

**Y Pwyllgor Amgylchedd a Chynaliadwyedd**  
**Environment and Sustainability Committee**

Cynulliad  
Cenedlaethol  
Cymru  
National  
Assembly for  
Wales



Carl Sargeant AM  
Minister for Natural Resources  
Welsh Government

28 October 2014

Dear Carl,

**Inquiry into the public forestry estate in Wales**

You will be aware that the Environment and Sustainability Committee has recently undertaken a short inquiry into the management of the public forestry estate in Wales by Natural Resources Wales (NRW). This was partly in response to concerns raised during the Committee's consideration of the Business Case for creating a single environment body for Wales. Specifically, the Committee concluded that including Forestry Commission Wales (FCW) within the new body risked FCW's commercial focus being lost. The Committee felt that, a year since the creation of NRW, it would be a suitable time to undertake a short inquiry to assess whether that concern was justified.

The Committee issued a call for written evidence and held a day of evidence gathering sessions to hear from the forestry sector and NRW. Members also visited the NRW Garwnant forestry visitor centre in the Brecon Beacons and the BSW Timber sawmill at Newbridge-on-Wye, Powys.

The purpose of the inquiry was to consider:

- The commercial operations and focus of NRW;
- Delivery of business advice and support to the forestry sector in Wales;

- Management of disease outbreaks on the public forestry estate; and
- Progress made by NRW to deliver the recommendations of the Wales Audit Office.

A list of all those who provided evidence to the inquiry is attached as an annex to this letter.

### **Commercial Operations and Focus of NRW**

Evidence from the private forestry sector and representative bodies was highly critical of the commercial operations and focus of NRW. Witnesses referred to a lack of leadership and business acumen within NRW, which they believed had led to a deterioration in commercial focus and management of the public forest estate since the days of FCW.

Gavin Adkins, Purchasing Director for BSW Timber, told the Committee that as a result of NRW's policy of not purchasing services to harvest and deliver materials until the timber had been sold, his company had experienced delays in the delivery of timber from NRW. Mr Adkins suggested to the Committee that NRW should consider tendering for an annual contract for such services to improve consistency in supply.

Trefor Owen, Executive Director for National Services for NRW, said that he was aware that there had been delays due to high demand for timber and poor weather conditions, and that NRW would be examining how contract preparations could be streamlined. Ceri Davies, Executive Director for Knowledge for NRW, added that the organisation had encouraged all people who have had contracts with NRW to share their experiences with them.

**The Committee asks that Natural Resources Wales take on board the comments made by stakeholders in relation to the delays in supplying timber to the industry and to set out the steps it intends to take to avoid any future delays, including whether it would be possible to enter into longer term contracts for harvesting and delivery of timber.**

### *Promotion of forestry*

Stakeholders also raised concern around NRW's attitude towards promoting the forestry sector in Wales. The Committee was told that the industry had perceived a change since the transfer of functions from FCW to NRW. Mike Harvey, Director of Maelor Forest Nurseries, told the Committee that "The Forestry Commission was more supportive of forestry", whilst Martin Bishop, Confor National Manager for Wales, said that "[NRW] perceive themselves as

being advisers and not advocates”. Mr Harvey warned that “If a major player in forestry is not going to have a voice and argue for forestry, then I cannot see Welsh Government policy [Woodlands for Wales Strategy] being delivered.”

Mr Harvey went on to say that the forestry managers within NRW “do not report to somebody with senior forestry practices within NRW”. He added that many stakeholders believed “that that position is needed.”

Ceri Davies told the Committee that the responsibilities with NRW were clear, that she was responsible for forestry policy and strategy and that Trefor Owen was responsible for regulatory and enterprise aspects. Mr Owen said that he was pleased that NRW had been able to attract people to work on the forestry side, including some forestry professionals and some with backgrounds in other disciplines.

**The Committee realises that the concerns raised by the forestry industry are serious, however it also acknowledges the substantial changes that have taken place since the establishment of Natural Resources Wales and that time is required for the new structure to be embedded. In the meantime, industry concerns should not be ignored and NRW should take steps to ensure that such fears are allayed. The Committee requests that NRW provides an update on the steps it is taking to address these concerns.**

#### *Lack of planting*

Serious concerns were raised about the amount of woodland creation and replanting in Wales, particularly of commercial conifer species. Stakeholders were concerned that although there was sufficient potential timber supply for the next twenty years, the lack of planting would lead to a sharp decline in availability after 2030.

