



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

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

Dydd Iau, 5 Mehefin 2014
Thursday, 5 June 2014

Cynnwys **Contents**

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

Ymchwiliad i'r Ystâd Goedwig Gyhoeddus yng Nghymru
Inquiry into the Public Forestry Estate in Wales

Ymchwiliad i'r Ystâd Goedwig Gyhoeddus yng Nghymru
Inquiry into the Public Forestry Estate in Wales

Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod
Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting

Ymchwiliad i'r Ystâd Goedwig Gyhoeddus yng Nghymru—Tystiolaeth gan Cyfoeth Naturiol
Cymru
Inquiry into the Public Forestry Estate in Wales—Evidence from Natural Resources Wales

Papurau i'w Nodi
Papers to Note

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mick Antoni	Llafur Labour
Russell George	Ceidwadwyr Cymreig Welsh Conservatives
Llyr Gruffydd	Plaid Cymru The Party of Wales
Julie James	Llafur Labour
Alun Ffred Jones	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Julie Morgan	Llafur Labour
William Powell	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Antoinette Sandbach	Ceidwadwyr Cymreig Welsh Conservatives
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Gavin Adkins	Cyfarwyddwr Prynu, BSW Timber Purchasing Director, BSW Timber
Martin Bishop	Rheolwr Cenedlaethol dros Gymru, Confor National Manager for Wales, Confor
Andrew Bronwin	Y Gymdeithas Tir a Busnesau Cefn Gwlad Country Land and Business Association
Ceri Davies	Cyfarwyddwr Gweithredol yr Adran Gwybodaeth, Strategaeth a Chynllunio, Cyfoeth Naturiol Cymru Executive Director for Knowledge, Strategy and Planning, Natural Resources Wales
David Edwards	Y Panel Cyngori ar y Strategaeth Goetiroedd Woodland Strategy Advisory Panel
Rory Francis	Swyddog Cyfathrebu, Coed Cadw Communications Officer, Coed Cadw, The Woodland Trust
Mike Harvey	Cyfarwyddwr, Meithrinfeydd Coedwig Maelor Director, Maelor Forest Nurseries
Trefor Owen	Cyfarwyddwr Gweithredol ar gyfer Gwasanaethau Cenedlaethol, Cyfoeth Naturiol Cymru Executive Director for National Services, Natural Resources Wales
Peter Whitfield	UPM Tilhill

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Elfyn Henderson	Y Gwasanaeth Ymchwil Research Service
Catherine Hunt	Clerc Clerk
Adam Vaughan	Dirprwy Glerc Deputy Clerk

*Dechreuodd y cyfarfod am 09:31.
The meeting began at 09:31.*

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introductions, Apologies and Substitutions

[1] **Alun Ffred Jones:** Croeso i'r pwyllgor. Os bydd larwm tân yn canu, dilynwch yr tywyswyr a'r staff allan o'r ystafell. Hoffwn atgoffa pawb i ddiffodd eu ffonau symudol rhag iddynt amharu arnom. Rydym yn gweithredu'n ddwyieithog, felly mae croeso ichi gyfrannu yn Gymraeg neu yn Saesneg.

Alun Ffred Jones: Welcome to the committee. If the fire alarm sounds, please follow the ushers and staff out of the room. I remind everyone to turn off their mobile phones in case they affect the sound. We operate bilingually, so if you want to contribute in English or Welsh, you are free to do that.

[2] The translation is on channel 1. If you want to augment the sound, you can use channel 0.

[3] Peidiwch â chyffwrdd y botymau ar y meicroffonau, os gwelwch yn dda. A oes unrhyw un eisiau datgan buddiant o dan Reol Sefydlog 2.6?

Please do not touch the buttons on the microphones. Would anyone like to make a declaration of interest under Standing Order 2.6?

[4] **Antoinette Sandbach:** May I remind people to look at my registered interests?

[5] **Alun Ffred Jones:** Diolch yn fawr iawn. Rydym wedi derbyn ymddiheuriad gan Mr Gwyn Price. Nid oes neb yn dirprwyo.

Alun Ffred Jones: Thank you very much. We have received apologies from Mr Gwyn Price. No-one is substituting on his behalf.

09:32

Ymchwiliad i'r Ystâd Goedwig Gyhoeddus yng Nghymru Inquiry into the Public Forestry Estate in Wales

[6] **Alun Ffred Jones:** Fel y gwyddoch rydym yn cynnal ymchwiliad byr i sut y mae Cyfoeth Naturiol Cymru yn rheoli'r ystâd goedwig gyhoeddus. Rydym wedi derbyn 18 ymateb i'r ymgynghoriad cyhoeddus. Mae papur briffio wedi'i ddarparu ichi. Gofynnaf i'r tystion y bore yma i gyflwyno eu hunain.

Alun Ffred Jones: You will know that we are conducting a short inquiry into how Natural Resources Wales is managing the public forestry estate. We have had 18 responses to the public consultation. You have been provided with a brief. I ask the witnesses this morning to introduce themselves.

[7] I would like to offer you a very warm welcome to the committee and ask you to introduce yourselves.

[8] **Mr Whitfield:** Thank you. I am Peter Whitfield from UPM Tilhill and I am the director of timber operations. We have operations in Wales, Scotland and England. We are probably the largest private forestry company in the UK.

[9] **Mr Adkins:** I am Gavin Adkins. I am the group purchasing director for BSW Timber. We have operations in Wales, England and Scotland. We are the UK's largest sawmill.

[10] **Mr Harvey:** Good morning. My name is Mike Harvey and I am the director of Maelor Forest Nurseries. We are located just south of Wrexham. We are a large producer of forest planting stock, producing about 22 million this year, of which about 15% was sold into Wales.

[11] **Mr Bishop:** I am Martin Bishop from Confor, the Confederation of Forest Industries (UK) Ltd. I am the national manager for Wales. We are a members' organisation throughout the UK, with members ranging from owners, harvesters, contractors, right through to sawmills.

[12] **Alun Ffred Jones:** Thank you. William Powell, I will ask you to kick things off.

[13] **William Powell:** Diolch, Gadeirydd. I wonder whether you would please expand on comments that were made in a number of sets of your written evidence, and also on our recent visit to Newbridge-on-Wye—I gather to your establishment, Mr Adkins—regarding the foreseeable shortfall in timber supply in future years, particularly in productive timber and conifers, not just in terms of current planting figures, but also in terms of a lack of planting activity for more than a decade now. Would you address that point, please?

[14] **Mr Adkins:** As we sit at the moment, there is enough timber around for the demand within the marketplace. However, the Forestry Commission has just published its 50-year forecast availability report. That has shown that, in Wales, within 30 years, there will be a 50% reduction in the availability of timber, because of a lack of planting over recent years. To put that into context, the mill at Newbridge will be able to cut all of the saw logs in Wales at that point in time, because of the capacity that it would have installed. Therefore, that would not be a particularly vibrant forest industry for the rest of the industry. We feel that the target of 100,000 ha of new planting by 2030 is laudable, but nothing has happened. Over the last five years, 200 ha of conifer forestry has been planted. We really need to see something happening now, not in five years or 10 years' time. If it does not happen now, the investment decisions that will be taken in the next 10 to 15 years will not be taken in Wales. No-one will invest in a new, efficient processing capacity with the backdrop of reducing availability of timber.

[15] **Alun Ffred Jones:** I just want to check on what you have just said. How much planting had there been in Wales, did you say?

[16] **Mr Adkins:** Of conifer, 200 ha.

[17] **Alun Ffred Jones:** Natural Resources Wales seems to suggest in its evidence that it was 1,400 ha.

[18] **Mr Adkins:** Of conifer—

[19] **William Powell:** It is a split of conifers and broadleaves, is it not?

[20] **Mr Adkins:** Yes, it is a split of conifers and broadleaves.

