

CC Pol. Unit.



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CONFIDENTIAL

The Rt Hon John Major MP
Chief Secretary to the Treasury
HM Treasury
Parliament Street
LONDON
SW1P 3AG

NBM

HC6

11/7

8 July 1988

Dear John,

PUBLIC EXPENDITURE SURVEY 1988 - FORESTRY COMMISSION

WILL REQUEST IF REQUIRED

In my letter of 20 May about the Forestry Commission's 1988 PES provision I pointed out that no bid had been made at that stage for any additional planting which might arise from woodlands being established under the set-aside arrangements.

Following John MacGregor's announcement of our Farm Set-Aside Scheme decisions on 14 June, the Forestry Commission in consultation with the Agricultural Departments has agreed on the likely take up of the scheme in order that an estimate of the proportion that will be put to woodland can be made.

It is anticipated that 4,000 hectares per annum will be put to woodland, of which half will enter the Farm Woodland Scheme and is thus covered by existing programmes. However, the balance of 2,000 hectares per annum will increase the total area of traditional forestry planting under the Woodland Grant Scheme. In order to provide for this, I wish to include a further additional bid of £1.3m for 1989-90, £1.4m for 1990-91, and £1.4m for 1991-92.

Both John MacGregor and Peter Walker, to whom I am copying this letter, agree with me that this additional bid for set-aside needs to be added to those set out in Annex B to my earlier letter. I am therefore enclosing an Addendum which incorporates this new bid with my earlier submission and which also indicates the relevant output measures and performance indicators for the additional forestry grants which are expected to arise as a consequence of the set-aside scheme.

A copy of this letter is also being sent to the Prime Minister.

MALCOLM RIFKIND

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ADDITIONAL BIDS FOR EXISTING POLICIES/PROGRAMMES AND NEW POLICIES

Additional Bids

	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>
Additional bids i. to iv. per Annex B	9.1	11.8	13.0
v. Set-Aside arrangements	1.3	1.4	1.4
Total Bids (£ million)	<u>10.4</u>	<u>13.2</u>	<u>14.4</u>

Output measures and performance indicators

v. Set-Aside arrangements			
New Planting Traditional Forestry			
Hectares Broadleaves	700	700	700
Conifers	<u>1300</u>	<u>1300</u>	<u>1300</u>
	<u>2000</u>	<u>2000</u>	<u>2000</u>
Average rate of grant per hectare	£650	£700	£700