# Advisory methodology and system possibilities to educate forest owners, professionals & consultants

SITUATION BOOK

Education and Culture DG
Lifelong Learning Programme

# PREFACE

This document was created as a result of a Grundtvig Lifelong Learning adult education project **"Advisory Methodology and System Possibilities to Educate Forest Owners, Professionals and Consultants"** (acronym AdFor). The project was conducted in participation of four partner organizations from Estonia, Finland, UK and Italy. Partners have freely involved other forestry related organizations from their respective countries, to use their experience and knowledge in the benefit of the project.

The main national objective of the project was to promote the exchange of experience, best practices and learn from other countries systems and methodologies on advising and educating forest- and land owners.

One of the most valuable outputs of the project has been the exchange of experience through project meetings in all partner countries, where participants have been introduced with each country's forestry sector and advisory methodologies. As a result of meetings and exchanged information local conditions were drafted in this situation book. Document includes the summary and overview of each country's forestry sector and advisory systems.

# PROJECT PARTNERS

Partner organizations (in bold) and organizations, who took part in project activities and shared their knowledge and experiences of their local advisory systems.

**Estonia**

**Private Forest Centre**

Arved Viirlaiu Põhja-Eesti Metsaühistu

Rakvere Metsaühistu TÜ

Põlva Metsaomanike Selts

Vardi Erametsaselts

**United Kingdom**

**Widening Participation CIC**

Small Woods Association

Forestry Commision England

**Finland**

**Forestry Development Centre TAPIO**

Forest owners union in Western Finland

**Italy**

**Agorà Cooperative society**

A.F.I Associazione Forestale Italiana (Italian Forestry Association)

Accademia Italiana di Scienze Forestali (Italian Academy of Forest Sciences)

A.F.V.O Associazione Forestale Veneto Orientale

Associazione Forestale in Provincia di Trento

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# ESTONIA

**Country details**

Total area 45,227 km$^2$

Population 1,3 million.

Forests cover **51 percent** of land area, total **2,2 million hectares**.

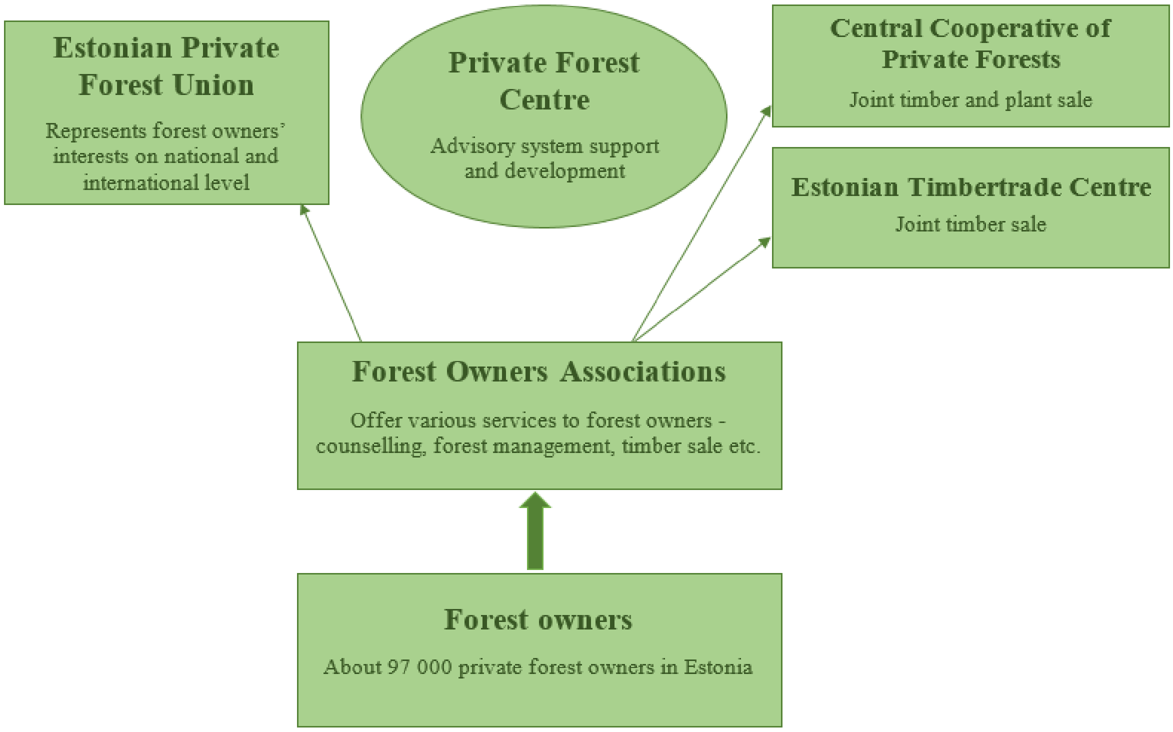
47% of forests are in private property.

There is **approximately 97 000 private forest owners**.

Estonia lies within the latitude of 59° 00'N in the temperate zone of the Northern Hemisphere. Due to moderate maritime climate conditions for forest growth are very suitable. Estonia belongs primarily to the northern area of the nemoral-coniferous or „mixed forest" belt. Of all the woodlands, 51% of stands are dominated by deciduous species and 49% by coniferous species making landscapes very diverse. Without the limiting influence of humans forests would cover most of Estonia's mainland. In fact, 3000 years ago more than 80% of the mainland was covered with forests. Due to human activity, 100 years ago forests covered only 30% of 4,5 million hectares of the total area of Estonia. Today forests cover around 50% of the territory of Estonia contributing to approximately 2,2 million hectares with the growing stock around 470 million m$^3$. Therefore, it is not surprising that forestry has very long traditions in Estonia.

Private forest owners manage around 1,01 million hectares (47%) of forest land in Estonia with the growing stock of around 275 million m$^3$. The average area of private forest land is 10,4 hectares. Only around 40% of all private forest owners live near their property. Approximately 9 000 of the total of 97 000 private forest owners are members of local private forest owners' associations.

## Description of national private forestry sector




### Forest Owner`s Associations

Local forestry associations that communicate with forest owners first hand. They provide information, know-how and practical solutions such as evaluating forest value, marking borders, organizing forest harvests, organizing sale of timber. Associations organize group counseling, many associations also contribute in educating school children, our future forest owners, in forestry related issues and activities. In forestry association a forestry consultant will make most of the contacts with the forest owners. Currently there is about 30 active associations. Forest Owner`s Associations are partially government funded. Financing is available through Private Forest Centre and is granted for specific activities. The trend is to increase the percentage of self-financing.

**Estonian Private Forest Union,** www.erametsaliit.ee

Consists of forest owners associations and represents their members (forest owners) political, economic and other interests on policy level. With state support and in cooperation with local associations they also educate private forest owners. Private Forest Union is self-supporting through membership fees and different projects.

**Private Forest Centre,** www.eramets.ee

Government established foundation to support the development of national advisory system. Organizes informing and training of key persons of forest owners associations, forestry advisors and forest owners, manages the funding of forest owners associations and administrates the subsidies for private forest owners for sustainable forestry. Private Forest Centre is government funded and intended to stay that way, since carries out nationwide goals.

**Timber sale organisations**

Central Cooperative of Private Forests and Estonian Timbertrade Centre consist of private forest owners or forest owner associations. The goal is to organize timber sale for smaller sellers and to gain a better price when selling jointly. Joint procurement of seedlings and their division to forest owners has also become their activity during recent years. Timber sale organisations are self-supporting due to service charges.

## Forestry subsidies

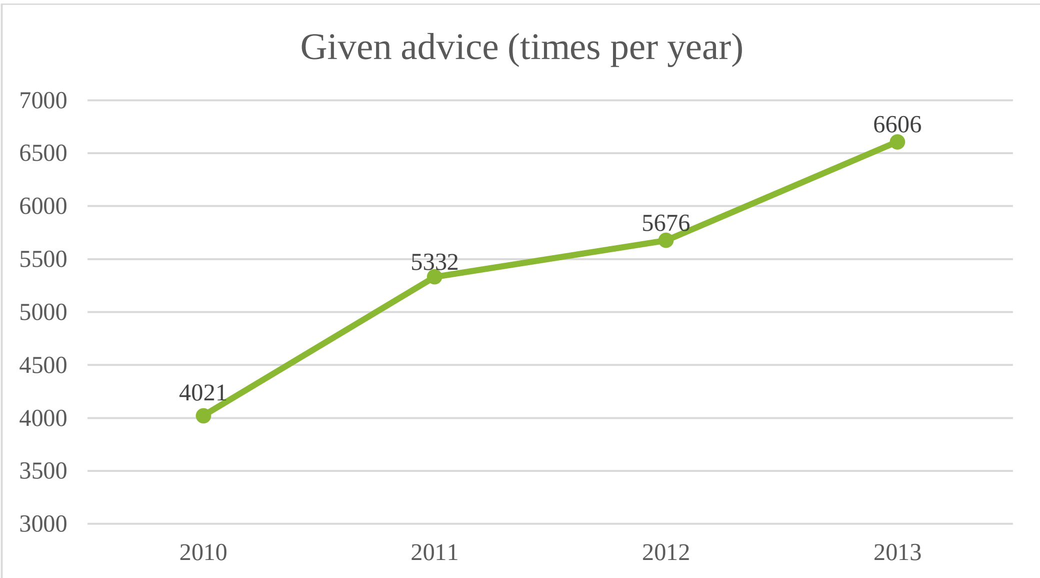
Different subsidies are provided for private forest owners, financed from national or European funds. In 2015 budget for forestry subsidies is 8,13 million euros. 6,01 of this is paid with European support, 2,12 million euros is provided by state as national subsidies.

Most of the national funding is allocated for supporting the development of forest management plans, group and private advisory services and reforestation. Subsidies are granted for private forest owners for sustainable management of forests and forest regeneration with the aim of ensuring sustainability. Since 2000 national supports are granted from the state budget for the development of private forestry. National supports are targeted at the development of joint activities of regional private forest owners.