- [21] **Mr Bishop:** [*Inaudible.*]—between replanting and new planting.
- [22] **Alun Ffred Jones:** It seems to be conifers.
- [23] **Mr Adkins:** In terms of new planting, the UK forestry statistics analyses the new planting in Wales, England and Scotland. In Wales, there are 200 ha of new planting over the past five years.
- [24] **William Powell:** Thank you, particularly for that particularly salient point, suggesting that you could actually cope with the full supply from the whole of Wales on current levels. That sticks in all of our minds.
- [25] I have heard from a number of sources that the 10% rule regarding the replanting of broadleaves is currently being interpreted by NRW in a way that is detrimental to the supply of conifers and productive timber for the future. I wonder whether it is possible for you or your colleagues to expand on that particular point, and whether that point is well founded.
- [26] **Mr Harvey:** It is well founded. A number of our customers have said this to us. They say that it is absurd. They say, ‘We only fell the productive conifers in the forest.’ So, if we are going to restock them with 10% of unproductive species—. Ultimately, over time, you want to have a productive area of forest.
- [27] **William Powell:** It is like compound interest, really, is it not?
- [28] **Mr Harvey:** You should look at the forest as a whole. Whereas it is correct to have your broadleaves in riparian areas and open space et cetera in terms of forest management, you do not do that to the felling coupes where you are producing your productive wood crops.
- [29] **Mr Bishop:** On your point about productive wood crops, even 30 years down the line—. It is happening now. We have not planted for 20 years. There are markets for timber that require small-diameter logs—the fencing market, small mills and so on. Those cannot find the raw material now because of a lack of planting 20 years ago. That is exactly the scenario—. Just turning to Gavin’s point, the timber that he wants in 30 years is the small thinning materials that are now missing. We do not have them.
- [30] **Mr Harvey:** There is another point that I would like to make about planting. Your figure about new planting misses the fact that there has not been the compensatory planting or restocking of the timber that has been felled. Existing conifer planting has fallen by about 17,000 ha, according to the latest statistics in Wales. There has been an 8,000 increase in broadleaf forest areas, but 17,000 ha are actually productive woodland, and that is what Gavin would use. This is due to not restocking areas, due to environmental purposes, or perhaps due to wind farms, or perhaps just due to not restocking for cash purposes—not having the cash to do it. The Welsh Government policy says that, in those instances, there should be compensatory planting, but that has not taken place.
- [31] **Mr Bishop:** According to the forestry statistics 2013 document, eight times more broadleaves were planted than conifers in Wales virtually every year since 2001.
- [32] **William Powell:** Chair, I have one more point, if I may.
- [33] **Alun Ffred Jones:** Yes, that is fine.
- [34] **William Powell:** My point relates to a point that the Country Land and Business Association made in its written evidence, which is that there is—with respect to its

perception, at least—a certain lack of transparency around NRW's commercial activities in terms of what is made available. It feels that there is potentially some skewing of the market between the public estate and the private sector. I do not know whether any of you have any comments to make with regard to that issue.

[35] **Mr Bishop:** Our members are trying to put timber onto the market, and they do not know at the point that they are putting timber onto the market what Natural Resources Wales is also putting onto the market. If anybody goes over it and somebody else puts a huge volume of something on the market, that is going to have a commercial impact. Transparency is a difficult one. Full transparency would be all the figures and all the costs. No, we are not asking for that; that is ridiculous. What we are asking for is transparency about what they are putting onto the market within a given timescale—

[36] **William Powell:** So you can anticipate the impact—

[37] **Mr Bishop:** So we can anticipate the impact. Particularly with the infected larch diseases, most of our members have time frames on this. They have to fell the larch by the given dates because the plant health notice tells them that they must. Therefore, they are putting crops onto the market when, actually, there are vast volumes of other stuff coming onto the market at the same time. It is a matter of timing—transparency and timing.

[38] **Alun Ffred Jones:** Antoinette wants to come in on this.

[39] **Antoinette Sandbach:** May I pick you up on that point about statutory plant health notices, which are what require the felling by a particular date? Are you finding that those are being applied consistently by NRW on its own forest estate in contrast to the private sector?

[40] **Mr Bishop:** No. There are two management plans now. There is the controlled zone—the core disease zone—in which it is not complying with the plant health notices, but just looking at the periphery. That has been a different management plan, which was put in place since the disease started. It was a reaction to vastly more disease than was anticipated. We would actually argue that that was caused by its inability to tackle the disease in the first place. Had it tackled the disease, we would not have had that level of infection.

[41] **Mr Adkins:** If I may come in on that, in some ways, it reflects what was also happening in the south-west of Scotland, where there is a large outbreak of that disease. There is a core area where, effectively, the commission in Scotland has said, 'That's diseased, and we'll work through that as and when. What we will do is target the outbreaks on the perimeter of that to try to stop the spread'. That is really what we are seeing happening now, and statutory plant health notices are being enforced on the edge, and in the core area we are felling as we go along. I think that that is actually quite a practical way of doing it because it acknowledges that, actually, within the core area, there is not a lot you can do to stop the spread.

[42] **Antoinette Sandbach:** Perhaps I can ask Mike, then, about the risk of disease within that core area jumping species. At the moment, Sitka is fairly resistant to Phytophthora.

[43] **Mr Harvey:** It has been infected where there has been very high inoculum.

[44] **Antoinette Sandbach:** It has.

[45] **Mr Whitfield:** If I may just add that that is one of the major concerns we have. If the infected larch is not dealt with rapidly, there are real risks of that building up in other commercial species.

[46] **Antoinette Sandbach:** Is there are also a risk of that jumping over to the broadleaf species and not just the commercial species?

[47] **Mr Harvey:** The fear with ramorum is that you do not know what a host is. There is a fear of it mutating if it hybridises with another form of Phytophthora, but the fear is about what is out there that is another host. That is the fear.

[48] **Mr Bishop:** Many species can be affected but very few of them actually propagate the disease. It is that ability to change to propagate the disease that we are concerned about.

[49] **Alun Ffred Jones:** Julie Morgan, do you want to come in on this?

[50] **Julie Morgan:** Yes. The written evidence we have received has been highly critical of NRW's response to the larch disease. I just wondered whether you could make some overall comments about how you feel NRW has managed this.

[51] **Mr Whitfield:** I will just start with an overview. From our side, the general feeling was that the reaction was very slow and, while the problem was obviously developing, it was difficult to assess the extent, in the early stages, to see where that might end up. However, I think that what we would say is that, even today, and we are now three years down the road, both from the processors' point of view, where the processors are geared up to receive this infected material and research markets, and from a contractors' point of view, the rate of what should have been happening actually happening has been far too slow.

09:45

[52] **Mr Adkins:** In terms of the processors' point of view, the key concern for us was having consistency of supply. Larch is not a material that is generally used within the UK market; we had to develop a market for it and, in order to do that, you have to have the confidence that you can supply it. In theory, we should have that confidence, because there are a lot of trees that are dying because of the disease. The reality is that we have not been seeing the volumes coming forward. When NRW decided that it was going to put forward long-term contracts, that was very much welcome. That gave us something that allowed us to say, 'Okay, we know what volumes are going to come through on an annual fee basis. We can build a marketing strategy around that.' So, I welcome that, and I think that that has been a very positive move from NRW in terms of giving the trade the confidence to tool up to sell the material. My problem is that we are seeing delays in the delivery of that. With contracts that should have started at the beginning of April, we are not seeing the stock available until—with one of my contracts, we are not going to see stock being available until the end of June. This is the fencing season, when we are going to be able to sell larch at a premium and return some value for people. We are just not seeing it come through, because of delays in getting those contracts up and running. So, while the intention is good, and I applaud that, the delivery is poor.

[53] **Mr Bishop:** If you contrast that with what happened in the south of England and the south-west, which I was heavily involved in at that time—I was actually the first processor in the UK to get a licence to use the larch—they really got in there, they really hit it hard and the landowners really played their part, all credit to them. If you look at the figures now, they are pretty much on top of it. They are never going to get rid of it; larch is going to disappear. It is about managing it and managing it over a period of time. We had great concern that NRW decided that it suddenly wanted to eradicate all larch within five years. Actually, the plan was to do it over 20 years, and that fed into Gavin's point about having a processing plant. You would invest in a processing plant if you knew that you had a supply of x amount for 20 years. If it is all disappearing in five years, how much money would you invest in a processing plant?

[54] **Alun Ffred Jones:** However, I am right in saying that you have a contract now with—

[55] **Mr Adkins:** We have a contract, you are absolutely correct. We have a contract now for 10 years to process larch and, on the back of that, we will be making an investment at Newbridge in order to process that material. That is why I say that I absolutely commend the intention, because that has given us the confidence to go out and make that investment. My issue is that we have to see consistency of supply and contract start dates being achieved, because when they are not achieved, we do not have massive stockyards. Our stockyard turns over in a week. If you do not start on the contract date, that puts me in the position of being a distressed buyer, and I have to go out on short notice and replace that material. So, the efficiency of the operation needs to be looked at; the intention of the operation is absolutely fine.

[56] **Llyr Gruffydd:** On this point, one of the points that Natural Resources Wales has made to us in relation to larch is the concern about the potential of flooding the market with infected wood, and the implications that that would have. Is that a fair comment?

[57] **Mr Adkins:** I am not sure that that is a fair comment, actually. When you look at the amount of import material that the UK takes in, we have lots of ability to displace imported timber. Over the last four or five years, we have certainly done that, and we have moved the UK market up to a sort of 40% share of the total market, reducing the amount of imports. That can still be increased. Right now, as we all know, with the housing boom that is going on, there is a lot of demand for timber. So, we are sitting here with our customers on very long lead times to get hold of their timber, and the industry is struggling to get hold of it, because it is not being brought forward.

