



## National Assembly for Wales Consultation: Inquiry into the Public Forest Estate (WGE) in Wales

UPM Tilhill is the largest Forest Management Company operating within Great Britain with 200 000 hectares of woodland under active management. Of this more than 20 000 ha is in Wales making UPM Tilhill second only to NRW in the area of Welsh woodland which it manages. Our harvesting and marketing operation in Wales annually secures and markets over 500,000 tonnes of round timber

Within the Public Forest Estate UPM Tilhill purchase approximately 200 000 tonnes of timber and undertake annual contract activity valued in excess of £300 000

Of the 200,000 tonnes timber harvested over 90% is marketed within Wales, supporting existing businesses, promoting growth and developing new enterprises. The continuity of material from the Public Forest Estate underpins the whole timber industry within Wales and as such meets the wider Welsh Government objectives of supporting the rural economy and sustainable employment.

### **Commercial operations & focus of NRW**

Wales benefits from some of the best growing conditions in UK for the growing of commercial timber. It has a well-developed processing sector close to the main markets for home-grown timber. NRW are the custodians of a tremendous natural and truly sustainable resource that can be managed for the benefit of the people of Wales. The opportunity offered by focussing on the commercial operations of NRW can contribute significantly to the rural economy of Wales

- There is great unutilised potential within the WGE and NRW have the ability to drive more revenue from this asset
- The Forestry 'arm' of NRW are the only partner within the organisation that can realise a true financial return to WG but still they are regarded as the 'poor relation' to the former CCW and EAW element
- The focus to support the industry through the award of Long Term Contracts (LTCs) is commendable but more could be done to improve the operational efficiency of these.
- To the industry there seems to be a lack of "forestry leadership" within NRW and this has contributed to a lack of motivation within the staff
- Is the correct recruitment and training evident within NRW or are staff being re-located within the organisation to meet short term targets rather than to improve efficiency?
- We are concerned that NRW are not achieving best value for services they contract out

- The procurement process is neither transparent or consistent in the way tenders are evaluated
- Having to retender with detailed Risk Assessment & Method Statements when already qualified for a Framework Agreement is an unnecessary burden on suppliers
- There is no recognition for previous experience of working for FCW or NRW and suppliers have to repeatedly go through the Pre-Qualification Questionnaire process for each contract award
- We do not believe the tender process always results in best value to NRW and tax payers
- There is an opportunity to increase NRW efficiency of delivery by amalgamating smaller contracts into larger packages. An obvious example is to contract the felling and restocking within a management unit as a combined operation rather than as at present having the work broken down into separate contracts for each operation. This “scaling” up of operations could be included within harvesting LTCs

### **Delivery of business advice & support**

NRW is not an overtly commercial organisation and is not best placed to provide business advice but they have the opportunity to provide support and just as importantly the ability to undermine the Private Sector (PS) through inappropriate enforcement of regulation

- Forward planning in respect of eSales and Long Term Contracts (LTC) volume is paramount in order for the industry to invest in harvesting and processing
- NRW should be open to advice and guidance from the industry, in particular in relation to commerciality
- We are not aware of any advice being delivered by NRW and on the contrary advice from the PS is not acted on
- There is currently no mechanism for dispensing advice. NRW no longer employ Woodland Officers to advise and this “service” is delivered through WG by Glastir and through Forest Research which is a GB organisation
- We believe implementation of “best practice” for managing Felling Licence Applications, Deep Peat, Acidification and Environmental Impact Assessments is arbitrary and more engagement with stakeholders is required
- NRW demonstrate no flexibility for amending existing grant schemes eg to re-allocate under spent budgets or to make changes in response to *Phytophthora ramorum* (P ram). NRW appear to have given up on Better Woodlands for Wales (BWW) although this is by far the most active grant scheme in delivering activity on the ground and remains within control of NRW
- There has been a perceived increase in enforcement of regulation on the PS by NRW and it is difficult to see where the “public interest” test has been applied

- There is a suspicion NRW are quick to prosecute as they see numbers of prosecutions as a readily quantified performance indicator
- A real issue for the PS is the lack of balance in how NRW regulate themselves compared to the PS. It is not clear NRW even monitor for breaches in compliance within their own Forest Design Plans and certainly no sanctions are applied due to “crown immunity”
- NRW are responsible for delivering the WG Forest Strategy, Woodlands for Wales (WfW). Delivery has been haphazard with emphasis on “environmental” improvements and not the balanced approach of maintaining the productive capacity of Welsh Woodlands by compensating for environmental gain with woodland expansion as defined by WfW
- An excellent example of collaborative working and support between PS, 3 Unitary Authorities and NRW has been the formation of the Tywi Timber Transport Forum initiated by NRW and promoting the use of WGE forest roads to relieve pressure on fragile local highways and divert timber traffic away from vulnerable rural communities. There is potential for similar schemes elsewhere in Wales

### **Management of Disease Outbreaks**

The most significant disease outbreak has been *Phytophthora ramorum* and NRW have failed to effectively manage the spread of this disease within Wales. There has been a failure to engage effectively with the PS to find solutions. Management of the disease within Scotland appears to have learned from the failures evident in Wales

- There has been a slow response to the P ram outbreak. Good intentions at the onset of the disease prior to the formation of NRW but the focus has been lost with a lack of leadership and no sense of urgency
- It appears to be now widely recognised within NRW that management of P ram has been an abject disaster
- There has been a lack of any deliverable strategy in the last 3 years
- Attempts to develop an effective strategy have always been playing “catch-up” and have been rendered ineffective by the progress of the disease
- The latest P ram strategy although it took far too long to get agreed at least makes sense and can potentially adapt to development of the disease so long as NRW is able to respond quickly to change
- NRW's failure to self-regulate and comply with notices to deal with infected trees on WGE has led to a risk of spore build up within the main South Wales area of infection and there is potential for P ram to mutate into a form that could infect and sporulate on other commercially valuable species with even more serious consequences
- How can NRW have credibility to enforce Statutory Plant Health Notices in rest of Wales going forward? There is potential for serious reputational damage within farming and forestry community

- The processing industry quickly equipped themselves to handle the volume of Larch infected by P ram in what is traditionally a white-wood industry but volumes of Larch have been too slow and erratic in coming to market
- There has been a lack of guidance from NRW on compliance with dealing with infected material

**WAO report**

UPM Tilhill has no comment to make on progress made by NRW to deliver the recommendations of the Wales Audit Office