Most of the European Union funding is allocated for the protection of Natura 2000 areas (in 2015 4,012 million euros), improvement cutting, forest restoration, prevention of forest fires and game damages, purchase of forestry machinery, equipment and accessories. EU forestry supports are provided in the Estonian Rural Development Plan 2014-2020 and allocated from the European Agricultural Fund for Rural Development (the EAFRD) and co-financed (25%) from the state budget of Estonia. Supports are administrated by the Private Forest Centre but the payments are made by the Agricultural Registers and Information Board (ARIB).

## Advisory system

Advisory service is provided for private forest owners with state support with the objective to ensure forest management based on the best knowledge. Private forest advisors are working in or in cooperation with forest owner associations and provide forest owners with advice on silviculture and other specific forestry issues. There are about 80 private forest advisors in Estonia. Support is allocated for the provision of forest owners with advice from competent advisors. Forest owners are granted 15 hours of advice per year. For members of forest owner associations 15 hours is free of charge. For non-members 2 hours of advice is free of charge, for the rest they have to pay 50% of the price. In recent years forest owners have been more interested in receiving state-funded advice, as is seen in a graph below number of times of given advice has grown year by year.




Forest owner associations have very important role in advisory system. It is beneficial for private forest owners to join local forestry associations responsible for organising joint activities, managing advisory services and providing private forest owners with information. In every county in Estonia a local forest owners' association delivers primary forestry information, disseminates information about their activities, refer forest owners with specific questions to the advisors and communicates with media and public.

**Positive aspects of advisory system**

The advisory network (forest owner associations and forestry consultants) covers the whole country and a forest owner has many different options to get information. For the forest owner advice is free (or in some cases with small self-financing) if it doesn't exceed 15 hours per year. Forest owner doesn't have to bother with difficult bureaucracy to get government funded advice – consultants and associations take care of that.

**Areas of advisory system that most need improving**

Provided advice has sometimes too general essence (lack of concrete recommendations, lack of partners who could take care of recommended forest management works etc.). There also exists a lack of competence in some specific fields i.e. law, taxation etc.

**New developments/new ideas**

Granting certain forest owner subsidies only through forest owners' associations to support the growth of the associations. The stronger the associations the more possibilities to access passive forest owners and to increase the awareness for the importance of forest management.

Introduction of forest owner's association evaluation system that will be determining which associations are eligible for subsidy. Evaluation system prefers associations that are capable of partial self-financing, that offer variety of services and who are active in organizing timber sale, reforestation and in advising forest owners.

## Advisory methods

**Forest management plans**. Management plans are compiled to give forest owners recommendations in managing their forests. Forest management plan includes forest inventory data, theme cards, conclusion of state of the forest and management activities needed. Among other things, management plan gives answers to questions like: How much and which forest do

I have? How and when manage different parts of my forest? Which trees to cut? Which should be my forest after felling? Shall I plant new trees or let the nature do its job?

With information provided in forest management plan, owners will have a good overview of their forests condition and a starting point for future forest managing. Compiling forest management plan is supported by state, forest owner can order management plan from the free market to any forest. Management plan is not compulsory, but there has to be forest inventory details if owner wishes to fell the forest, that is larger than 2 hectares. Forest inventory details and management plan are valid for 10 years.

**Individual advising** is supported by state and is provided by forestry consultants who are working in cooperation with local forest owner associations. This is used to advise forest owners in issues regarding their own forest, giving suggestions for future management, introducing relevant law and tax regulations, offered subsidies etc. Advisors often visit particular forest in company of forest owner to offer best solutions.

**Group counselings** are mostly organized by forest owner associations to give more general information to larger number of people. Most popular subjects for group counseling are taxation, changes in forestry regulation, seasonal forest management activities (for example reforestation in winter or early spring, young stands thinning in autumn etc.). Group counselings are also partially funded by state. In cooperation with regional forest owner associations, Estonian Private Forest Union is also organising education for forest owners in a form of group counseling.

**Training for forestry advisors**. All advisors have forestry related education and they have passed qualification exam to earn their professional certificate. Private Forest Centre (occasionally in cooperation with Private Forest Union and/or forest owner associations) is organizing continuing training for advisors. Trainings are divided to base knowledge program trainings (subjects like forestry and environmental policies, bookkeeping and taxes, economics, timber market and wood energy, advisory methods) and program external trainings (like ITC, practical forest management activities etc.). New training plan is drawn up each year taking into account feedback from and needs of target group. Base knowledge program subjects are covered continuously year to year.

**Training for forest owner associations**. Private Forest Centre is organising trainings for key persons of forest owner associations covering different subjects like organisation management, bookkeeping, taxes etc., to make forest owner associations' internal processes more effective and to raise their competence and sustainability.

**Sharing knowledge and best practices**. The best foresters contest is held every year to recognize forest owners, who can be set as an example to other owners for their forest management practices and to continue the traditions that contribute to cooperation of owners and forest owner associations. During the competition various forest operations and other forest-related activities are assessed as separate categories. This helps to explain to society the nature of and need for different activities in the process of raising a forest, to value sustainable forest management and also the importance of preservation of nature and cultural heritage.

**Engaging private forest owners.** Private Forest Centre has conducted media campaigns to remind private forest owners the need for managing their forests. Campaigns have included sending a letter to all forest owners in Estonia, TV commercials and shows in national TV channels, articles in national newspapers, seminars for forest owners etc. This has helped to activate forest owners in joining forest owner associations and in using provided subsidies to improve their forests.

## Educational information materials

In Estonia a forestry related study-magazine "*Sinu Mets*" (Your Forest in Estonian) is issued by Private Forest Centre 4 times a year. It introduces forest management issues, support system for private forest owners, hunting, environment and other relevant topics. It is distributed to forest owners and other interested parties free of charge.

Private Forest Centre also issues publications about different forest management processes, like reforestation, harvesting, forest amelioration, taxes, forest owners' rights and obligations, wood-energy etc. These publications are available free of charge and are distributed in different events and with the help of forest owner organizations.

All publications are available and freely accessible in Private Forestry Portal (www.eramets.ee), where forest owner can also find information about forestry subsidies, forest owner associations, forest management, events and other relevant topics.

## National policy

Estonian Forestry Development Plan until 2020 provides the following development goals for Estonian forestry:

- more supports will be targeted at the activities increasing potential forest growth and managing forests more cost-efficiently (tending of young stands, forest melioration, advisory service, landscape preservation, development of forest management plans, development of infrastructure);
- national supports will only be paid to the members of local forest owners' associations in order to promote collaboration;
- in the long term, more cost-efficient use of national supports will be introduced;
- in terms of developing the private forest owners' support system the aim is to increase the share of self-financing and decrease the share of state financing;
- co-operation of private forest owners has to be supported to make forest management more attractive for private owners and ensure availability of sustainable support system;
- capability of local forest owners' associations of providing services and marketing will be improved;
- opportunities for increasing the influence and profitability of this sector are related to coordinated joint actions, marketing and adding value to the forestry products (cooperation in timber sales).

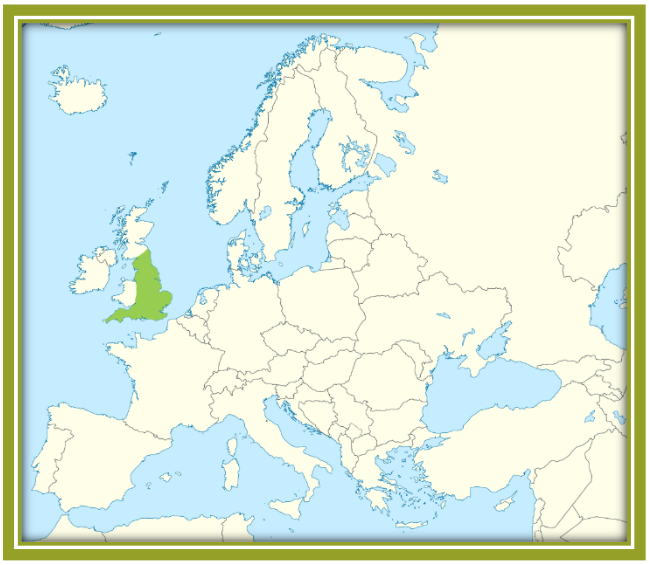
## Tax regulations in forestry

**Income tax.** In Estonia income tax is 20%. Forest owners who manage their forests as ***private persons*** have to pay income tax in case of selling timber or forest cutting right. Documented forest management costs made in the year of income and in the following 3 years can be deducted from income. Income tax also has to be paid from the forestry subsidies provided by the EU (but not from national subsidies). ***Self-employed*** forest owners have to pay income tax from entrepreneurial income from which other entrepreneurial costs have been deducted. They also have additional tax exemption of 2877 € to income from selling timber (but not from selling cutting right or land). ***Companies*** have to pay income tax only if they take profits. If they use income in their entrepreneurial activities, they do not have to pay income tax.

**Property tax.** Tax rate depends on the assessed value of the land and is confirmed separately in each municipality. Average tax rate is 3-6 euros per hectare. Property tax is compulsory for all forest land, except forests with nature conservation restrictions, where 50-100% tax exemption is provided.

# ENGLAND

**Country details**



Total area 130 395 km$^2$

Population 53 million

Area of woodland is **1.3 million hectares [9.9% of the land area]**.

83% of woodland is in private property.

There are **likely to be over 500 thousand private forest owners**.

The situation book will focus on two English regions, the **South West (251,000 ha, 11% of the land area, of which 87% is private)** and **the West Midlands (118,000 ha, 9% of the land area, of which 89% is private),** although the national situation will be covered where appropriate.

The woodlands of Britain, in common with many natural habitats throughout Europe, have experienced a considerable loss and fragmentation through a long history of human activity. Woodland cover in England has recently increased from a low point of less than 5% at the start of the 20$^{th}$ Century. Currently woodland cover is currently around 12%, and even less in England at 9.9% from an estimated high of around 75% around 6,000 years ago. The majority of woodlands are now very small and isolated within a primarily agricultural landscape. This is especially true for ancient semi-natural broadleaved woodlands that often have the highest biodiversity value. 75% of the woodlands in Britain are now under 2ha in size, but these small woodlands only account for around 5% of national woodland area. In contrast, the relatively few large woodlands over 100 ha, which represent less than 1% of the total number, account for nearly 65% of the total woodland area. The bulk of these larger woodlands comprise conifer plantations established in the 20th century.