[58] **Joyce Watson:** I am trying to get underneath the processes—that is what we are trying to do here. So, you are saying that you have a 10-year contract, you have somebody who is going to provide the goods, but it is not happening. I can only assume—I do not know much about your industry except what you tell me—that somebody is going to extract that wood and deliver it to you, so there is another area here at play. Are there problems with contractors being able to fulfil that role? What is actually preventing the process from being delivered on time to you with all the other commitments in place?

[59] **Mr Adkins:** My understanding, and certainly with NRW's direct production rather than the standing timber that it sells to other parties to deliver, is that it undertakes a policy of not purchasing the contracted services until such time as it has sold the timber. That is both with the short-term spot sales and the longer term sales. From the point of sale, it then has a period of tendering to get the contractor in place to harvest that material and to then deliver it. In a market where you have got a lot of demand, that becomes a little bit more difficult because contractors are already committed elsewhere. However, what it is not doing is giving a long-term contract to contractors to harvest on its land. One of the things that it will do—certainly, I think, from your point of view, Peter, when you are bidding for a long-term standing contract—is that it will want to see that you are backing up that contract with contractors so that you can deliver on that. Why is that not the same with the direct production? We are told that it is to do with EU procurement regulations, and what have you; well, I understand the tendering process, and showing that you get good value for taxpayers' money, but surely you can tender for an annual contract, or for a five-year contract, so that you have a pool of contracting resources that you can direct at the various coupes of timber that you are going to harvest.

[60] I used to manage a 10,000 ha forestry block. That is not anything like the size of the 100,000 ha that NRW is managing, but we had 100,000 tonnes a year of direct production,

which is 25% of what NRW does, and I had a contractor that tendered and then was taken on on a five-year contract, which meant that I could just direct him to whichever coupe that I wanted to harvest. The contractor was always there, ready to work. Actually, we worked down our costs, because I was also buying in the standing market at the same time and taking in contractors. I actually got the best value for my own forest by tendering for a five-year contract.

[61] **Alun Ffred Jones:** Julie, do you want to follow up on that?

[62] **Julie James:** Yes, I would like to follow up on that procurement point. I do not know anything about the forestry industry, but I know quite a bit about procurement, so is NRW not putting out indicative notices to say how it is going to do the procurement for the forestry industry? It is caught by the EU regulations as it is a public authority, but it is perfectly possible to put out what is called a PIN—a prior information notice—which tells you what you are going to do for the next year, or indeed longer than that, if it wants to.

[63] **Mr Bishop:** Forestry Commission England produces sale details 12 months in advance, where you have sale dates, and each district—the southern district, the western peninsula and all the rest of it—will have a volume attributed. You do not know the individual details of those, but it puts all of those out so that you actually know where you are going. Then, on the back of that, you can put that out on a contracting basis to say you can put in an expression of interest.

[64] **Julie James:** The point of a PIN in any industry is to gear the industry up for what a big supplier or contractor is about to do, so that you can plan accordingly.

[65] **Mr Bishop:** It is perfectly possible, and there are models of that happening elsewhere.

[66] **Julie James:** But that is not happening here.

[67] **Mr Whitfield:** Well, we do get a sight, 12 months ahead, from NRW as to what is likely to be marketed. That has obviously been confused and caused problems with the disease outbreak. Coming back to the procurement of contractors, we are probably the largest employer of contractors in the private sector, and what we find, exactly as Gavin says, is that you need to be able to give the commitment for them to invest. So, if there is more activity, they are businessmen—they would look at that as an opportunity. However, there needs to be that longer term commitment to enable them to invest. In Wales, over the years, we have moved towards much more professional resource, and we are much more conscious of health and safety when it comes to harvesting so that we are able to utilise that. However, they do need that long-term view and commitment.

[68] **Julie James:** May I ask one more question? You said something about planting over the last 20 years and, obviously, NRW has only recently been born. Is it just carrying on a policy that was present in the Forestry Commission? Is there a change of direction now that NRW is in charge of it?

[69] **Mr Adkins:** I think we have to be a little fair here. This is not a Wales-only problem—this is a UK problem. The UK has not been planting conifer trees for a very long period of time. So, this is not a result of NRW.

[70] **Julie James:** It has only just come into existence, to be fair, so it cannot be responsible for 20 years ago.

[71] **Mr Adkins:** It is certainly not just a Wales issue, either. This is something that, UK

wide, we need to get to grips with. If we want a vibrant forest industry and if we want to displace the 60% of imported material that we are taking on, then we need to plant more timber.

[72] **Julie James:** There is just one last question from me. [*Interruption.*] Go on, then, Antoinette. We will come back to my question.

[73] **Antoinette Sandbach:** I just wanted to come in on that point.

[74] **Mr Harvey:** There is one thing about NRW that currently concerns me, and that is the remit given by the Welsh Government to NRW. NRW has taken over the biggest private forest estate in Wales. Having talked to senior officials, I gather that they do not see their role as being to promote forestry or to be an advocate for it. In the forest industry, for raw materials, we are up against the steel lobby and other massive lobbies. In terms of land use, we are up against the National Farmers Union and the RSPB, which receive massive funding. If a major player in forestry is not going to have a voice and argue for forestry, then I cannot see Welsh Government policy being delivered.

[75] **Julie James:** You have just answered the question that I was about to ask, which is: has there been a policy change since—

[76] **Mr Harvey:** Whether it is a policy change or a difference in interpretation, it was said quite clearly to me by senior officials.

[77] **Julie James:** That was not the case before the creation of NRW. Is that what you are saying?

[78] **Mr Harvey:** I do not believe that it was the case.

[79] **Julie James:** So, the Forestry Commission did not hold that position.

[80] **Mr Harvey:** The Forestry Commission was more supportive of forestry.

[81] **Mr Bishop:** They perceive themselves as being advisers and not advocates.

[82] **Joyce Watson:** NRW?

[83] **Mr Bishop:** Yes.

[84] **Mr Harvey:** We think that that may also relate to the fact that it plays the roles both of regulator and commercial operator.

[85] **Julie James:** It does that in a number of fields, so—

[86] **Alun Ffred Jones:** NRW is a major player in this field, because of the huge estate, but what about the private owners? Do you have any problems with them, or are they minor bit-players in this scenario of supply, for example?

[87] **Mr Adkins:** They are not minor players. Sixty per cent of my material for Newbridge will come from the private sector. However, they are much more fragmented. There are a lot of individual owners, some funds, and what have you, but you are dealing with a large number of disparate owners, if you like, and they will have their different requirements for bringing timber to market. There is not that need, as the Forestry Commission had and as NRW, I believe, has in terms of supporting the forest industry. They are there on their own private merit and for whatever reasons they want to hold timber, and they will bring timber to

market as and when that suits them. So, we cannot rely on that timber as much. However, to say that we do not have a good relationship is not true; we have a very good relationship with the private sector, otherwise we would be very short on timber.

[88] **Alun Ffred Jones:** Are they better at selling timber? What is the difference between the private sector and NRW? They are doing the same thing: they are growing trees, they are cutting them and selling them, presumably.

[89] **Mr Adkins:** In terms of delivery, they are more reliable, once you have bought your timber from them under contract, because they have brought it to market and you have bought it. The start dates and the requirement to get the job done and dusted means that they are pushing it more than perhaps the processing sector is.

[90] **Mr Bishop:** There is also the matter of time periods. The private sector tends not to have such good infrastructure, so one tends to move into those forests perhaps more in the summer, when the weather is better. In the wintertime, a lot move on to NRW, and the contracts need to reflect that.

[91] **Mr Whitfield:** The private sector, as Gavin has pointed out, has different drivers in terms of how it brings timber to the market, and there is not, or it is very rare to have, one private owner who has a significant block of forest that he will market over a number of years. He tends to have a one-off sale that comes to the market, and it will be dictated by price and by demand in the market. However, over the whole piece—and Gavin has highlighted that, for Newbridge, for instance, it accounts for 60% of the supply—overall in Wales, it accounts for about 40% of the timber that comes to the market. So, it is a very important player.

[92] **Alun Ffred Jones:** Antoinette is next.

[93] **Antoinette Sandbach:** How do you feel, given that it accounts for 60% of the market, about NRW being the regulator? What do you feel about the support given to the private sector in terms of woodland planting, access to advice and management?

[94] **Mr Bishop:** There has been very little advice for the last 12 months. Most of our members are talking about a lack of conversation with it, a lack of phone calls being returned, a lack of response to e-mails. NRW tells us that the staff are the same and that it has not changed the staff, but I think that it is because it is a different organisation that people do not know who talk to, just at a basic level—literally just at a basic level.

