



6th September 2013

Response to Public Consultation on Sustainable Land Management in Wales

I write this submission as a practising Chartered Forester who has worked in forestry, both in investment and estate forests, over the course of the last 23 years, since graduating with a forestry degree from UCNW Bangor. Working quite closely with private estates, I have had seen the impacts of agricultural support mechanisms & environmental regulations on farming and forestry at first hand and the often indirect consequences of them on the rural economy at large.

I now help to run a forestry & woodland management company operating across England and Wales, which, behind UPM Tilhill, is probably the second or third largest private company managing woodlands in Wales.

I will address the questions posed in the consultation in turn:

1. What do we want sustainable land management in Wales to look like and what outcomes do we want to deliver in the short, medium and longer term?

Ultimately, most land managers would prefer that their product (timber, lamb or cereals etc) provide enough market premium to provide a return for the grower and deliver sustainable funds to provide an income that, as well as paying for employment, will also pay for the enhancement and protection of 'ecosystem services' (water protection, carbon sequestration, biodiversity provision etc) on any particular piece of land. When markets are strong, demand for agri or forestry funding from Government sources diminishes; when markets are weak, the reverse is true.

Therefore, to address the issue of sustainable land management, the issue of sustainable markets for produce of the land is a key feature of providing sustainable land management.

Hence, in order to provide sustainable income streams, the aim should be to build sustainable supply chains that feed into markets for each market producing sector (food, fuel, water, recreation and even biodiversity). The stability and efficiency of market delivery and the associated supply chains is vital to deliver financial returns back to the producer.

There are some fantastic examples across Wales of sustainable land uses: profitable & diversified farming enterprises, forests providing vertical integration with on-site sawmilling, forests providing tourism opportunities benefitting the wider economy. These are often delivered by entrepreneurially-minded land managers finding the extra value within their ownership and seeing market potential.

These individuals have seen beyond primary production (and the reliance on subsidy!) and have got on with developing sustainable businesses, significantly raising turnover and profitability. Not everyone is able to look beyond their fences, but I would argue that the reliance on direct subsidy enables many not to bother, and, as a result, many forest and farm owners/managers opt for the grant-led gravy train, rather than properly looking at their businesses coldly and undertaking the necessary transformations to run them efficiently or expand & merge/diversify.

So, some over-arching principles for the short medium & long term:

- Aim for less reliance on direct subsidy (SFP for farmers, Crop management support for private forestry, direct support for Government owned forests managed by NRW).
- Increase and target support for specific environmental outcomes:
Eg removal of alien or harmful species (rhododendron in Snowdonia, Himalayan balsam on the Usk & Wye, removal of grey squirrel to protect the native red, control of bracken spread, etc etc.
- Increase capital funding for diversified forest & farm businesses.
- Increase strategic forest/tree planting.
- Provide income for Carbon benefits of forests and peatlands.
- Increase landscape scale working to assist with water quality and flood risk mitigation – there are some excellent examples on section of the River Severn - and target resource catchment by catchment.
- Continue the support for local bioenergy schemes.

Historically, it has been the function of government to intervene with public money when there is a market failure or when there is a desire to achieve a long term goal for society and the individuals fail to do things themselves. Hence, in the context of land use, over the longer term, government spending should be heavily focussed on improvements in carbon, biodiversity, water quality, improved forests/woodlands and habitats and enabling land use businesses to survive on their own.

SFP as a direct subsidy has led to the 'entitlements' culture within farming that is bad for efficient market orientated enterprises.

With specific reference to forestry, the Single Farm Payment & CAP have had several negative consequences:

- 1) SFP has contributed to a huge market distortion in land prices; as a result, facilitating land use change from farm to forest has been almost impossible over the last 10-15 years. Hence the huge failure of WAG targets for new forestry planting.
- 2) The creation of an army of rules falling under cross compliance which negate sensible forestry & woodland management.
- 3) A wide disparity in grant funding levels between forest and farm land.
- 4) A view by farmers and their advisers that woodland is just habitat (and environmental "points"), rather than a working asset that can provide fuel, timber and enhanced habitat together.
- 5) The perpetuation of the 'landlord- tenant/commoners' status quo, which often can be stagnating, although this is slightly dependent upon relationships between landlords and tenants.

The current support mechanisms have also prevented new entrants into the land based arena, notably as increases in land price, coupled with increased property and equipment costs, have meant that the costs of entry are prohibitive unless one is endowed with capital.

An aim for the future should be to harmonise funding streams, reduce them for direct subsidy and increase levels of targeted funding for the provision of ecosystem services and the development of grant-free self-sustaining industry.

2. What are the barriers preventing us from delivering these outcomes now?

- Current agricultural grant support mechanisms – notably SFP.
- Rural transport infrastructure.
- National park restrictions on sustainable development.
- Mis-targeted environmental rules eg protected species – notably dormice, newts etc.
- High land prices.
- Cross compliance rules.
- Multiple regulators.
- Stagnating ‘status quo’ preservationist policies, eg rearing expensive, low-density sheep in the uplands.
- In forestry, a state-subsidised, inefficient competitor.

3. How do we overcome these challenges?

- Develop a ‘can-do’ rather than ‘can’t do because’ attitude amongst planners, local authorities (especially NPA’s) and with agricultural and forestry regulators.
- Plan water catchment and species diversity management at the landscape scale.
- Identify where the productive forests of the future can be established, to ensure future sustainable timber supplies can be sourced on low grade land in Wales.
- Heavily target alien species and provide significant grant resource for their eradication.
- Accept landscape scale landscape change.
- Reduce direct support for farming to force efficiency and a fair playing field for forestry investment.
- Overcome inertia and reticence for new forestry planting by:
 - a) Better identification of suitable sites for planting of > 100 ha, thus creating a better targeted framework for the private sector to operate within.
 - b) Allowing NRW to better utilise the inherent capital value of the National Assembly woodland holding. Buying large freehold land in desirable sites, establishing new woodland and selling on established woodland, as is being successfully done in Scotland.

4. New Sources of Investment

- There are forestry and carbon investors willing to invest in the new commercial and carbon woodlands of the future. At the moment, this money is not coming to Wales because of the land use framework, high land prices (resulting from SFP skewing values), risk uncertainty and commitment and a strange view of afforestation in Wales, ie that it should be done in penny pocket sized woodland areas and field corners rather than by building on existing forest areas and in economically efficient sized blocks.

There is no clear support for new afforestation in Wales, hence the complete failure of tree planting targets.

- Bio energy markets – these are developing and beginning to make inroads. All efficient local wood heat systems should continue to be supported. Electricity generation with wood is very questionable.

Ultimately, if the comparison of current costs of farming support of circa £200/ha are compared with private or even state forestry, every hectare that is turned to forest represents a reduction in investment of the state on an ongoing basis. Hence, if the land use framework supported more significant large scale afforestation that created a stable enough forestry investment environment for investors to establish new forests in Wales, then this would gradually free resource from WAG. 5000ha of commercial forest per annum would free £1million per annum of continued agricultural subsidy.

Time does not permit me to develop these thoughts further, but I hope that they are of some use. I would be prepared to give oral evidence, if invited.

Yours sincerely



Graham Taylor