Private forestry in the South West is characterised by a number of traditional estate woodlands where the majority of the commercial conifers are located and smaller scattered broadleaved woodlands which tend to be on farms; it is these woodlands that are often unmanaged due to difficult access and a perception of being of little worth.

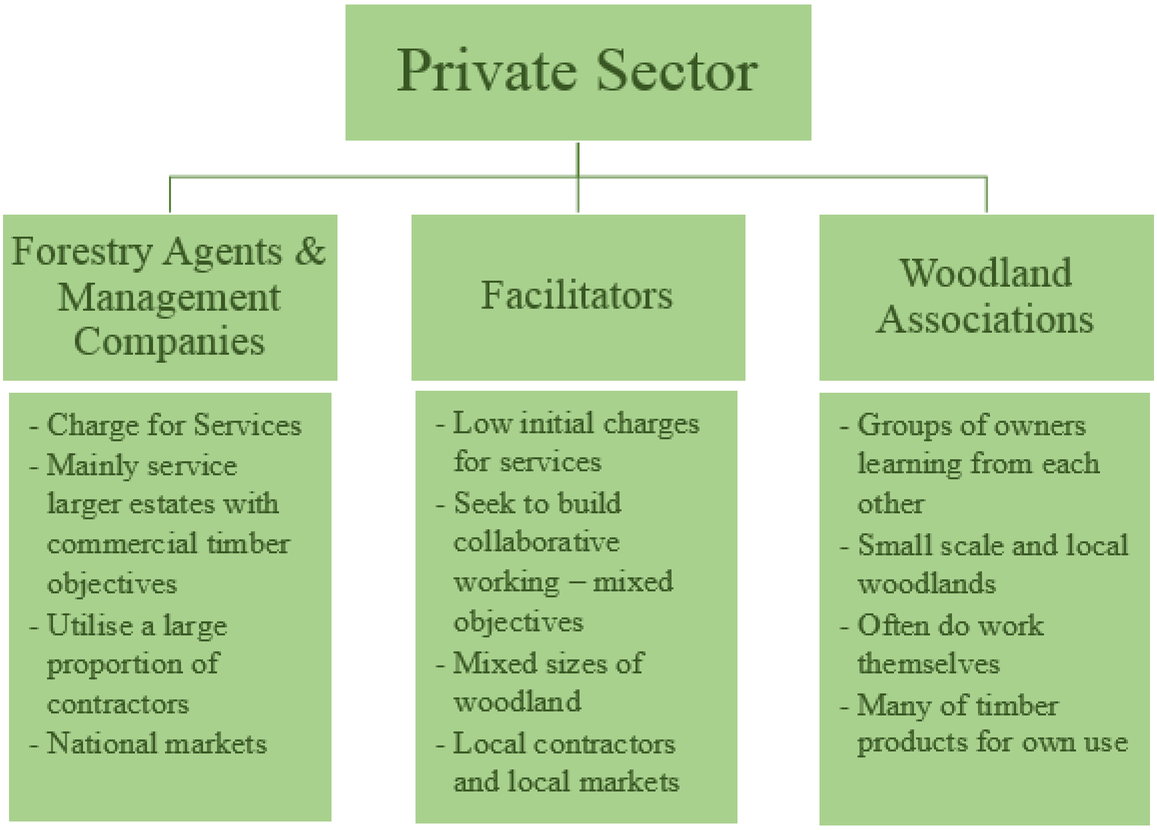
Less than half of England's woodlands are in active management or have a current management plan and the Government have a target to increase this to 66% of woodland by 2018. England does not have a tradition of forest owner associations which has meant that any initiative to engage with forest owners has generally meant having to deal with a multitude of individuals rather than organised groups.

The UK was the third largest net importer (imports less exports) of forest products in 2012, behind China and Japan. Wood products imported into the UK in 2013 were valued at £6.7 billion, although the UK produced 11 million green tonnes of roundwood in 2014, a 7% increase on the previous year.

Markets in the South West are limited, with only 2-3 medium (50,000 tonne) sized sawmills and a number of local small sawmills. Much of the conifer timber is transported out of the region to larger sawmills and powerplants in Wales and Northern England. There is a growing local woodfuel chip market in the region boosted by the Renewable Heat Incentive, as well as a fast expanding local firewood log market.

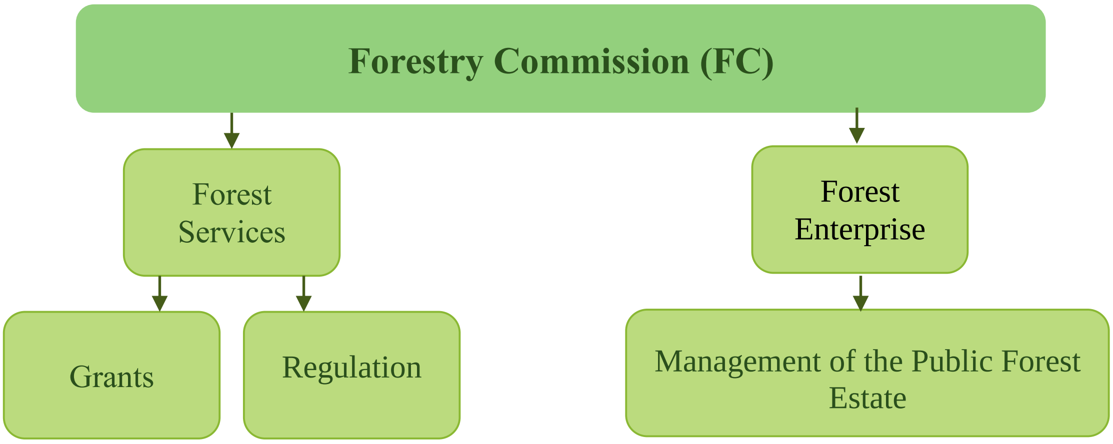
Growing conditions for trees are generally good in the South West with the positive influence of the Gulf Steam and generally good soils. Significant pests include Grey Squirrel and Deer, while tree health issues have been an increasing issue, particularly in the South West, most notably Phytophthora ramorum on larch spp, but also the impending advance of Chalara fraxinea amongst other pests and diseases.

## Description of national private forestry sector




**Forestry Commission** (www.forestry.gov.uk)

Is the Government body with a responsibility for forestry in England and Scotland. **Forest Enterprise** manages the public forest estate and **Forest Services** are responsible for working to put in place the conditions that enable landowners and managers, businesses, civil society organisations, and local communities (the "forestry sector") to protect, improve and expand England's woodland resource. Forest Services regulate forestry and provide forestry and woodland incentives under the EU CAP Rural Development Plan.




**Forestry Agents and Management Companies**

There are a variety of sizes from a number of individual forestry consultants to 4-5 larger groups of agents and 2-3 larger national/international forestry companies. More recently a number of companies specializing on woodfuel supply have been set up and are growing rapidly.

**Forestry Contractors**

The workforce has a high average age with few new entrants into the sector. Characterised by very small businesses, often with a need to upgrade skills and equipment, particularly in lowland areas where the scattered and fragmented nature of broadleaf woodlands containing neglected, low quality timber does not currently support investment in expensive equipment. Nationally, in upland areas where the forests are predominantly commercial conifer plantations, there is a much higher level of investment in the use of high output modern harvesting equipment.

**Facilitators (Third sector Forestry Initiatives)**

***The Silvanus Trust*** (www.silvanus.org.uk ) – A South West based woodland focussed Charitable Trust. In the past the Trust have been funded to provide specialised forestry business support mainly to allow woodland owners, agents and contractors to access EU capita' grants for machinery and equipment. They act as secretariat to SW Woodland Renaissance a forum for the forestry sector in the SW.

***Heartwoods*** (www.heartwoods.org ) A West Midlands based project managed by the Small Woods Association which increases the area of woodland being managed productively through wood-fuel supply chain development and :

- Training – subsidised training for contractors, managers and woodland owners.
- Advice – free 1 day advice/ visit plus a network of subsidised private sector professional advisors
- Signposting / Grant Facilitation – information and signposting on available grants. Assistance with applications.
- Events – regular events programme to support the Forest and Woodland industries in the West Midlands.

***Trees and Land CIC*** (www.treesandland.co.uk ) – a new social enterprise currently responsible for brokering 'Ward Forester' (see below). Trees and Land operate as paid woodland advisors and facilitators of forest and timber based project ideas.

**Woodland Associations**

***Blackdown Hills Woodland Association*** (www.woodbiz.co.uk ) – A sub-county woodland owner membership organisation, that has been running for 5 years providing advice and collaborative small-scale working.

***Dartmoor Woodfuel Co-op*** (www.dartmoorwoodfuel.co.uk ) – A Co-operative of woodfuel boiler owners living on Dartmoor, who produce their own woodchip and now developing their products to a wider market.

**Trade Associations**

***Confederation of Forest Industries*** (www.confor.org.uk) - Trade Association for the Forest timber supply chain and supporting Forest Policy at a regional, UK and international level.

**Membership Associations**

***Small Woods Association*** (www.smallwoods.org.uk) Specialising in support for owners of small woodlands across UK

***Royal Forestry Society*** – (www.rfs.org.uk) - a National membership offering a quarterly magazine, events and bursaries.

**Landscape Scale Designations**

The UK also has National Parks, Areas of Outstanding Natural Beauty and which have a discretionary remit regarding forestry. However, given the statutory purpose of designation invariably includes woodland cover, they will invariably have an interest in the woodland options being developed within their jurisdiction.

UNESCO World Biosphere Reserves have a broader purpose of sustainable development; they will include commercial forest management as well as management for biodiversity and ecosystem services as part of their policy work.

Each of these designations may also add to the advisory and policy resources to enable woodland management on private and public land to meet the requirements of the designations.