10:00

[95] **Antoinette Sandbach:** In terms of delivery, it was Better Woodlands for Wales, now it is Glastir woodland. How are you finding that that switch has gone? Are gaps being created between the two schemes?

[96] **Mr Harvey:** Yes, there are huge gaps being created. We fear that there is going to be no effective woodland grant scheme put in place for the next two years. The Better Woodlands for Wales scheme is now what we call a legacy scheme; it is finished, and it is not taking any new entrants, but existing players in there, because of conditions outwith their control such as ramorum or storms, have not been able to do their work programmes as per the original BWW contracts and therefore they have been penalised and have not been allowed grants. We have said to NRW, 'Come on, there is funding there, please be flexible', and its response to us was that it does not have the resources to change or to extend the dates within the system, because the system is too rigid for it to learn to do that. As a consequence of that, one of the aims of Welsh Government policy was to look at better management of the

private sector-owned forest in particular, for biodiversity reasons, not just for timber reasons, and that is not happening. So, the Welsh Government identified that as a need and has provided funds to ensure that happens, but it is not happening on the scale that it should be happening because NRW is saying that it does not have the resources to reflect what has happened with these tree diseases and the winter storms.

[97] **Alun Ffred Jones:** Russell, did you want to come in on this?

[98] **Russell George:** Yes. Thank you, Chair. In terms of business advice, from your evidence I think you are saying that Natural Resources Wales is not providing business advice, and you are also saying that it needs advice itself. I know you suggested perhaps where that comes from, but could you talk to that because I know that one of you gave evidence about that? I cannot remember who provided that.

[99] **Mr Whitfield:** That was probably from Tilhill. David Edwards, who will be giving some evidence later, probably will be better able to speak to that, but the feeling generally is that the ability to deliver advice formally through the woodland officers does not exist anymore within NRW. There needs to be two-way communication from the private sector, where there is a huge amount of expertise, knowledge and experience that could assist. I guess it comes back to some of the core concerns that we would have about the structure of forestry within NRW, namely that it is very difficult from the outside looking in to see where the leadership is coming from, how the structure actually works and how forestry itself is represented as it was previously in Forestry Commission Wales.

[100] **Russell George:** So, are you saying that you got good advice from Forestry Commission Wales and that that changed with the changes—

[101] **Mr Whitfield:** I think it was clearer as to where you would go for it.

[102] **Mr Harvey:** From my own industry's point of view, we worked regularly with the Forestry Commission on silviculture, species, diseases, et cetera. The relationship between NRW and the industry now is not what it was with Forestry Commission Wales, or indeed with the wider Forestry Commission before devolution even. Given that it is just a small industry, I think that that has disadvantaged the Welsh policy of having a strong forestry industry.

[103] **Mr Bishop:** It seems far more bureaucratic than it was before. It appeared before that you had a personal contact and people could make personal decisions. A simple example would be an agent working for an owner. Now that agent has to get the owner's signature to tell NRW that they can work on their behalf. NRW will not accept an electronic copy of that—it has to be a paper copy, whereas before the Forestry Commission would have known that the agent worked for that owner.

[104] **Russell George:** Are these issues that you have raised with Natural Resources Wales?

[105] **Mr Bishop:** It is looking at that, to be fair. We raised it with it, and it said that it will start to get the electronic medium working better for it.

[106] **Russell George:** In terms of the level of funding, how has that changed with the change to Natural Resources Wales? You were talking about access to funding, but there is the level of funding.

[107] **Mr Bishop:** There is no funding for conifer planting for commercial planting at all, or even for replacement crops because of diseased larch. The theory is that the Glastir

management replanting plans will take care of that, but Glastir is not open for expressions of interest at the moment. So, there is no compensatory planting at all.

[108] **Mr Harvey:** Sorry to interrupt, but that is a very important point. On the funding for afforestation in Wales, it is very unclear to the private sector how that funding is going to be managed because we have the NRW saying to us now that it is not going to manage it and that managing grants is not its responsibility; that is going to lie with Welsh Government. Our fear is about the fact that forestry is a small industry and a specialised industry, and the specialists exist within NRW not within Welsh Government; the Welsh Government is farming. So, you are going to have farmers giving advice to foresters and laying out rules to foresters about how the grant is going to operate. It is bound to lead to problems.

[109] **Russell George:** I have one last question. Just before I started asking questions, you were talking about regulating. I think that one of you provided evidence to the effect that Natural Resources Wales was not regulating itself.

[110] **Mr Harvey:** It does not regulate itself, no. NRW set out in a meeting between some of the private forestry sectors—I think UPM was there—that it is protected from Crown—

[111] **Russell George:** It has Crown immunity, I think you said in your evidence.

[112] **Mr Harvey:** That is right, yes. Whereas there has been a prosecution, which we thought was a bit over the top, with UPM. To understand, there had been one felling prosecution in the prior two years. It is not an area that is begging for tighter regulation. In fact, senior officials in NRW have said that forestry is not a problem area. So, why have this very sort of litigious attitude suddenly turned on, which NRW has turned on? What is the reason for it?

[113] **Mr Bishop:** We have asked for clarification on the enforcement committees—who they are, what they are and what their remit is. It seems to us that, if they are enforcing in relation to problems with pollution, with larger companies polluting rivers and that sort of stuff, or a nuclear power plant, the level of enforcement needed for that is totally different from the level of enforcement needed because a couple of trees got felled prematurely that would have been felled next year anyway. Maybe this enforcement committee is looking at different ways of doing of it.

[114] **Mr Harvey:** What is worse, obviously, is that it is, if you like, in competition with the private sector, but it is not applying the same rules to itself.

[115] **Alun Ffred Jones:** How do you know that it is not applying those rules to itself?

[116] **Mr Harvey:** It is because it does not enforce them. It does not enforce the special health notices. Talking about the spread of ramorum, 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 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. That is a classic example.

[117] **Russell George:** We can ask Natural Resources Wales later, Chair.

[118] **Alun Ffred Jones:** Joyce Watson is next.

[119] **Joyce Watson:** I am more confused now that I was at the start of the whole process. You are saying that NRW does not have expertise, application of rules, and that management is not the same as it was before when you had the Forestry Commission, but they are the same

people. So, I suppose that my question is a very simple one. Why is it the case that the same people are not doing the same job, even though the overall title of the company might be different? If you all changed staff, your company would work in the same way, I would expect. Why is it that you are now saying that there is a complete—. I am not saying that they are exactly the same people, but, overall, they are the same people.

[120] **Mr Bishop:** We would not change companies. If we had a company and we changed staff, we would change staff, but the company would remain the same. I think that it is really a lot to do with the fact that it has been inward-looking and looking at how it is running its company and how it is running its systems. It has been setting itself up and has not been concerned with what is happening outside the company.

[121] **Mr Harvey:** The key point that was explained to me by its officials is that it is looking at spatial management. So, instead of having a forestry sector responsible for the forestry and woodland, it is looking at land management and forestry as part of that. So, it does not look at it as vertically as we would do in managing a forestry estate. It sees forestry as part of land management, and its management of the forestry estate is on that basis. The forest managers report to the district manager for that area for NRW. They do not report to somebody with senior forestry practices within NRW. I think that a lot of us have said that that position is needed.

[122] **Mr Whitfield:** I think also that any major change that affects people and the culture of the way that they carry out business—. Certainly in anecdotal evidence, from talking to people within NRW, there is a feeling of having lost their identity. I think there is also, inevitably in major change like that, a taking away of focus from delivery to ‘How do I fit in here?’ Previously, there would always have been the very direct connection with the other forestry commissions in Scotland and in England. That has been severed and I think that, overall, there is a real issue about how we bring that focus back onto forestry within NRW. That, I think, has been one of the issues that has affected the delivery issues that we have been highlighting.

[123] **Mr Adkins:** Also, I cannot talk so much for the forest management, but certainly on the harvesting and operation side of things, we have seen significant changes in the staff and a lot of these changes have been people who have been with FCW for quite a long period of time and they worked around pragmatic solutions to underlying problems. What we now have is a lot of new staff, who are new in the role and are not necessarily as well versed in getting around the problems. What it has really done is highlight some of the problems in the procedure around the planning and delivery of harvesting operations. That comes back to the comment that was in UPM Tilhill’s submission about taking advice from the private sector. We need to be working as an integrated supply chain, so, as a supply chain manager, I should be working with my supplier to make sure that I am getting the timber at the time that I want it, to the quality that I want. I would welcome the opportunity to be able to work like that with them.

[124] **Alun Ffred Jones:** Llyr sydd nesaf **Alun Ffred Jones:** Llyr is next and then
ac wedyn Antoinette. Antoinette.