Gavin Adkins told the Committee that the Welsh Government’s target of planting 100,000 ha by 2030 was laudable, but that over the previous 5 years, only 200ha of new conifer had been planted, which was the type of timber used in the industry rather than broadleaves. He warned that planting was required immediately or the forestry industry wouldn’t survive in Wales in the long term. Other witnesses also concurred with this viewpoint.

Specifically, concern was raised that the balance of tree species being planted was further reducing the future supply of commercially viable timber. This

was highlighted by the Wood Panel Industries Federation in its written evidence, who said that

“during 2008–2013 only 65% of the felled area was restocked with conifers even though nearly 100% of the area was stocked with conifers at the point of felling. This compares to 84% conifer restocking in Scotland. Compensatory woodland creation has not mitigated this loss as only 200 hectares of conifers were planted during this time, compared to 2100 hectares of broadleaves.”

According to the Woodlands for Wales Indicators 2012–13, woodland planting had increased since 2008, but a greater proportion of broadleaf trees had been planted than conifers. It stated that

“since 2001, the estimated area of conifer woodland in Wales has decreased by 17,000 ha, while the estimated area of broadleaf woodland has increased by 33,000 ha.”

David Edwards, representing the Woodland Strategy Advisory Panel, said that incentives were needed to create new woodland, and that the particular problem in Wales was around the availability of land “because there are so many restrictions in place”. Andrew Bronwin, representing the Country Land and Business Association, added that

“there are a lot of blocks to new planting. You have a landowner who wants to plant and there are an awful lot of obstructions in the way before you can get approval. That might be environmental, it might be archaeological, it might be about the landscape, and there are an awful lot of organisations—most of them Government-funded in one way or another—that say ‘no’.”

Rory Francis, Communications Officer for Coed Cadw, the Woodland Trust, warned that the Welsh Government should make it clear to landowners interested in planting trees that the investigative work involved could be expensive.

NRW responded by saying that it had completed more than 1,400 hectares of replanting with twice the variety of species of a decade ago, the majority of species planted continuing to be commercial conifer species.

**Continued investment in the forestry sector is vital to the Welsh economy, therefore the Committee believes that the Welsh Government and Natural Resources Wales should listen to the concerns raised by the industry in relation to insufficient planting and the types of species being planted. The Committee would welcome an update from the Welsh Government and NRW as to how they intend to meet the target of planting 100,000 ha by 2030,**

and how the forestry industry and landowners are being consulted as part of this process to ensure that the types of species being planted are suitable for both commercial and environmental purposes.

### **Lack of transparency**

Concerns were raised around the transparency of NRW's commercial operations, which witnesses believed gave it an unfair advantage compared to private operators. Martin Bishop said that it would be useful for his members to have an indication of when NRW would be releasing timber on to the market. He said that his members were obliged to fell infected larch within timescales set out on plant health notices, but when his members and NRW release timber at the same time, there would be a 'commercial impact'.

Trefor Owen refuted the claim of a lack of transparency, saying that NRW was "the only forestry grower in Wales that sets out, once a year, the volume of timber that we intend to sell, when we intend to sell it in the year, and by what means." He added that "all of that timber is sold by electronic means now". He later said that he would look into whether it would be possible for NRW to make further financial information publically available.

In response to a question as to whether NRW made any profit on cutting and selling timber, Trefor Owen said that it did. He told the Committee that in 2012-13, FCW received around £18 income per tonne, and after costs of £7.30 per tonne, it made a profit of around £10.50 per tonne. He added that a profit of £10.20 had been made in 2013-14 despite the difficulties of dealing with *P.ramorum*.

The figures quoted by Mr Owen were later questioned by Confor in a letter to the Committee following the oral evidence sessions. Martin Bishop said that he did not recognise figures as an accurate reflection of the costs of harvesting and selling timber, and reiterated the industry's call for NRW to be more transparent in its operation.