## Timber buying

The majority of produce tends to be transported to processors outside of the SW. No buying organisation exists at present. Currently there are a very small number of timber buyers operating for the larger markets, and for the small sawmills and wood-fuel suppliers in the region.

Nationally there are independent timber buying merchants who operate on a regional or national basis buying standing timber from private and public woodland owners, they then sell the harvested round-wood to various sawmills and processors. In addition many of the larger mills and processors have their own standing timber buyers, harvesting teams and log buyers.

Timber markets have historically been very poor in the UK with the majority of the processing sector being in Wales, north of England and Scotland. Many smaller local sawmills have closed down over the last 20-30 years. The UK market is dominated by imports. Prices have also been very depressed over this time. Domestic markets and timber prices have become more buoyant over the last 5 years which has been helped by a growing wood-fuel market, due largely to the Renewable Heat Incentive which aims to reduce the amount of fossil fuel consumption by paying subsidies to switch to wood-fuel.

These better prices and renewed activity in the sector give hope for economic growth in the future and opportunities for owners to bring more of their woodlands into productive management.

## Forestry subsidies

Government, EU funded, grants been offered by the Forestry Commission to woodland owners through the England Woodland Grant Scheme for managing existing woodland and new woodland creation until December 2014. http://www.forestry.gov.uk/forestry/infd-6dfk2u . During 2015 the new EU Common Agricultural Policy Regulations will be implemented. Under the Rural Development Programme for England incentives focussing on biodiversity and water quality for farmers and foresters will be integrated into one environmental land management scheme (Countryside Stewardship) for the first time which will be administered by the Rural Payments Agency and delivered by Natural England and the FC.
https://www.gov.uk/guidance/countryside-stewardship
Forestry incentives focussed on economic growth and rural jobs will be available under the Countryside Productivity Scheme and locally under the Leader Programme. https://www.gov.uk/government/collections/countryside-productivity-scheme

## The Advisory system and methods

In the absence of the structure of Woodland Owner Associations advice has traditionally come from three sources. The Forestry Commission Woodland Officers, of which there are 9 in the South West and around 45 for England as a whole, however their role has evolved to being more reactive in terms of supporting the forestry grants and regulation in recent years.

A number of third sector woodland initiatives have operated for a number of years but more recently with the current state of the economy have struggled with core funding and have been reliant on short term project funding. The third and significant area of advice has come from private sector agents which works well when the forest operations are self-funding, but does leave the less profitable, and particularly those woodlands that have lacked recent management to the third and public sectors.

**Positive aspects of the advisory system**

- High level of locally based expertise available through regional initiatives and FC Woodland Officers
- Traditional woodland owners well engaged through the limited number of Associations and contact with local FC staff.

**Areas of the advisory system that most need improving**

- Secure, long term funding for organisations engaged in providing the advice as opposed to the current short term 'project' approach. This is becoming even more important as public spending cuts affect the traditional level of advice provided by the Forestry Commission
- Greater integration and better communication with the agricultural sector. Farmers own most of the small, scattered, undermanaged, low quality woodland resource in lowland Britain.

**New developments/new ideas**

***Ward Forester*** – Similar to the Finnish and Estonian woodland association model, a network of woodland owners and private foresters working with the Forestry Commission to create linkages between landowners and the forest industry. The project hopes to create a market for timber products to consolidate the relationships within the association. Ward Forester actively engages woodland owners and allocates a professional forestry advisor to work collaboratively with a number of owners, gaining economies of scale of all areas of engagement from planning to harvesting and marketing.

Recently Trees and Land CIC is working with ConFor (Confederation of Forest Industries – a national trade body) to run events and demonstrations to promote organised management of grey squirrels. They are developing a network of activity that hopes to make a real impact on this significant forest pest.

***Westwoods (Woodsure)*** – Woodfuelling management: Private investment into active management of woodlands by directly increasing market opportunities. Woodsure has developed a national woodfuel accreditation process which has led to a professionalising of woodfuel supply chains. Westwoods has also started a new initiative partnering Ward Forester to maximise potential impact by working with the Forestry Commission to streamline the management planning approval process for newly engaged woodlands to help facilitate the achievement of the 2018 target of 66% of woodlands in management.

## Information materials

The Forestry Commission are developing materials and case studies. Materials include the recent videos for woodland owners on coppicing and ride management that can be found at https://www.youtube.com/user/ForestryCommission1/videos alongside other videos that provide information on Productivity Grants and Tree Health issues. Currently tools, case studies and other materials are being developed for the Woodlands into Management Initiative using titles such as 'So you own a Woodland' and 'Making Woodlands Work'.

## National Policy

National Forestry Policy in England is to enable the forestry sector to protect, improve and expand its trees, woodlands and forests so that these benefits can be maximised now and maintained for the future. This means a forestry sector and woodland resource that keeps growing and providing these multiple benefits, despite threats such as pests and diseases and climate change, without requiring more government intervention.
The objectives, in priority order, are:

• protecting the nation's trees, woodlands and forests from increasing threats such as pests, diseases and climate change

• improving their resilience to these threats and their contribution to economic growth, people's lives and nature

• expanding them to further increase their value

**Woodlands into Management** – The Forestry Commission England has a Government target to bring 66% of England's woodlands into management by 2018 from the current level of around 50%. This major new initiative has been piloted in the South West by the Forestry Commission team. The team are developing and piloting methods, using GIS, to map known owners and their woodlands to create cluster of potential new activity that can then be the focus of proactive partnership engagement. Currently partners from the wider forestry sector are actively being involved and through events are then developing the interest and engaging with woodland owners. A key tool is the availability of a generous grant through the new Countryside Stewardship to pay for woodland management plans as the first step to active management.

## Tax regulations

**The principal forms of taxation affecting commercial woodlands in the UK are:**

- Income Tax (for individuals)
- Corporation Tax (for business)
- Capital Gains Tax (CGT)
- Inheritance Tax (IHT)
- Value Added Tax (VAT)

The key features of each are summarised as follows:

**Income Tax**

- No Income or Corporation Tax on the occupation of, or timber income from, commercial woodlands.
- Profits from the sales of timber are tax free, rents and other revenue receipts from woodlands are liable to Income Tax.
- No relief from Income Tax is given for expenditure incurred in commercial woodlands.

**Capital Gains Tax (CGT)**

Special provision is made for commercial woodlands under CGT legislation such as:

- CGT is not payable on the gain in value attributable to the trees; only the increase in value of the underlying land is assessable.
- Roll-over relief is available when qualifying business assets are replaced, but this relief only applies to the land and capital works.
- Non-commercial woodlands are subject to normal CGT rules.

**Inheritance Tax (IHT)**

- Commercial woodlands currently attract 100% business property relief provided the transferor has owned the "relevant business property" for a minimum of two years immediately before the transfer.
- Heritage Relief -woodlands may qualify for the conditional exemption from IHT which is available for assets of national heritage quality e.g. land of outstanding scenic, historic or scientific interest.

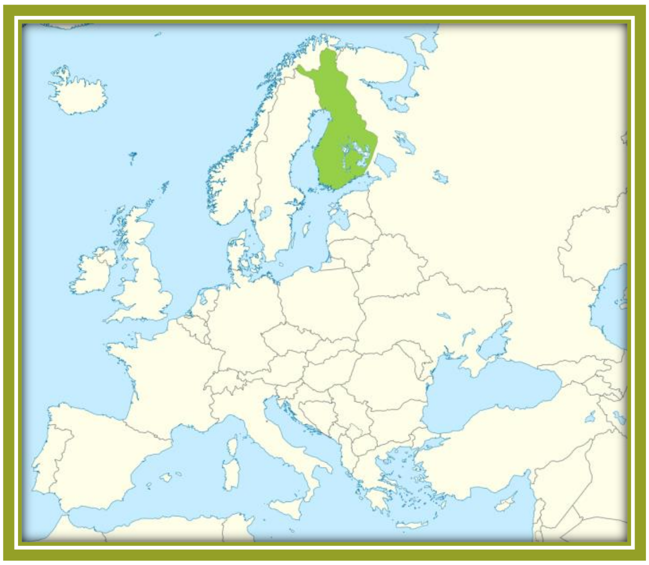
**Value Added Tax (VAT)**

- Those registered for VAT must charge VAT on all timber sales.
- Those not currently providing any taxable supplies, but intending to do so at a later date, may register for VAT as an "intended trader".
- Standard rate VAT is currently chargeable for fuelwood sold to a wholesaler. A lower rate of 5% is chargeable if fuelwood is sold to the general public for domestic use.

**Commercial Woodlands**

There is no definition of commercial woodlands. They are best described as woodlands which are "managed on a commercial basis with a view to the realisation of profits." There should be evident intent to make profits - income or capital - and the usual attributes of a commercial business such as professional management, separate bank account, VAT registration, accounts, etc.

# FINLAND



### Country details

Total area 338 000 $km^2$

Population 5,3 million

Forests cover **75%** of Finland, in total **26,2 million hectares**.

**69%** of forests are in private property.

There is **approximately 632 000 private forest owners**.

Sustainable forestry in Finland combines three objectives. The ecological tolerance of nature must not be weakened; in other words, the environment may only be altered to the extent that nature is able to recover its former condition after the change. The social and cultural values of forests may not be weakened, either. Thirdly, forestry must be financially profitable to all partners involved.

Forest management that is close to nature means that natural processes are emulated in forestry. Thus, the cyclical processes of nature are altered as little as possible, while still maintaining the financial profitability and social sustainability of forest management.

During the 20th century the management of Finland's commercial forests adopted the system of periodic cover silviculture. This means that silviculture is organised into rotation periods. A rotation period begins when a new forest stand is established and ends after several decades, when most of the trees are harvested before regeneration of new forest stand. During the rotation period, the forest is tended by, for instance, thinnings, which means that small trees and trees with little economic value are removed. This leaves more space for the remaining, more viable trees.

The new Forest Act, which came into force at the beginning of 2014, makes using continuous-cover silvilculture easier than before. Continuous-cover silviculture is sometimes called uneven-aged forestry. Large clear fellings are not used in continuous-cover silviculture. Forests are kept vital by removing single trees or making small-scale, at most half a hectare, clear fellings.