[125] **Llyr Gruffydd:** I have to say that the oral evidence that we have received this morning and the written evidence that we received previously, in my view, are some of the most damning pieces of evidence in relation to any public body that I have seen in a long time. It seems to me that the sector’s view of the world as it is compared with Natural Resources Wales’s view, in terms of the evidence that has been provided, are poles apart. I will quote to you the UK Forest Products Association’s evidence, which says that things have,

[126] ‘deteriorated markedly since the creation of NRW and its current standard of

performance is woefully inadequate in every respect. There appears to be an almost complete lack of customer focus, including any appreciation of the needs of customers and the importance of effective communication.'

[127] From what I have heard, I presume that you subscribe to that view. So, what channel is open to the sector to actually have this dialogue with Natural Resources Wales's representatives, so that you can sit down, tell them what the problems are and allow them to go away and come back to you and say, 'Okay, this is how we will address them'?

[128] **Mr Harvey:** We are trying to develop those channels. I met with Emyr Roberts at the beginning of the formation of NRW and, at the time, Emyr said to me that he was going to open a channel directly between Confor and NRW, but then that channel got changed into being Confor attending what is called the land management forum, and that is the way in which it was done. Forestry hardly ever features in the land management forum and the problem is that no-one in NRW sitting on that forum at board level really understands forestry; that is a real problem.

[129] **Llyr Gruffydd:** So, there is a fundamental problem there in a sense because your voice is not being heard by Natural Resources Wales.

[130] **Mr Harvey:** Yes, that is a fundamental problem. If we had someone on that board who held executives to account and who knew about forestry, I think that that would make a significant difference.

[131] **Mr Bishop:** We would like to see, as one of the changes, someone on the board with forestry experience.

[132] **Llyr Gruffydd:** Would that be sufficient then, if that were provided?

[133] **Mr Harvey:** I think that it would be a good start.

[134] **Mr Bishop:** I was at a land management forum meeting yesterday and there were two of us from forestry and around 15 people from the agriculture sector. So, we need to get more people onto that committee.

[135] **Mr Harvey:** But to be fair to NRW, we did have a recent meeting with some of the senior officials involved in forestry. We have all been throwing brickbats about these things and clearly it is in their interest and our interest to have regular meetings where we sit down, rather than having formal letters being sent all over the place. That is not in anyone's interest. I mean, I am supposed to be running a business. We do not want this. So, I think that there is a willingness there to improve communication and, hopefully, that will happen.

[136] **Mr Bishop:** I think that the key to it all is communication up and down—literally from the lowest level to the highest level. We are in 2014; there is no excuse for not having good communications systems. We have better communications than we have ever had in history.

10:15

[137] **Alun Ffred Jones:** I am aware that there are three Members who wish to come in. Antoinette, then Bill—

[138] **William Powell:** Chair, my point was around the issue of representation at board level and I have heard an emphatic enough response to the question that I do not wish to add to it.

[139] **Alun Ffred Jones:** Okay. Antoinette is next and then Julie.

[140] **Antoinette Sandbach:** This committee issued a report on the business case for the formation of NRW, and the forestry sector was very much identified as a risk in NRW. It was specifically highlighted and there were questions about whether FCW should be included in Natural Resources Wales. Have you seen steps taken by Emyr and the board to address the risks that this committee identified in its previous report, about the inclusion of Forestry Commission Wales in NRW?

[141] **Mr Adkins:** I would have to say 'no'. My view at the beginning of this process—I was with a different company in Wales at the time—was that there was a real risk that the forestry side, which was fairly unique in the public sector in that it was a trading body, would be subsumed into an environmental compliance body and be the junior partner. I have to say that from where I sit now, that feels a little bit like where we are.

[142] **Antoinette Sandbach:** We were told that there were going to be new ways of working and that bringing the Forestry Commission into NRW would make it more customer focused and would bring business expertise and market expertise into NRW, and there would be this whole new way of working. From the evidence that I am hearing today, in fact, that has not happened and you are dealing with a regulatory body rather than a commercial one.

[143] **Mr Adkins:** If I may, I would say that I have seen some new people come into NRW who I would say have that wider commercial view, and I am not necessarily a forester, so from the trading perspective, I see that. However, in many ways, they have been thrown in at a time when there is an enormous amount of change and they are having to get up to speed with the forest industry as well as apply commercial knowledge to it, while a lot of the knowledge that was within FCW has exited through retirement or whatever. So, that is where we are seeing a lack in the delivery. They are going to take time to learn.

[144] **Antoinette Sandbach:** Is there a specific executive director in charge of forestry in NRW?

[145] **Mr Harvey:** No.

[146] **Mr Bishop:** Not that we are aware of.

[147] **Alun Ffred Jones:** Julie Morgan is next.

[148] **Julie Morgan:** Would you say that communications are now beginning and that you are—

[149] **Mr Bishop:** We meet with it on a regular basis now.

[150] **Mr Harvey:** We have had a first meeting.

[151] **Mr Bishop:** Yes, and we have had an acceptance from it that it will meet with us regularly and review these items.

[152] **Mr Whitfield:** As a major customer, I meet with it on a quarterly basis, so, in terms of actually getting in front of an account manager and talking with them, that is fine. It is more about where you go to resolve the problems that are not being resolved by your account manager.

[153] **Mr Harvey:** There is one issue, coming back to your earlier question, Antoinette.

The area that particularly interests me is woodland creation—actually planting trees. We perceived that, with NRW taking over forestry and amalgamating CCW and the Environment Agency, if there was strong leadership within NRW, all the barriers to planting trees that have always been thrown up would be removed and it would be done on an evidence-based system. Sadly, that has not happened.

[154] **Julie Morgan:** The question that I actually wanted to ask was this: I was concerned that Peter Whitfield said that all the contact had been lost with the Scottish forestry commission and the English—I do not know whether there is a forestry commission in England—

[155] **Mr Whitfield:** There is Forestry Commission England, yes.

[156] **Julie Morgan:** You said that those sorts of links within the UK have been lost, so I wonder whether you could expand on that. What are you saying? Are you saying that there is no communication?

[157] **Mr Whitfield:** Formerly, you had Forestry Commission GB, which had an oversight for various policy and implementation issues. At an operational level as well, there would have been significant interaction and exchange of ideas. The separation is really at that sort of level. There are still some operational discussions. For instance, on issues such as health and safety and some harvesting and marketing issues, I think that there is still a certain level of interaction. However, the bigger picture overall is that, as a result of devolution, there has been a split between the different countries that has caused this separation. Certainly, one of the views that we would have is that it is not just that, but it is that combined with being absorbed into NRW, with regard to identity and the focus on forestry, where all that has contributed to losing that focus.

[158] **Mr Bishop:** I was actually at a debate at the Hay Festival last Friday that was between Emyr Roberts and Simon Hodgson. The point was made there that it was the first time that the two had ever met, which I was surprised about.

[159] **Alun Ffred Jones:** Would it not be fair to say that, in fact, these would be teething problems that you would expect in any new organisation that has to pull in three different bodies, and that, in effect, a year is not long enough to judge whether it will be effective or not? Are you being a bit unfair on NRW?

[160] **Mr Harvey:** The issues with ramorum were unfortunate. It struck just as it was being formed. It was a matter of where the responsibility would lie for getting those trees down, whether it would be the old FCW or the new agency. Certainly, in a period of transition, things will go off the rails et cetera. However, we are failing to see things that are going to stand up and give us confidence that things are going to work right in the future.

[161] **Mr Adkins:** On your point about teething problems, I absolutely think that these are teething problems, but unless we get them out into the open I do not see that they will be addressed. They are things that we need to resolve. Certainly from an operational point of view, and in terms of efficiency of running a sawmilling industry and timber industry in Wales, we need to resolve those. We cannot have, as is the case in my experience, contracts starting four months after their due date. That is not efficient. So, we need to resolve those issues. Yes, there are teething issues, and we will get those done. My bigger concern is more the long-term issue of getting trees into the ground. If we do not that, our industry will die.

[162] **Mr Bishop:** Will NRW actually have the focus to do that, given that it has other environmental constraints from other organisations?

[163] **Llyr Gruffydd:** That was one question that I wanted to ask: whether you are finding that there is a conflict between the environmental duties that it has, and this sort of old issue around commerciality.

[164] **Mr Bishop:** Yes. There will be, quite definitely, particularly with upland tree felling, for instance. When you look at eco-management and a catchment area, there will be requirements, as we understand it, for no more than 30% of a clear fall in one particular catchment area. As the forest industry is very fragmented, who is the one owner who will be allowed to have their clear fall bit done when the other owners will not? It is very difficult.

