replace it is flawed. It simply doesn't work and the reason it won't work, it seems to me, is that there has been a total failure of those that make the decisions to understand what is necessary to make forestry investment take place. They have not taken the time to find out, and to suggest that what we should do is to take on more changes and then think about how we are going to plan for the future, is quite extraordinary. Surely, the plans should be made first and then changes introduced.

There is no doubt in my mind that there is going to be a massive reduction in planting this spring for reasons that we all understand. I am afraid I have to say I believe that the reduction in planting effort will continue for the foreseeable future until the flaws in the present newly introduced scheme are rectified.

Roger Carr (Chairman)

I would ask you if you could indicate what the flaws are and how you would overcome them.

Len Yuill

I would very much like to do that Sir, thank you. Can I just continue—there is a proposal that, in fact, planting should come down the hill. This is something which foresters have been wanting to do for years, but there is a failure to understand that there is a price which forestry can afford to pay. If we look at where this low quality arable land may come out of production and essentially it is in the North East of Scotland, an area where I am very actively involved at the moment, for all sorts of reasons which farmers will understand. In fact we are thinking of 15,000 hectares of planting in Scotland as part of the 33,000 hectares to come out of agricultural production.

Roger Carr (Chairman)

You are suggesting that one of the flaws is... I think it is very important to try and get these points across to the Minister in the time he has got available. One of the flaws is price, another flaw?

Len Yuill

One of the flaws is price, the second thing is simply availability, but the flow of land available to the forestry just doesn't exist. The third thing is that forestry investment has to compete with other investment opportunities. Liquidity for the forestry investor has always been a problem which has been overcome by other