The destruction of forests was prohibited in Finland by the very first Forest Act in 1886. Currently this prohibition means that within the forest owner must ensure that a new forest is established to replace the one felled.

The method of setting up a new forest depends on the type of habitat. In general, seedlings are planted on productive lands, since they are capable of competing for space with grasses. On poor, grassless lands, seeds may be sown. These two methods of establishing a forest are called artificial regeneration.

A forest may also be established through natural regeneration. This means that a sufficient number of large trees are retained to provide seeds for a new stand. The retained trees are usually felled after the seedling stand has been established.

In continuous-cover silviculture, the standing trees provide seeds for the new trees for the small clearings.

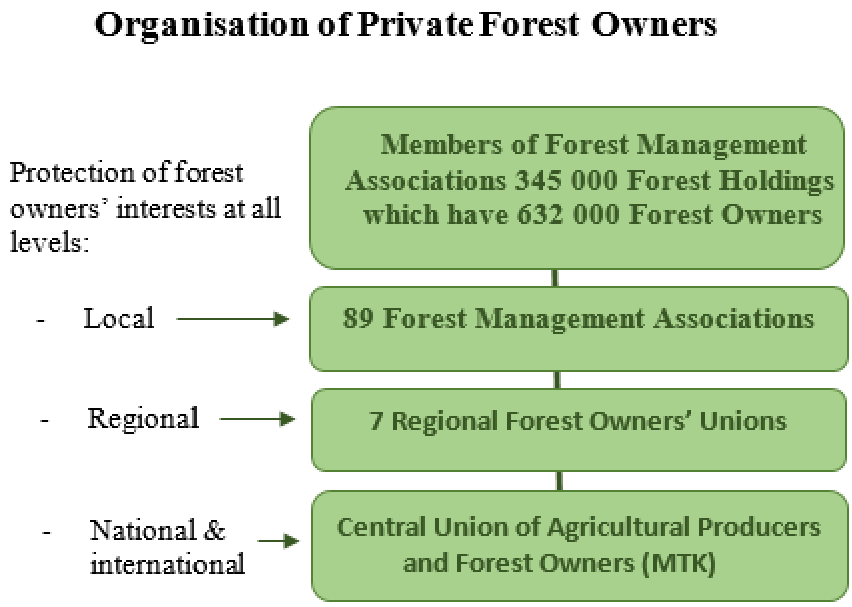
The average annual felling area in Finland is a generous two percent of the forest area. About two thirds of this consists of thinnings while the rest is made of regeneration. Out of all trees growing in Finland, four fifths are the result of natural regeneration.

The aim of silviculture is to maximise the yield of most valuable roundwood in the forest. To qualify as roundwood, a tree has to be sufficiently straight and stout, which is why roundwood is harvested particularly in the end of the rotation period. Roundwood is processed by sawmills into plywood, planks and boards. These are used to make furniture or houses, for example.

Thinner trees are called pulpwood, which is harvested particularly in thinnings. Pulpwood and chips, which are a by-product of sawmills, are sent to pulp mills because they are very good material for paper and cardboard. The sawdust produced by sawmills is used either in board manufacturing or for the generation of energy.

Harvesting also produces residues – the crowns, branches, twigs and stumps of trees. An increasing proportion of this is gathered in to provide a source of energy for power plants.

## Description of national private forestry sector and forest advisory system




**Central Union of Agricultural Producers and Forest Owners (MTK)**

A national central organisation of private forest owners to look after the private forest owners' interests in timber trade, to influence forest policy legislation, to guide the activities of the Regional Forest Owners' Unions, to protect the interests of the Forest Management Associations and to develop co-operation between forest owners.

**Regional Forest Owners' Unions**

Regional central organs for local Forest Management Associations, which main objectives are:

- to promote private forestry and to protect private forest owners' interests;
- to guide and develop the activities of the Forest Management Associations and co-operation between forest owners;
- to provide guidance and to assist in marketing of forest products.

Regional Forest Owners' Unions are mainly financed by membership fees.

**Forest Management Associations (FMA)**

Currently 89 associations covering the whole country and employing 1000 professionals and increasing amount of entrepreneurs → mergers decrease the amount of FMA-s.

FMA is Forest owners' service organisation on local level, with main objectives to:

- Advise forest owners
- promote forest management and utilization as well as other objectives that the forest owners have for their forest ownership
- promote the profitability of forestry
- offer training and guidance in forestry to forest owners
- protect the interests of private forest owners by giving them professional assistance
- practical organizer of group certification

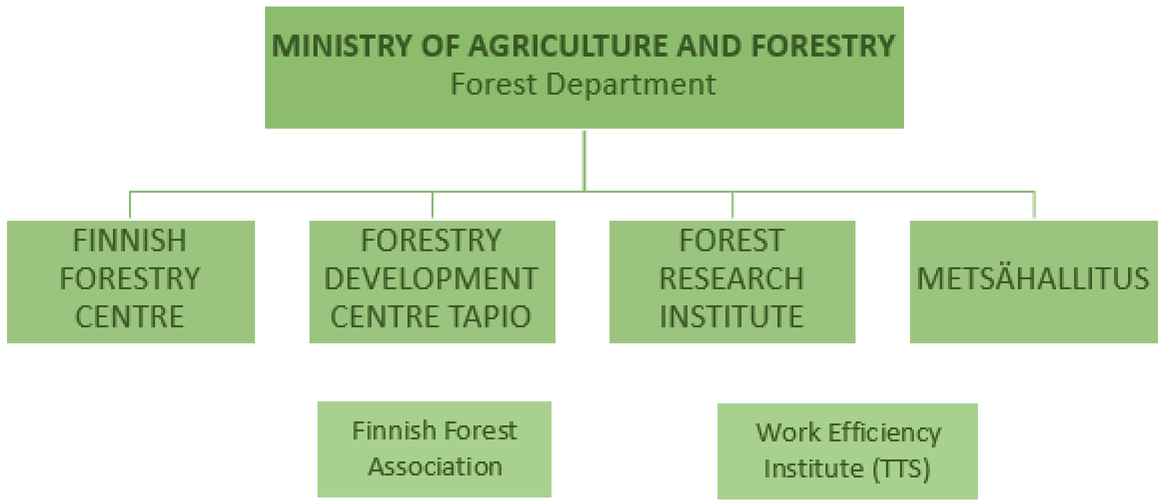
FMAs are working in a close co-operation with the forest owners in all matters related to forests:

- forest management services (harvesting, regeneration, ditching etc.)
- training and planning services
- timber sales services
- 80-90% of the forest management activities in private forests are carried out by FMAs
- 75% of preliminary planning of timber sales

**New forest owners' organization in 2015**

From 1.1.2015 MTK and regional forest owners unions are building one common organization, which takes care of forest owners' interest in international, national and regional level. FMAs are members in this new organization. Organization is financed by membership fees.

**Public forestry organisations**



**The Finnish Forest Centre (**Suomen metsäkeskus) is a state-funded organization covering the whole country. It is tasked with promoting forestry and related livelihoods, advising landowners on how to care for and benefit from their forests and the ecosystems therein, collecting and sharing data related to Finland's forests and enforcing forestry legislation.
Financing of the system

**Private forest owners' organisation**s are financed by forest owners. Until 2015 there was law-based forest management fee with total amount of 27 million euros/year. From 1.1.2015 the management fee was be replaced by voluntary membership fee.
Finnish forest centre is financed by state

## Forestry subsidies

The state also supports forest improvement and nature management (www.mmm.fi). A private forest owner may receive financial support from the State for forest management and improvement work and for nature management. The objective of State support is to encourage forest owners to take measures with long-term impacts, whose benefits will be enjoyed after several decades. Public funding for forestry is based on the Act on the Financing of Sustainable Forestry.

Forest management and improvement work which may be eligible for support include the tending of young stands, ditch cleaning and supplementary ditching and construction of forest roads. Support may also be granted for the prevention of Annosus root rot, remedial fertilisation and prescribed burning. Forest regeneration may be supported if the costs are higher than the harvesting income to be obtained. Yearly private forest owners receive about 1,4 billion euros of gross stumpage incomes. In tandem they use over 200 million euros for forest management and improvement work. Over 60 million euros of the amount came from public funding.

## Advisory methods

Finland's hundreds of thousands of forest-owners can receive personal advice on how to manage their forests from local forestry associations, forestry centre, forestry service providers and forest industry companies. Such advice can include practical recommendations concerning forest management methods, how to sell timber, how to plan for future income obtainable from growing forests, and opportunities related to the protection of valuable forest habitats or landscapes. (www.mmm.fi)

Forestry plans provide forest-owners with useful information on the different ways that forests can be managed and utilised. They describe the present state and value of each area of forest, as well as targets for forests' future productivity and utilisation, and projected incomes.

In addition to goals related to timber production, forestry plans also include objectives related to other uses of forests and the preservation of their valuable ecological features and landscapes. Forest-owners can themselves help to shape these plans and the targets they contain. Plans for individual forest holdings are typically drawn up for periods of 10 years, by local forestry associations, regional forestry centres, forestry service providers or forest industry companies. (www.mmm.fi)

Forest owners also have nowadays online internet database to their own forestry data at www.metsaan.fi. Forest owner may share his data with advisors and service providers. This possibility brings new possibilities in advising forest owners.

## Vision of forest policy and challenges to advisory organisations

The vision of the current Finnish Forest Policy Report is: "Sustainable forest management is a source of growing welfare", it stresses the diverse welfare derived from forests and the fact that the utilisation of forests offers solutions to the needs of the people and society. In order to make the vision come true and to be able to increase the welfare obtained from forests, Finnish forest sector we have to succeed in various sets of issues to develop the forest based business and activities.

The Forest Policy Report presents three strategic objectives, founded on the vision:

1) Finland is a competitive operating environment for forest-based business.
2) Forest-based business and activities and their structures are renewed and diversified.
3) Forests are in active, sustainable and diverse use.