[165] **Mr Harvey:** The other issue that you are talking about is the conservation lobby. Do not tag them as environmentalists, because, from my perspective, we are the environmentalists. It is wood production, which will be really important. We had our acidification meeting in Shrewsbury a few months ago. Basically, the scientists were saying that it is no longer the issue that it used to be for afforestation because the atmosphere is not polluted. The real threat of afforestation is acidification of the oceans. In the next 20 years, that will seriously affect our local fisheries. The answer to that is substituting steel and concrete, and using wood. That is the material. Going back to your question about what is wrong with NRW, what I find is wrong is the remit from the Welsh Government to NRW, which manages that big forest estate, to push forestry. This is a good thing; we should be doing more of it. That message is—*[Inaudible.]*—forestry. If it is not doing it—

[166] **Mr Bishop:** We can look at a precautionary principle on timber supplies. At the moment, we are a fairly affluent society. Perhaps we can afford to buy our timber from somewhere else in the world, but in 50 years' time we may not be. If we do not put timber in the ground now, future generations will not have that opportunity.

[167] **Antoinette Sandbach:** Obviously, NRW is also saying that it is managing woodland for access and managing it for a variety of species, and all those sorts of things. Does it have sufficient broadleaf planting on its forestry estate to allow it to do both, to allow it to re-stock for commercial planting, and to encourage other people to re-stock with commercial planting, but still have that broadleaf? As a private forestry owner, I know that when I am cutting down sick spruce, I am not allowed to cut down my broadleaves. So, when I am taking out my sick spruce, I am not taking out the broadleaf. That stays standing. It remains there, and if that 10%—

[168] **Mr Harvey:** It is not mutually exclusive at all. Again, it is a point that I made in an earlier representation about this industry. Forestry, going back 30 or 40 years ago, made some serious mistakes. That keeps coming back, but forestry has moved on. With forest certification, they would not be allowed to plant the trees where there were deep peat bogs. They would not be allowed to do that. You have got to put your broadleaves down in riparian areas. Environmental standards have been brought in to improve forestry significantly. Forests have been opened up for recreation as well. Forestry has moved on and, unfortunately, that is not being recognised. I did include a report—I do not know if you have had the chance to read it—on Eskadalemuir, showing the potential, economically, of what forestry can do for the uplands as well. Again, this is what I feel, but the manager of the biggest woodland estate should be bashing on tables saying, 'We know of this,' but there is no voice.

[169] **Alun Ffred Jones:** Are there any other takers? I think that you have exhausted the committee. Thank you for coming along and putting your case so forcefully. Obviously, you will be sent a transcript of the evidence and if you could just peruse it for accuracy, we would be very grateful. We will, hopefully, produce a report very shortly on the evidence that we have received. Diolch yn fawr iawn. Thank you very much indeed for coming along.

[170] **Mr Harvey:** Thank you for letting us speak.

[171] **Alun Ffred Jones:** We will break now for 10 minutes.

*Gohiriwyd y cyfarfod rhwng 10:26 a 10:39.
The meeting adjourned between 10:26 and 10:39.*

**Ymchwiliad i'r Ystâd Goedwig Gyhoeddus yng Nghymru
Inquiry into the Public Forestry Estate in Wales**

[172] **Alun Ffred Jones:** Bore da. I welcome you to this session of the committee, where we are listening to evidence on forestry and NRW's role. I ask you to kick off by introducing yourselves, saying what your positions are and what you do.

[173] Dechreuwn gyda ti, Rory. We will begin with you, Rory.

[174] **Mr Francis:** Rory Francis ydw i. **Mr Francis:** I am Rory Francis. I am Rwy'n swyddog cyfathrebu i Goed Cadw, communications officer for the Woodland *Woodland Trust*, yng Nghymru. Trust in Wales.

[175] **Mr Bronwin:** I am Andrew Bronwin. I am a private sector woodland manager. I chair the Wales forest business partnership, and I am here representing the Country Land and Business Association today.

[176] **Mr Edwards:** My name is David Edwards, and I am representing the woodlands strategy advisory panel. I am a commercial forester, and I am one of 22 members of that panel.

[177] **Alun Ffred Jones:** Diolch yn fawr iawn. Thank you very much. We will kick off immediately. William Powell, you start.

[178] **William Powell:** Thank you, Chair, and good morning all. One of the strongest themes that runs through all the evidence that we have received for this morning's session, from stakeholders and foresters all over Wales, is a concern about the level of commercial forestry planting, particularly conifer planting currently, but also for over more than a decade now. From the perspective of your experience in your organisations, could you speak to that? What do you think needs to be done to address it to safeguard the future of the industry?

[179] **Mr Bronwin:** We have a hole in our critical mass of commercial forestry; it is 30 years, really—we have not had planting for 30 years, I would say, not 10. When the tax concessions came off, which was about 30 years ago, planting stopped, and we have not filled that gap. I think that you heard this morning about the consequences of that, and I would certainly endorse that. We have Glastir woodland creation and an ambitious aspiration from Welsh Government to plant 100,000 ha, which will certainly go a long way to filling that hole in our critical mass. However, it is not happening. What is being planted is predominantly broadleaf. That is my experience as a private sector manager.

[180] **Mr Edwards:** From the woodland strategy's point of view, the woodland strategy advocates woodland expansion. It also advocates that, where productivity is lost from woodlands for various environmental gains, it is put back somewhere else, but it is not happening. So, the policies and the theory are all very well in the background; what is not happening and has not happened for a long time—we cannot see that it is going to change any time soon—is that we are not getting that productive capacity maintained within the forestry that we have, and we are not expanding the forest area.

[181] **Alun Ffred Jones:** A gaf i ofyn i chi, Rory, wneud sylw ar hyn o'ch perspectif chi?

Alun Ffred Jones: May I ask you, Rory, to comment on this from your perspective?

[182] **Mr Francis:** Mae Coed Cadw eisiau gweld diwydiant coetir sydd yn llewyrchus. Mae ein hamcanion elusennol yn sôn yn arbennig am goed brodorol, ond nid ydym yn erbyn plannu coed conwydd o gwbl. Fel y dywedodd David, rydym yn gefnogol iawn i'r strategaeth 'Coetiroedd i Gymru', sydd yn ddogfen a ddylai lunio polisi coedwigaeth yng Nghymru. Mae'r ddogfen honno yn gofyn am ragor o goetir. Rydym yn meddwl bod hynny yn gwneud synnwyr. Nid ydym yn erbyn plannu coed conwydd; dim ond mewn coetiroedd hynafol mewn ardaloedd arbennig rydym yn pryderu am hynny. Felly, rydym eisiau gweld mwy o goed ac rydym eisiau gweld diwydiant sydd yn llewyrchu.

Mr Francis: Coed Cadw, The Woodland Trust wants to see a prosperous woodland industry. Our charitable objectives make particular mention of native species, but we are not against the planting of conifers in any way. As David said, we are very supportive of the 'Woodlands for Wales' strategy, which is a document that should form the backbone of forestry policy in Wales. That document calls for more woodland. We believe that that makes sense. We are not opposed to the planting of conifers; we are only concerned about that in ancient woodlands and in protected areas. So, we want to see more trees being planted and we want to see an industry that is prosperous.

[183] **William Powell:** One thing that seems to be particularly difficult is how it is practically possible for any new family concern or new commercial venture to get into forestry if they are not already in it, because of the extraordinarily long payback time. Does something need to be done to address this, in terms of incentivisation to bring in landowners to help to deliver the ambitious targets that you have all spoken of? Basically, it would see two thirds of the people in this room out before you would be looking at getting any commercial return. I understand that the thinning, and so on, that happens during the course of forestry production is very marginal and the costs considerable. If you are in forestry and you are committed to it in the long term, it is a different issue. What do you think needs to be done in that area?

[184] **Mr Edwards:** You need incentives to create new woodland; there is no doubt about that, and that is what has happened since the 1950s and 1960s when the private sector expanded. There has always been support, whether that is tax relief, direct grants or whatever. That argument is fairly well agreed. The problem that we have in Wales now is particularly to do with the availability of land to plant because there are so many restrictions in place, and what we are looking for is very much a will to facilitate new planting, and that is not what is happening.

10:45

[185] **Mr Bronwin:** The other point I would make there is 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'. It was the role of NRW until the end of last December, when it gave up the management of the woodland creation grant, to arbitrate, and it actually did that very badly and it did not arbitrate—rather it gave in. To any single interest group that said 'no', it would say, 'Well, fine, then, the answer is "no"', rather than taking a much more objective view on it. So, we had schemes where landowners wanted to plant but we could not get them through the system.

[186] **Mr Edwards:** There is potential for inward investment as well, but you are not going to get people investing in land with potential for forestry if they are not sure that they are going to be able to get approval to plant.