**The Committee noted the concerns raised by witnesses around transparency, and welcomes the commitment by Natural Resources Wales to publish additional information. We would request that NRW engage in dialogue with the industry to discuss the type of information that can be made available, and that an update be provided the Committee as to the outcome. It would be helpful for NRW to clarify the figures provided in relation to the profit it makes on cutting and selling timber.**

## **Regulation**

There was a perception among witnesses that NRW was over-regulating the industry whilst not applying the same standards to its own forestry operations. Witnesses also felt that prosecutions were taking place in situations where they may not have done prior to the transfer of responsibilities to NRW. David Edwards told the Committee “we are seeing prosecutions now for illegal fellings that just would not have happened under the old FCW regime”. Witnesses referred to an example of a company being prosecuted for felling trees outside of the area it had been granted a licence to fell, which they believed to be harsh.

Again, these claims were refuted by NRW; Ceri Davies said that that NRW operated “the same enforcement prosecution policy as was undertaken previously”, and in response to the criticism of harshness of the prosecution raised, said that the operator in question had had “two warning notices and then failed to act.”

**The Committee would not wish to state a view as to whether Natural Resources Wales is over-zealous in its regulation of the forestry industry, however we do believe that improved communication between the parties would go some way to alleviating the concerns raised.**

## **Communication**

You will be aware of the perceived poor relationship that exists between NRW and the forestry industry, the evidence we heard to this effect is detailed below. You undertook to raise these issues with the Chair and Chief Executive of NRW when you met with them in September, and we would be grateful if you could update us as to the outcome of that discussion.

Witnesses told the Committee that, to date, there had been very little communication between the forestry industry and NRW, although there was acknowledgement of a slight improvement. Andrew Bronwin, said that one of his main criticisms was that “in order to get heard, we have to shout very loudly and moan a great deal.” He added that “we are beginning to be heard now a little bit and the fact that this committee is happening is helping our cause a little, but we should not have to shout so loudly in order to have our case heard. There should be a much more open dialogue and much more willingness to discuss”.

Martin Bishop told the Committee that his members were “talking about a lack of conversation with it [NRW], a lack of phone calls being returned, a lack of response to e-mails.” He believed that the deterioration in the relationship was a result of the organisational changes, he said “I think that it is because it is a different organisation that people do not know who to talk to”. Mike Harvey added that “the relationship between NRW and the industry now is not what it was with Forestry Commission Wales”. Witnesses referred to staff changes that had occurred as a result of the organisational change, which had led to stakeholders being unsure as to whom they should contact for advice. There was also concern that staff with expertise in the forestry sector had left or moved to different departments of the organisation.

Trefor Owen acknowledged that the organisation had lost a few “very experienced members of staff”, which has meant having to “draw new people into these roles, and they are still learning the ropes”.

**The Committee would be grateful for an update as to how Natural Resources Wales has managed staff changes since its creation, particularly around ensuring that any knowledge gaps due to staff leaving or moving around the organisation are filled. It would welcome information on how staff taking up posts are engaging with stakeholders in their respective sectors, and any assistance offered by the Welsh Government during this period of change.**

Despite raising these concerns, there was an acceptance amongst witnesses that dialogue with NRW was gradually beginning to improve, and that NRW were responding to concerns around bureaucracy, such as accepting forms electronically.

The representatives from NRW also acknowledged that improved communication with the forestry industry was needed, and undertook to take steps to achieve this. Ceri Davies said that they intended to strengthen the forestry representation on the Wales land management forum and put in place a mechanism for meeting with forestry industry representatives. She believed that these arrangements would allow for adequate dialogue with the sector.

**The Committee welcomes the commitment by Natural Resources Wales to improve its channels of communication with the forestry sector, and believes that this is a crucial element in improving the working relationship and alleviating the concerns raised by the industry. The Committee would welcome an update following your discussion with the Chair and Chief**

**Executive of NRW as to how the organisation intends to develop its communication methods and improve this relationship.**

### **Phytophthora ramorum**

Stakeholders were critical of NRW's response to the Phytophthora ramorum (P.ramorum) outbreak. There was a general feeling among witnesses that the initial response to the disease was too slow and that NRW had displayed a lack of leadership. Mike Harvey told the Committee that he believed that NRW had not dealt with the outbreak effectively; he said

“[...] ramorum should have been dealt with; if you are going to contain it and manage it, you have to take the diseased trees out as fast as possible and that did not happen. It [NRW] did not carry out its own equivalent of statutory plant health notices in south Wales as it should have done. The scientists predicted that, as a result, ramorum would spread and it did.”