Forest policy report presents thirteen sets of measures to achieve the strategic objectives and, through this, growing welfare. Among them are:

- creating conditions for business-like and active forestry, for example, by developing taxation and improving the structure of holdings and forest ownership.
- securing the supply of raw materials in line with the demand and improve the functioning of the markets
- diversifying management and use of forests and improve their productive capacity

Many measures are aiming to encourage forest owners to good forest management, activity in using forest and increasing forestry knowledge. Big challenge in near future is how the advisory system is working. In Finland forest management associations and forestry centre have successfully been offering advises and help for forest owners. From 1.1.2015 these laws behind these statutory organisations are changing. One target in changing forest organisation legislation is to create market based advisory network for forest owners.

## Tax regulations

Forest owners are paying capital income tax from wood sales. Income tax on capital income is 30 %. The tax rate on capital income exceeding 30 000 euro is 33 %. There is no property tax for forest land.

# ITALY

**Country details**

Total area 301 338 km$^2$

Population 60,8 million

Woodland covers 36% of Italian surface on **10,9 million hectares**

**66%** of the Italian woodland is in private property.

There are **approximately 800 000 private forest owners**.

The forestry sector has a marginal economic role in Italy: 95% of forests are in hilly and mountain regions where it is very hard to make profitable forest operations and 60 % are private forests, but the average size is 3ha/firm. The decline of timber market value (30 to 50 Euros/cm) has emphasized such marginally.

Land ownership fragmentation, the lack in horizontal integration among the forest owners and the limited entrepreneurship of the forest managers are the main factors affecting the competitiveness of forest – wood / non-wood / services – consumer chain in Italy.

The barriers to entrepreneurship are connected with the limited profit arising from wood-related economic activities and the social profile of many land owners. The low level of international timber prices in the last years and the delocalization of many wood-working industries to foreign countries is reducing the internal demand for industrial roundwood from mountainous areas. The social profile of many forest owners is characterized by the presence of many aged managers, working part-time in the sector, with a low attitude to introduce innovations, not much open to participate in associations and any other business activities carried out in cooperation with other economic operators.

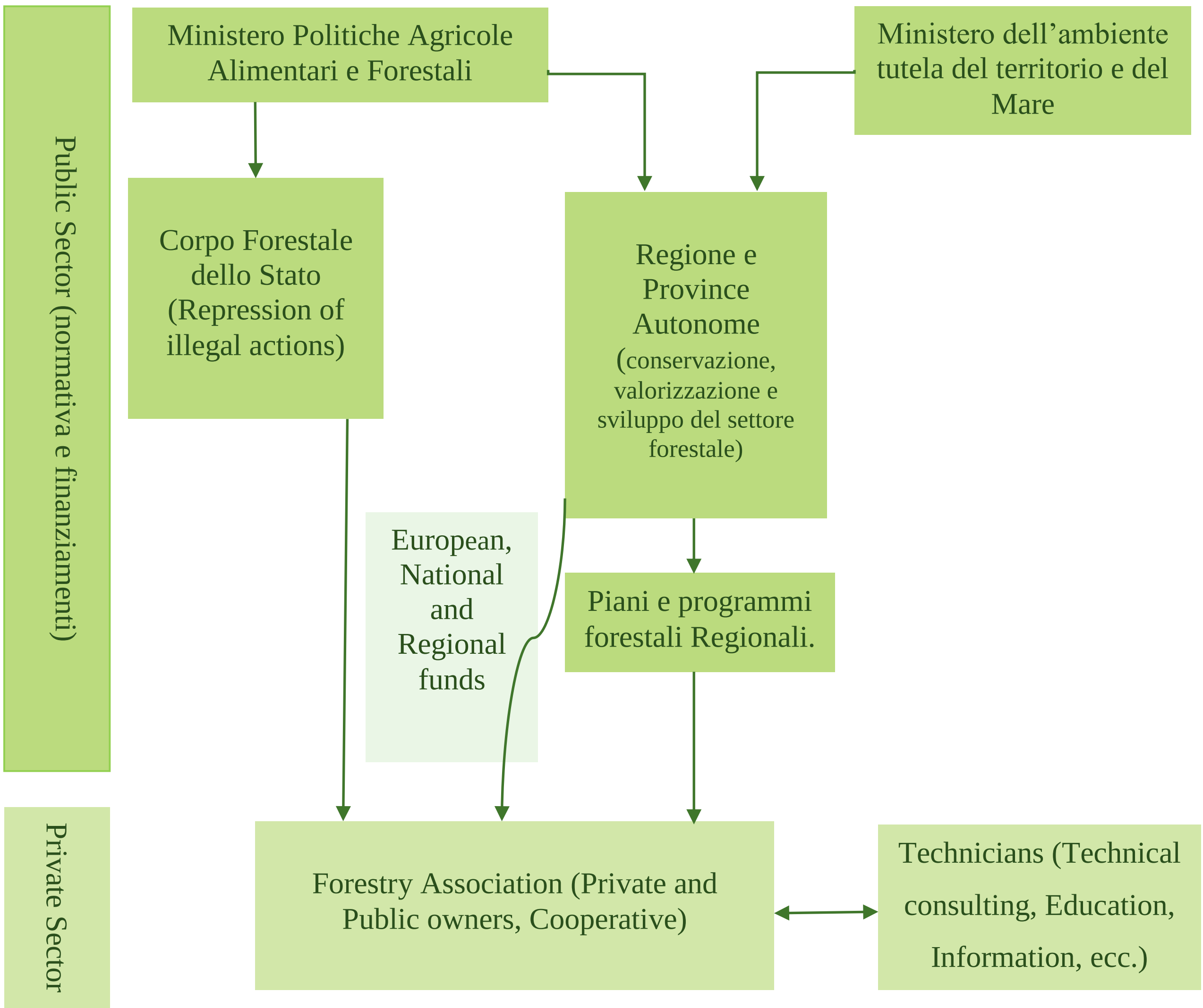
The main problems and research questions for enterprise development in the forest sector are connected with the need to overcome the above-mentioned barriers; therefore, the problems seem more related to the need of a social change than to the lack of technologies.
There is still an overlapping of institutional competencies and legislations and a scarce interest of forest owners' organizations to collect data on sector performance and to play an institutional role to support the sector. As a result, Italy is not a good timber producer, but a very good timber transformer.

Italian woodland surface is 10 916 000 hectares corresponding to 36% of the Italian surface. It has had an increase in the last 20 years with 1,7 million hectares corresponding to 20%. 66% of the Italian woodland are private, while 34% is public. The total amount of the trees is 12 billion, so 200 plants per inhabitant. 75% are broad-leaf trees, 15% are conifers and the remaining part corresponding to 10 % are woods composed of both of them. 53% woodland is covered by copse, 36% of high forest and In Italy 27,5% of the woods are located in preserved areas.

In Italy 78.100 businesses are involved in the timber industry system with more than 515.500 employees, on overage 3-4 workers per enterprise. Italian companies are importing about 70% of the wood material used while the annual levy is approximately 9 million cubic meters equal to a little less than a third of the annual increase (37.2 million of cubic meters). 66% is used as firewood, so Italy remains the first world importer of firewood and the fourth in chips.

On average, the working capacity of a firm is about 3.000-4.000 tons with an average productivity of less than 3-5 cubic meter/day /employee. The woodland dimensions subjected to utilization are an average of about one hectare.

## Description of national private forestry sector




## Forest owners' associations

**A.F.V.O. Easter Venetian Forestry Association** was promoted by the Agency for the development of Eastern Veneto region (Gal Venezia Orientale). It was able to take advantage of the funds related to the plan of Rural Development of Veneto Region, these funds were able to support their five years of activities and plans.

Among the members there are currently ten entities owners of wooded areas, which are committed to pursuing the following objectives:

- Organizing forest ownership of associates to allow the sustainable management;
- Increasing the surface area of the woods in the Eastern Veneto;

- Disseminating and applying the principles of natural forestry and the "culture of forest";
- Providing technical assistance to forest owners members;
- Extending the forest planning in the whole forest area of the association;
- Stimulating the development and integration of the timber industry.

**Italian Forestry Association** was founded in 1948 and its main goals are:

- Developing and improving national woods and forests;
- Promoting awareness of the importance of forests;
- Promoting studies and research on forestry and about timber industry and trade;
- Developing afforestation and timber production system for commercial, craft and industrial use;
- Implementing any action to develop environmental protection and a proper development of the business sector linked to timber industry and trade.

In more than half a century the Association has carried out activities aimed at pursuing social goals and has contributed incisively to widespread the knowledge of trees and woods, emphasizing the irreplaceable values to balance environmental and economic development of the country.

**Forestry Association of Trentino was e**stablished in 1978 and is open to all those interested in the preservation of the forest system and its many ecological aspects.

The association is based on the deepening and dissemination of issues related to the environment, understood in its broadest sense. Every year conferences, debates, excursions are organized and the magazine "Dendronatura" is published.

Moreover, the association coordinates nationally the "Pentathlon of the woodcutter," a competition addressed to all the people involved in the forestry sector and organizes every winter biathlon Lumberjack (trophy "Lino Stefani").

## Forestry subsidies

2000-2006 Rural Development Plan (RDP) programming period, several Italian regions launched a RDP Measure aiming at supporting the establishment and start-up of forest stakeholders' associations. The measure was launched under the Art.30 of the Reg. (EC) 1257/1999 that reports: Support for forestry shall concern one or more of the following

Measures: the establishment of associations of forest holders that are set up in order to help their members to improve the sustainable and efficient management of their forests. In Piedmont, the Measure was launched to support organization and development of associations in the forestry sector. It supported the establishment of forest owners associations, the creation of networks among logging companies and processing enterprises, and the promotion of cooperation among the different actors of the wood-value chain. The support was granted to cover establishment, administration, technical support and research costs faced by the new associations. From an ex-post evaluation perspective, the Measure can be considered almost successfully implemented because it promoted the establishment of associations and networks that are still actively operating at regional and local level.