[187] **William Powell:** Also, in the home nations, presumably, you may well have got a more attractive offer—

[188] **Mr Edwards:** It is a problem throughout the UK, but certainly there is more new planting going on in Scotland than there is in—

[189] **Mr Francis:** What I would stress is that this is a supertanker and we are trying to turn it around. Actually, the grants that have been available over the past few years have been quite generous and there has been a movement in the right direction, but it has been very much too slow. We are working very hard to try to get the message over and, actually, we think that part of the answer is about the fact that, in the past, we have had woodland on one side and agricultural policy on the other, and we think that we need to get over that. Actually, schemes like the Pontbren scheme in Montgomeryshire have shown how the two can work very well together. So, we think that there is a huge job to do in terms of winning hearts and minds. WSAP has been advising on a new woodland creation grant scheme, which we very much hope will be launched and be attractive to farmers. It is all about getting something that makes sense to the farmer, to the landowner.

[190] **Alun Ffred Jones:** Mick Antoniw wants to come in on this.

[191] **Mick Antoniw:** There are a couple of points that arise from that that I am not really clear about in terms of what is being said. Perhaps we can just take them in stages. First, Andrew, you referred to 30 years of a policy of no planting when tax concessions came to an end, and so on, which takes us back to around 1985 or so. Is it the tax concessions that are the issue or is it that the industry would not be viable without tax relief? What is the interrelationship?

[192] **Mr Bronwin:** Tax relief was a big driver back in the day but, of course, it became politically unacceptable because it all got tied up with plantings in northern Scotland with wealthy people planting areas of high environmental interest and getting high levels of tax relief and the whole thing got thrown out in one go. That stopped it dead in its tracks, actually. So, yes, because forestry is a long-term business and because we do not have a particularly strong culture of woodland in this country for various reasons, you do need to incentivise people one way or another to put their land, which was doing something else agricultural, into forestry. If it is not tax that is incentivising them, it has to be something else, or the support that goes into the other things, predominantly agricultural, that are competing with forestry needs to become less attractive. Agriculture is massively heavily supported publicly, and of course farmers understand that, they understand the public support, so why are they going to go into something else that, as William says, is much more risky and has a much longer return on it unless you make it worth their while or you remove the other payments that are going to them in some way or another—single farm payments, agri-environment schemes or whatever they are—that make it more attractive for them to shift from one to the other? We have not solved that problem really.

[193] **Mick Antoniw:** So is it not viable as an industry, commercially, without tax incentives and grants and so on?

[194] **Mr Bronwin:** Well, the other difficulty is that we have had a long period of relatively low timber prices and that, again, has been for a number of reasons, some global, some internal. So, if there was a much higher price paid for timber and there was less competition coming from the competing land uses, then there may be a different view on it, but we are not there at the moment. Now, with global changes and a much greater perceived demand for timber, that may all change. If we start planting only when that change happens, we are going to be 50 years or 40 years behind the game. If we want to be more self-sufficient as a country

with our own timber, with all the carbon and sustainability arguments that go with that, and building houses out of our timber and so on and so forth, we have to grow it and we have to deal with the issues that we have to deal with in order to make that viable.

[195] **Mr Edwards:** There is also a big difference between creating new woodland and waiting for the trees to grow before you get anything back and the actual managing of existing woodland. The economics of both are quite separate.

[196] **Mick Antoniw:** It follows on then that one other aspect to it—. You raise the issue of restrictions and the availability of land et cetera. I will ask this in two parts. Is the issue the availability of suitable land or just of land in general? In terms of the restrictions, with reference to conflicts between archaeological landscaping and so on—we hear evidence from various interest groups and so on, who are all fighting a particular corner—it seems to me that there is not a lot of hegemony between the bodies involved in rural areas in particular in terms of what they see as their priorities. Is there really that conflict, or is there a natural conflict between the various policies themselves in terms of agriculture, forestry, et cetera? Is there a way of resolving that?

[197] **Mr Francis:** Obviously, in a sense, there is conflict, in that a landowner has to make a decision about what to do with his land. Clearly, this planting opportunities map that has been mentioned has been hugely controversial. The Woodland Trust very much wants to see the right tree planted in the right place. We have amazing habitats in Wales, which are amazing open land habitats; we have wonderful wild flower meadows and you do not want to plant in areas that are going to be damaged by that. So, we think that there does need to be a system, but we are strongly of the view that the way in which the previous system worked was a belt-and-braces approach. People thought, ‘How can this go wrong? Let’s make rules to make sure that it cannot possibly go wrong.’ The result has been that some schemes that would, by all accounts, have been beneficial, where landowners had wanted to plant a few trees and could see the difference that it made to their farm business and could see that it would bring environmental benefits, have not been able to happen because of this excessively cautious map. WSAP has discussed this and we very much hope that there will be some replacement that is rather more nuanced and leaves more room for common sense and professional judgment.

[198] **Alun Ffred Jones:** I was going to bring Russell George in, but carry on, Mick.

[199] **Mick Antoniw:** I will just ask one further question. Is it an issue of restrictive regulations, or is it an issue that policy has not developed sufficiently to bring together the various interest groups and so on that exist?

[200] **Mr Bronwin:** I will give you a very quick example. I had a scheme of 40 ha in the Snowdonia national park. It was rather marginal upland, not of great conservation interest, but it did have a couple of old quarry sites in it. There were no scheduled ancient monuments. We had to go out to consultation with the park and the archaeologists came back and said ‘no’. We excluded the quarry areas and excluded a buffer zone around them and they still said ‘no’. They would not tell us why they were of interest; they would not meet us on site and they wanted a survey for unseen archaeology across 40 ha. They were not willing to pay for that; the owner would have to pay. If the owner paid and found something, they would obviously still say ‘no’, and if the owner paid and they did not find anything, they may say ‘yes’ and they may not. What owner is ever going to take that risk? NRW took the view that that was all fine.

[201] **Mr Edwards:** It is only 14% of the land mass that Wales has actually got trees on it, so it follows on that there is a huge proportion of the land mass of Wales that is available for a wide range of land uses, of which forestry should be one; woodland cover should be one.

Woodland cover is too low. We need to see it expanded and there is room to expand it.

[202] **Alun Ffred Jones:** I am going to bring in Russell George on this point.

[203] **Russell George:** My question is probably aimed at Rory. In terms of the—*[Inaudible.]*—woodland and grants available for woodland and, as you just said, planting trees in the right places, who provides that advice? Is adequate advice given by NRW to landowners and farmers?

[204] **Mr Francis:** The system is going to be changed, of course. There has been this map—I know that you have been involved in some casework on this with someone who we have also been involved with—and the aim was to put all of this information in a map. If you think it through, the idea that you can just come out with a map that will say where trees should and should not be planted everywhere in Wales, that is a difficult task. To be fair to the system, there was an amber area where trees could be planted but subject to consultation. However, to also answer Mr Antoniow's question, I think that part of the reason why the thing has not worked very well is because, where landowners wanted to appeal against an area being designated red on the map, or indeed where there was amber and there needed to be consultation, if it turned out that there needed to be some investigation, for instance, within CCW, or later NRW, there was no pot of money to pay for that. If the Welsh Government wants to encourage landowners to plant trees in the right place, then I think that that is an issue that has to be addressed.

[205] **Mr Bronwin:** I am sure that you all know, but may I briefly remind you, that woodland creation is no longer the remit of NRW? It is back with the Welsh Government at the moment. So, it is not something that it has responsibility for any longer.

[206] **Russell George:** Again, my next question is perhaps to Rory. In the past, local authorities have had officers who have provided advice to landowners and farmers. I am never quite sure whether they are funded by NRW or part funded by it. Have you got any experience of that at all?

[207] **Mr Francis:** There has been an excellent network of Coed Cymru officers, for instance, who are based with local authorities—well, actually, there is still an excellent network based with local authorities, and who are also part of a national organisation, and we see those as having a really important role. However, the issue remains that, if the Welsh Government wants to encourage landowners to plant trees in the right places, and if that involves some investigation, then it has to be clear, if that is going to be very expensive and the cost will fall on landowners, that that will be a big deterrent.

[208] **Russell George:** Those officers who are providing advice, who do they work for and how are they funded? That is what I do not understand.

[209] **Mr Bronwin:** There is a private sector out there. David and I work for it. We do that and that is what we get paid for. We act as agents doing exactly that. So, the system is there. Antoinette employs one of them to do that. It works; the system is there. The network of advice exists; that is not the problem.

[210] **Mr Francis:** The way that Glastir woodland creation used to work was that the time of the agent was paid for by the Welsh Government. It was a very generous scheme. It had problems with it, but it was generous—you cannot complain about that.

[211] **Alun Ffred Jones:** Antoinette, do you want to come in there?

[212] **Antoinette Sandbach:** Yes. In terms of dealing with NRW, there used to be a

network of woodland officers, who presumably agents and perhaps owners could go to and talk to. Are you finding that there is a loss of expertise in NRW and are you finding that there are open lines of communication for you to resolve practical difficulties on the ground?