Witnesses generally welcomed the approach of the Welsh Governments Disease Management Strategy for P.ramorum, but voiced some reservations about creating a 'Core Disease Zone', questioning whether such steps would have been taken had the outbreak happened on land owned by private landowners, rather than on land managed by NRW. Andrew Bronwin said “I also wonder whether, if all that land in south Wales had been in private ownership, it [NRW] would have reacted in the way it reacted. In other words, I wonder whether it would have taken all the notices off and created a core disease area or whether there would have been an awful lot of prosecutions flying around because people had not complied.”

NRW responded to the criticism by saying that it discovered the unprecedented spread of P.ramorum in its first month as a new organisation and operated a containment policy. Ceri Davies told the Committee that when the policy of containment felling did not work, NRW worked with the Welsh Government and the forestry sector to develop a new strategy, she said that “the development of new disease management strategy was done in conjunction with the sector, so Confor was in the room in the Welsh Government tree health steering group meetings where we were discussing and deciding what the strategy needed to be.”

### **Conclusion**

As a Committee, we are concerned to note the criticism of NRW raised by stakeholders in written evidence. We realise that the transfer of the responsibility for managing Wales' public forestry estate from FCW to NRW has resulted in a substantial change for all those involved with the sector. It was unfortunate that the timing of this change coincided with the widespread



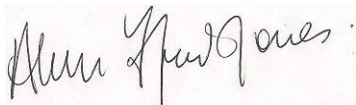
infection of P.ramorum, which would have caused significant problems for any organisation having to deal with its impact.

This inquiry has identified a number of issues which NRW will need to consider and respond to in order to relieve the tensions that exist between itself and the forestry industry. Having heard the perspectives of both sides, whilst we do acknowledge the real concerns raised, we believe that greater communication between NRW and the forestry sector to be the most important factor in fostering a better relationship between both sides. We note the commitment made by NRW to improve the transparency of its operations and communication with the forestry sector and expect to see plans put in place to achieve this.

As a Committee, we hold annual scrutiny sessions with the Chair and Chief Executive of NRW, and will continue to monitor progress through that channel.

This letter is copied to Emyr Roberts, Chief Executive, Natural Resources Wales.

**Yours sincerely**

A handwritten signature in black ink, appearing to read 'Alun Ffred Jones', is written over a light grey rectangular background.

**Alun Ffred Jones AM**  
**Chair of the Environment and Sustainability Committee**

## Annex A – Witnesses

The following witnesses gave evidence to the Committee. Transcripts of the meetings can be viewed at

<http://www.senedd.assemblywales.org/mgIssueHistoryHome.aspx?Ild=1308>

<b>5 JUNE 2014</b>	
<b>Session 1</b>	
Mike Harvey	Maelor Forest Nurseries Limited
Peter Whitfield	UPM Tilhill
Gavin Adkins	BSW Timber
Martin Bishop	Confor
<b>Session 2</b>	
Rory Francis	Coed Cadw, The Woodland Trust
Andrew Bronwin	Country Land and Business Association (CLA)
David Edwards	Woodland Strategy Advisory Panel
<b>Session 3</b>	
Ceri Davies	Natural Resources Wales
Trefor Owen	Natural Resources Wales

## Annex B – Written Evidence

The following written evidence was received. All written evidence can be viewed in full at

<http://www.senedd.assemblywales.org/mgConsultationDisplay.aspx?id=120&RPID=1003431971&cp=yes>

Organisation	Reference
Marc P Jones	PFE 1
Coed Cadw, The Woodland Trust	PFE 2
Dr Ian Miller	PFE 3
Llais y Goedwig Board	PFE 4
UK Forest Products Association	PFE 5
UPM Tilhill	PFE 6
Neil Anderson	PFE 7
Alec Dauncey	PFE 8
Confor	PFE 9
Woodland Strategy Advisory Panel	PFE 10
RSPB Cymru	PFE 11
BSW Timber	PFE 12
Wales Forest Business Partnership	PFE 13
Wood Panel Industries Federation	PFE 14
Natural Resources Wales	PFE 15
Maelor Forest Nurseries Limited	PFE 16
Wildlife Trusts Wales	PFE 17
Country Land and Business Association (CLA)	PFE 18

Further written evidence was received following the oral evidence sessions:

Organisation	Reference
Natural Resources Wales	E&S(4)-19-14 paper 6
Confor	E&S(4)-19-14 paper 7