In RDP programming period (2007-2013), Reg. (EC) 1698/2005 did not provide for subsidies supporting the establishment of forest networks and associations (Vande Velde, 2005), maybe because these networks had been considered a common and strengthened aspect of many European Countries, even if they are almost missing in Mediterranean regions (i.e. Italy). As a matter of fact, Reg. (EC) 1698/2005 only provided, within Axis 1 under Art. 20, d), ii), for support to the implementation of Measures promoting the setting up of producer groups. Article 35 of Reg. (EC) 1698/2005 specifies that support provided for in Article 20 shall be granted in order to facilitate the setting up and administrative operation of producer groups for the purposes of: (a) adapting the production and output of producers who are members of such groups to market requirements; (b) jointly placing goods on the market, (c) establishing common rules on production information, with particular regard to harvesting and availability. This means that the 2007-2013 RDP did not provide specific support to the establishment of forest owners associations and forest-wood chain networks.

Recently, first drafts of the Regulation on support for rural development in 2014-2020 period by the European Agricultural Fund for Rural Development (EAFRD) seem to offer new opportunities for funding the setting up of new forest stakeholders' networks and for supporting the activities of the already existing forest-related associations. For all forestry related Measures, for instance, the Regulation provides support for different kinds of beneficiaries and also 240 d. marandola et al. ifm lxvii - 2/2012 for their respective associations. It supplies, for instance, support for private land owners and tenants, municipalities and also their respective associations for activities of afforestation and creation of woodland. In the same way, it grants support for natural persons, private forest owners, private law and semi-public bodies, municipalities and their respective associations for Investments improving the resilience and environmental value of forest ecosystems. Moreover, draft Regulation disciplining EAFRD support for rural development in 2014-2020 period, provides also for a new and extended cooperation Measure also aiming at promoting forms of cooperation among different actors in the forestry sector, the creation of clusters and networks, the cooperation among small operators in organising joint work processes, sharing facilities and resources, in the sustainable production of biomass and in the drawing up of forest management plans.

## Advisory system

In Italian Rural Development Plans, measures specifically related to forest advisory services (FAS) are:

- 114 for use of agricultural and forest advisory services
- 115 for the setting up of farm advisory services.

In addition we can add measure 111 for the actions to training, information and diffusion of knowledge and human capital. We consider the financial weight of each measures as proxy of their relevance. At European Community level, about on 483 million of euro are allocated to the measures addressed to extension services that is about 7% of Axis 1 and to 3% of the total public European Community funding by regional Rural Development Plans. Resources are mainly addressed to measure 114: over 240 million of euro, corresponding to 4% of Axis 1 and only 1,5% on the public resources assigned to total RDP. Measure 115 for the starting of farm advisory services is tightly connected to the 114. The total public European Community funding for such measure is very small; in fact it is equal to about on 26 million of euro. In Italy many regions did not activate this measure.

Other components of the knowledge system, such as “professional training” and “information”, are contained in the measure 111 which are addressed to employees of agricultural, forest and agrofood sectors. Totally, public European Community funds allocated for such measure is equal to more than 214 million of euro, equivalent to 3% of Axis 1 and to 1% of total RDP.

Main elements in Measure 114 are:

- Contents: cross-compliance is compulsory requirement, whilst the improvement of whole performance is a secondary and optional action;
- Beneficiaries: agricultural and forest farmers;
- Total amount: total amount for the use of advice by farmers paid by the RD programme cannot overcome 80% of the expense, for a maximum amount of €1.500 for advice (except Sicily that foresees a maximum amount equal to €1.000 for advice); 20% of budget spent per year dedicated to the use of FAS by farmers it is paid by the farmers;
- Advisors: the FAS operating advisors must be authorities and private bodies but no single people (the only exception concerns Emilia Romagna); such advisory bodies have to received qualification by demonstrating their competency and reliability (e.g. staff qualification, administrative and technical facilities, experience, etc.);
- Monitoring the effectiveness of FAS: contracts between farmers and foresters and advisory bodies must contain list of provisions of advice for each: date, time, type, particular aspects.

Besides the obligatory "minimum" principle of respect the cross-compliance, many regions have adopted priorities for the choice of farmers and foresters beneficiaries of the measure. Notably, there are following priorities in accordance with requirements affecting livestock (that is the thematic on which this paper focuses), in relation to implementation of cross compliance and in accordance with different regional contexts.

**Positive aspects of advisory system:**

- integrated regional governance in Strategy RDP
- full autonomy of regional policy

**Areas of advisory that most need improving:**

The same problems faced in other partner countries: lack of concrete recommendations; lack of partners who could take care of recommended forest management works. There also exist a lack of competence in some specific fields: law and taxation. More specifically, in Italy there is a fragmentation of advisory systems according to the various regions and a more centralized system would be beneficial in some cases.

**New development/new ideas:**

The importance of an advisory system in agriculture and forestry was emphasized by the European Commission during 2007-2013 program, in which it was noted repeatedly the importance of creating an advisory system that is able to capture all the opportunities offered by the rural development, especially about the issue of climate change.

Moreover it is useful to check with the farmers and foresters, that is to say, the ultimate beneficiaries of the services consulting, the current validity and effectiveness of the system. Consulting services in 2014-2020 programming are always considered support tools for farmers and ranchers, young farmers, foresters, territory managers, SMEs settled in rural areas and networks PEI (European Innovation Partnership) in improving the sustainable management and overall performance of their company or economic activity. These services must be the vehicle that allows beneficiaries to know fully the link between forestry practices and business management.

## Advisory methods

The current status of forest management tools and their application at different levels in Italy where the majority of land planning has been and is still being done at the “micro-scale”, meaning that specific local issues are dealt with locally. In Italy, the forest acts that led from the National Forest Plan (NFP) to smaller scales, in relation to their geographic and territorial applicability. Scaling down from the NFP to the local level the various Italian forest programmes and plans can be analysed according to a vertical logic (hierarchical mode): Regional Forest Programme (RFP), Territorial (i.e. sub-regional) Forest Plan (TFP), Local Forest Plans (LFPs). Then, in a horizontal logic, where the importance of an intersectorial and harmonic relational frame among planning tools for the forest and other sectors of environmental planning. The need for a new systematic holistic approach to the management of forests and environmental resources in general should be necessary and desirable and it should be in line with all the most important processes at international level on this matter.

Generally, advising procedures and methods also change according to regional laws, despite the current trend to recentralize forestry policy and plans, as we have already stated in different parts of this handbook. Most of the current activity of agriculture and forestry advising and counseling is regulated by measure 114.

**Individual advising**

Even in Italy this kind of advising is mainly supported by state or regions and is provided by forestry consultants. Generally forestry advising is offered by forestry associations and only rarely by individuals, except in a few regions, such as Emilia Romagna. It goes without saying that forestry owners can turn to private counselors for advising: agronomists and experts in forestry.

**Group counseling**

According to measure 114, it is always expected the signing of a protocol or contract between the farmer or the forester and the consulting firm that lists the contents of consulting. Most subjects for group counseling are taxation, changes in forestry regulation, seasonal forest management activities.

**Training for forestry advisors**

All advisors have forestry related education and they have passed qualification exam to get their professional certificate. They need to be enrolled in two different registers: one for forestry and agriculture technicians and another register for agronomists and foresters possessing a university degree**.** Both experts offer their expertise for the benefit of farmers and foresters. They also take care of crops and their defense, the farm and forest management and the development of agricultural and forestry products.

**Training for forest associations**

Trainings for key persons of forest owner associations are organized in some regions. This training cover different subjects related to forestry management and plans.

**Sharing knowledge and best practices**

The Italian Rural and forestry network in collaboration with Euromontana organized in 2014 a conference to discuss the following issues: How to better program interventions in favour of mountain areas? How to benefit the 2014-2020 RDPs for promoting sustainable development,

economic growth and new jobs? Which are the most successful examples of integrated mountain policies across Europe? Supply chains, innovation, competitiveness, environment and communities: a review of the best projects from the European mountains.
In addition to this, conferences and workshops of forestry associations are held periodically in some regions in order to exchange ideas and share best practices between private forest associations and public forestry experts.

**Engaging private forest owners**

This is a basic and fundamental issue for the current situation of Italian forestry: how to involve small private forest owners? How to convince them to take care of their woods and what to do to get money from their small rural properties. Campaigns have been conducted to remind private forest owners the need for managing their woods and some subsidies have been given. This has helped to activate forest owners in joining small forest owner associations and in using subsidies to improve their woods.

## Education- and information materials

In Italy there are several magazines related to agriculture and forestry. Most of them have a local or regional circulation. Obviously most of them are published in areas where woods and forests are common. In Trentino Alto Adige (Northern Italy) we have "Sherwoods". This bimonthly magazine deals with popularization, innovation and management of forests. There are other magazines such as: *Rivista Italia Forestale e Montana* Italian Mountain Forestry Magazine: it develops its scientific activity mainly in the following fields: a) ecological planning of forest land (including the prevention of forest fires); b) forestry; c) urban forestry; d) trees for wood.

There are also online magazines such as *forest@:*mainly it publishes scientific articles focused on forestry, biodiversity, forest-timber-energy, fire prevention. Last but not least: *L'informatore agrario*: it is one of the most popular national magazines involved in agriculture and forestry.

## National policy

**Italian Forestry Strategy for 2014-2020**

**The strategy is divided into four main objectives, classified in the following key actions:**

**Developing an efficient and innovative forestry economy**

1. Increasing the active management of forests with sustainable forms, enhancing also the marginal areas and scattered woods
2. Encouraging the creation and development of forest-based industry by enhancing the efficiency within and between the different phases, the use of processing and the agreement between public and private actors in the supply chain;
3. Stimulating applied research and technological development in the sector;
4. Encouraging diversification of goods and services other than timber industry;
5. Promoting and optimizing production and sustainable use of forest biomass;
6. Promoting innovative forms of management in the cooperation between forest owners and industry professionals;
7. Promoting training and information in the area of forestry, on management, environment, and control safety, marketing;
8. Improving the quality of national forest products and encouraging their use;

**Protecting territory and environment**

1. Safeguarding territorial integrity, surface, structure and health of national forests;
2. Contributing to the mitigation of climate change improving the forestry contribution to the carbon cycle and enhancing adaptations to the effects;
3. Protecting the biological diversity of forest ecosystems and enhancing ecological connectivity;
4. Protecting the diversity and complexity of the landscape;
5. Maintaining and enhancing the protective functions of forest, with particular regard the hydro-geological and water protection;
6. Restore forestry potential damaged by natural disasters, diseases and fire, promoting measures to monitor and coordinated prevention and continuous surveillance of forests;

**Warranting the performance of public and social interest**

1. Promoting and disseminating education and information with respect to forest ecosystems, promoting a new and widespread forestry culture;
2. Encouraging responsible recreational use of forests and sustainable tourism;
3. Maintaining and enhancing urban forests and plain;
4. Valuing and recognizing the services of public and social interest provided by proper forest management;

**Promoting coordination and communication**

1. Encouraging and promoting between competent institutions the coordination and exchange of information and connection among different information systems;
2. Improving the exchange of information and communication by disseminating and transferring the experiences, good practices and innovations in the field;
3. Promoting the coordination of research in forestry sector;
4. Encouraging public and social participation in the policies creation, strategies and programs;
5. Encouraging the harmonization of information and statistics of forestry sector;
6. Promoting the harmonization of legislation and acts of programming in forestry and environment for the simplification of procedures;
7. Sensitizing society about the importance of active management as a tool of protection and development for the forests;

In the last decades the Italian government has implemented a relevant process of decentralisation. Currently the process is not completed, particularly concerning the last part (decentralisation to Provinces and Municipalities). However most of development policies (rural and regional development) are currently implemented at regional level. The role of central administration is limited to coordination of regional policies, it acts as representative body with respect to EU institutions, and, only for some measures (mainly in the industrial sector) central administration keeps the role of policy maker.

## Tax regulations in forestry

### Income tax

Natural persons resided in Italy have to pay *Personal income tax* (Imposta sul reddito delle persone fisiche—IRPEF) of both regular and occasional income. The Italian structure of personal income tax is based on six categories of income:

1. Income from real estate properties (income from agriculture, forestry and other estate property including income from buildings)
2. Income from capital investments
3. Income from wages and salaries
4. Income from professional and independent personal services
5. Income from trade and industry
6. Income from other sources.

In each category, the taxable income is determined to own rules. The tax basis is the aggregate income from the six categories of income. Income from agriculture and forestry is defined as income from real estate properties and placed in category one. Real estate properties in Italy are registered either in the property land registers or in the urban building land registers. If income from properties in these registers is registered with an assigned yield, the income is taxable in income category one as income from real estate properties. Income from agriculture and forestry is taxable in this way as an assigned yield from the particular estate (the cadastral system). Yields from other real estate properties in the land register which is not determined as an assigned value, are taxable in income category six as income from other sources (e.g. income from mines, salt works, lakes, ponds etc.).

The taxation of agriculture and forestry income differs in this way essential from the taxation of the other categories of income. The taxable agriculture and forestry income is determined after the land register yield and not on the basis of the actual yield. The yields in the land register are estimated as average values of land and building with input of usual work and capital. The registered values in the land registers are stipulated very low and this result in a preference of agriculture and forestry when it comes to taxation.

The income from real estate properties is in principle added to that person who has the beneficial right to use the estate and not to the owner if these are different persons.

Taxation on basis of certain standards instead of total net income has long tradition in Italy also outside agriculture and forestry.

**Property tax**

In 1992 *the communal tax on immovable property* (*Imposta comunale immobiliare*—ICI) replaced the two previous taxes: the communal tax on appreciation of immovable property (*Imposta communale sull'incremento de valore degli immobili*—INVIM) and the local income tax on real estates (*Imposta communale sui redditi*—ILOR).

This tax is a local tax to the municipality where immovable property is situated. The tax is estimated for a calendar year but is payable on a proportional monthly basis for the period during which the immovable property, building land or agricultural land was in possession of the taxpayer. Whether the property was in use in the period or not, has no consequence for the tax computation. The rate is fixed by the municipality and may not be less than 0.4% or more than 0.7%.

Some kind of immovable properties are exempt for this communal tax. The exemption from property tax includes i.a.:

- agricultural properties in mountain areas (over 700 meters as well as particularly selected municipalities, e.g. all 116 municipalities of South Tyrol) and hill situations;
- cultivatable properties of agricultural family businesses or agricultural enterprises agricultural residential buildings.

The tax base of ICI for agricultural and forestry properties and buildings are cadastral estimated of values in the land registers or in the urban building land registers. The cadastral values are then multiplied with different factors (75 for agricultural properties, 34 for retail businesses, 50 for offices and industrial buildings and 100 for private dwellings.

For agricultural and forestry properties it is a tax-free basic deduction of EURO 50,00. Since 1998 the tax-free basic deduction is only estimated for full-time farmers.

Stamp duty (*Imposta di bollo*) is payable on the deeds, documents and records listed in an official tariff. It is some exemptions from the tax liability; for instance deeds and documents relating to the granting of agricultural loans and of Community and national aids to the agricultural and forestry sector.

# ANALYSIS

The situation in forestry sector in participating countries is somewhat different so it is hard to find ideal practices that suit the needs of each country. Though similar problems and possible solutions exist, to which each partner country have set their attention and planned their activities. In Finland and Estonia rather strong forest owner cooperatives exist to offer forestry support to local owners. In England local companies and private persons are offering similar services but there forest owners' associations are rather get-together-places than reliable and independent partners for forest owners. In Italy there is no nationwide working support system for private forest owners, some forest owner organisations have been created but there has not been much progress in cooperation of private forest owners.

The adult education in forestry differs from other fields of activities because it might take a person's lifetime or even longer to grow a forest. This sets the focus on the consistency of forestry related education and advisory systems, including development of efficient support system for forest owners in all ages. In partner countries private forest properties are rather small. As forest may grow for 100 years and more, most small scale forest owners do not need specific forestry knowledge concerning different management activities. But it is important to keep forest owners informed about basic forestry, planning, forestry regulations, sustainable forest management and other relevant issues. The key is to keep small scale forest owners in information field of specialists from forestry sector, of forest owner associations and forestry advisors. The knowledge about sustainable forest management has to be passed on by generations. It is important to enhance the development of support system for private forest owners, educated advisors and organisations play important role in development of continuous forest management through multiple generations. Bringing small scale forest owners together does not only contribute in economic income, it also enables them to learn from each other experiences, create synergy for forest management and lifelong learning.

In all partner countries urbanization and as a result from this, difficulties in engaging forest owners in active forest management are two of the major challenges. Large amount of forest land is not managed, because forest owners are moving to the cities and therefore have lost or will easily lose contact with their forests. Difficulties with accessing their forest property due to insufficient infrastructure is also contributing to forest owners' detachment from managing their forests. Therefore forestry organisations from all partner countries have contributed to finding new ways to engage forest owners in active forest management, using legislation, media campaigns and other relevant opportunities.

**Engaging forest owners**

In Estonia and Italy public campaigns to attract forest owners' attention to managing their forests have been conducted. In Estonia media campaign (which included TV- and radio commercials, bulk mailing to forest owners *etc*.) has given good results, based on the growing number of forest owners who have joined forest owner associations or who have contacted forestry consultants for forest management advice. Other measures have also been used but best effects have been from providing benefits for forest owners, such as subsidies for forest management or creating better understanding of the possible values in their forest.

Subsidies offered to forest owners for forest management activities have increased their interest in improving the condition of their forest property. In Estonia the influence of different subsidies has been analysed and compared with planned forest management actions on the relevant period. Analyses show, that more than half (55% in 2012, 60% in 2013) of the forest owners, who used specific advising (more than 2 hours), planned different management activities in their forests on the same or following year. Good results also showed in comparison of planned activities and applied forest inventory and management plan grant – in 2013 total 36 547 hectares of forests were inventoried using subsidies for funding. In this and following year forest management activities were planned on 15 181 hectares of these inventoried forests. With high probability these results can also be transferred to other countries. Forest owners, who have been informed about support measures and opportunities offered, are willing to contribute their time and money in forest management activities, using knowledge provided to them by professional advisors and forest management plan. This shows the importance of raising forest owners' awareness and measures to engage them in different activities to be more closely bonded with local forestry organisations and advisors.

Providing management plan is probably one of the best opportunities to provide specific knowledge to forest owner about their own forest and about best ways to manage it. In all partner countries management plan can be drawn using grant from national or European funds but conditions for applying vary, different measures have been implemented to bring small scale forest owners together. For example, in Estonia only forest owner associations can apply for management plan funding, in Italy minimum area to apply is set to 80 hectares (average forest property there is 3 hectares). In England subsidies for management plan and management planning (£1000 minimum for woodlands over 3ha) forms a crucial part of the engagement process with woodland owners, and is educational in the respect that it informs woodland owners regarding best practice, potential threats, legislation regarding harvesting and deforestation and the need for management to maintain production and diverse habitat. Local contractors are commissioned to create the plans or Ward Forester undertakes the work themselves. The operations and inventory data are added to GIS based system and analysed to find best opportunities for owners.

The Forestry Commission provides a template and guide for completing the plan and on assessment of the plan conforming to UK Forest Standard grants ten year felling permission for the prescriptions set out in the plan. Ward Forester takes the process one stage further including a financial forecast based on the plan of operations based on estimated operational costs and sales. The recent development by the Forestry Commission is to make the eligibility of future woodland subsidies dependant on an approved plan further incentivises landowners to treat their whole holding as a unit as the new grant schemes are now linked to other agri-environment subsidies.

To keep forest owners interested in the fate of their forests, it is important to show the willingness to provide efficient support systems for forest owners. If government and regional regulations support private forest owners and work in the interest of sustainably managed forests, it will also be easier to engage forest owners in the cooperation with relevant organizations. By analysing the situation in all partner countries and information gathered during project meetings we concluded, that key aspects in advising and engaging private forest owners to contribute to sustainable growth and management of our forests are: 1) the development and growth of strong and sustainable forest owner organizations; 2) promoting sustainable forest management; 3) cooperation between competent organisations; 3) creating joint timber sale and forest management organizations; 4) providing printed and web-based information materials about forest management; 5) support creating of forest management plans.