[213] **Mr Bronwin:** I think that that relationship has changed a lot over the years and that is not to do with the FCW/NRW change; the culture regarding what woodland officers did, where they used to have a lot more contact with the owners and give informal advice went a long time ago. Woodland officers now are much more the processors of applications and regulators. That is their job.

11:00

[214] **Mr Edwards:** They are entitled regulatory woodland officers now.

[215] **Mr Bronwin:** In a way, we in the private sector do not necessarily want them out there giving advice and public funds paying for what we can do, but we want them to facilitate the system, so that when we submit applications on behalf of a private owner, it goes through smoothly, quickly and efficiently.

[216] **Antoinette Sandbach:** Have you found that there has been a change since FCW was merged into NRW?

[217] **Mr Bronwin:** It has been up and down, it is probably true to say. With Better Woodlands for Wales, there was a management plan scheme, you could apply for everything for a five-year period all in one scheme. It was quite a long process to get it in the system, but when you did get it there, you had your approvals for quite a long period. We do not have that any longer. We do not have anything like it at the moment. Now, we have to do everything through felling licences, which is not at all satisfactory and much more bureaucratic and piecemeal. Having said that, my experience is that they are processing them reasonably well. That is working okay. That is possibly a Welsh Government issue more than an NRW problem, because we are waiting on a new rural development plan and everything that that brings, and we are in a no-man's-land at the moment.

[218] **Mr Edwards:** There is definitely a hiatus now. There is ongoing confusion regarding what is NRW's responsibility and what is the Welsh Government's responsibility. Sometimes, we get the feeling that NRW's staff do not even understand where their responsibilities lie.

[219] **Antoinette Sandbach:** The Minister is due to make an announcement on Glastir on 17 June; that announcement was due a few weeks ago. Do you see opportunities for subsidies to support the management of woodland and, perhaps, payment for ecosystem services? I believe that there has been a change at a European level and that forestry, for the first time, is being included in the RDP officially. I do not know whether that is right or not.

[220] **Mr Bronwin:** Of course, again, NRW does not deliver Glastir. It said that it did not have the resources to do it, so it has thrown it back to the Welsh Government. If you want a view on Glastir from a forestry perspective, my view is that it is hopeless.

[221] **Antoinette Sandbach:** Why?

[222] **Mr Bronwin:** It is too agricultural in the way in which it thinks. You have to remember that farmers get the single farm payment. That props them up using the public purse, and then the Glastir scheme is an agri-environment scheme on top of that to make them do things, or encourage them to do environmental things that the Government is prepared to pay for because otherwise they may not do them. Forestry does not have the equivalent of a

single farm payment, and it needs to be encouraged to do things that are a mix of commercial and environmental actions and so on. If the only public money going in is biodiversity driven, then it skews the whole thing too much the wrong way, and private owners, by and large, are not interested, so they do not engage with it at all. The result of that, because it is not like farm land, where they farm year in, year out, is that woodland owners just shut the gate and go home. They do not do anything.

[223] **Mr Francis:** This committee has just published an excellent report on sustainable land use, and I would say that forestry and woodland is probably the best example of sustainable land use. It employs people, it produces a resource, and it is the only economically viable way we have not of stopping carbon dioxide emissions, but actually taking carbon dioxide that has already been emitted out of the atmosphere. There are also social benefits. Coed-y-Brenin, near where I live, presents amazing benefits. So, my plea would be that, yes, we should try to get more economic benefits out of our woodland, but let us recognise all of the benefits they provide, such as the ecosystem service, the human benefits and biodiversity. That is the important thing.

[224] **Llyr Gruffydd:** Dros y munudau diwethaf, rydych wedi cyffwrdd unwaith neu ddwy ar y dryswch sydd o safbwynt rôl y Llywodraeth a rôl Cyfoeth Naturiol Cymru. A oes efallai awgrym bod angen ailedrych ar symud rhai o'r cyfrifoldebau hynny i un ffordd neu'r llall?

Llyr Gruffydd: Over the last few minutes, you have touched once or twice on the confusion that exists with regard to the role of the Government and that of Natural Resources Wales. Is there a suggestion, perhaps, that we need to look again at moving some of those responsibilities one way or the other?

[225] **Mr Edwards:** I think that we certainly need clarity about who is responsible for what and more integration and cross-over between the woodland aspects of Glastir and NRW as the regulator. You have a situation just now where NRW has a regulatory input into Glastir contracts, but a contract is being agreed and the NRW element does not agree with the contract and the contract has already been signed off. It is completely dysfunctional just now and it really needs sorting out.

[226] **Mr Francis:** Fel y soniais, roedd Coed Cadw wastad yn gefnogol o'r syniad, yn fras, o ddod â Chomisiwn Coedwigaeth Cymru, Cyngor Cefn Gwlad Cymru ac Asiantaeth yr Amgylchedd at ei gilydd. Fodd bynnag, rydym hefyd yn meddwl y bu i'r cyngor cefn gwlad a'r Comisiwn Coedwigaeth, tan ryw flwyddyn yn ôl, a dweud y gwir, wneud pethau gwerthfawr iawn wrth gynghori a helpu'r Llywodraeth i ddatblygu polisiau. Rwy'n meddwl fod yr hen gynllun Tir Gofal yn un poblogaidd iawn oherwydd ei fod wedi cael ei ddatblygu mewn partneriaeth gan bobl a oedd yn deall y problemau. Yn sicr, rydym yn gobeithio y bydd y corff newydd, wrth edrych yn eang a gweld beth sydd eisiau'i wneud, yn cael y cyfle i helpu Llywodraeth Cymru i ddatblygu polisiau sy'n deillio o'i brofiad ei hun. Hefyd, buaswn yn licio'i weld yn cymryd rôl mwy *proactive* o ran rhoi grantiau i annog y pethau y mae'r Llywodraeth yn dweud ei bod

Mr Francis: As I mentioned, Coed Cadw, The Woodland Trust was always supportive, broadly speaking, of this concept of bringing Forestry Commission Wales, the Countryside Council for Wales and the Environment Agency Wales together in one body. However, we believe that until around a year ago, the countryside council and the Forestry Commission, if truth be told, had done some very valuable things in terms of advising and assisting the Government to develop policies. I believe that the former Tir Gofal scheme was a very popular scheme because it had been developed in partnership with people who actually understood the problems. Certainly, we hope that the new body, in looking broadly at all aspects and identifying what needs to be done, will have the opportunity to assist the Welsh Government to develop policy that emerges from its own experience. I would also like to see it taking a more proactive role in giving grants to

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encourage the activities that the Government says that it wants.

[227] Nid wyf yn beirniadu ymddygiad y gweision sifil yn Llywodraeth Cymru, ond rydym yn meddwl bod yr hen gyngor cefn gwlad a'r hen Gomisiwn Coedwigaeth wedi gwneud gwaith gwerthfawr yn y maes hwnnw.

I am not criticising the behaviour of civil servants within the Welsh Government, but we do believe that the former countryside council and the former Forestry Commission did some valuable work in that area in the past.

[228] **Llyr Gruffydd:** Mae'r dystiolaeth rydym wedi ei derbyn yn ysgrifenedig—ac mae'n bosibl y clywsoch hyn yn cael ei ddweud yn y sesiwn yn gynharach—i fi yn cyfleu'r neges nad yw'r drefn newydd fel y mae ar hyn o bryd yn gweithio. A ydych chi'n cytuno?

Llyr Gruffydd: The evidence that we have had in written form—and it is possible that you heard this being said in the earlier session—to me sends a message that the new system as it currently is just does not work. Would you agree with that?

[229] **Mr Francis:** Yn bersonol, byddwn yn dweud ei fod yn rhy gynnar i ddweud, ac fel yr oeddech chi'n sôn cyn y toriad, bu i Phytophthora daro jest wrth i'r corff gael ei sefydlu, ac roedd hynny'n her enfawr iddo.

Mr Francis: Personally, I would say that it is too early to say, and as you said before the break, Phytophthora struck just as the body was being established, and that was a huge challenge for it.

[230] **Llyr Gruffydd:** A oes gennych chi farn am hyn?

Llyr Gruffydd: Do you have an opinion on this?

[231] **Mr Bronwin:** I think that it is difficult with a new organisation. It was taking on a really ambitious task of putting these three organisations together and I think that there was a slight naivety around how difficult it was going to be to bring three cultures together in that way and turn it into a new organisation. That will take time.

[232] I think that it has the next year to show us that it can do it, really. It does not work—. One of my main criticisms is that in order to get heard, we have to shout very loudly and moan a great deal. 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, rather than, 'No, no, no, no, no'. That is what we have had, really.

[233] **Llyr Gruffydd:** That was a question that I asked in the previous session: where is the interface between the sector and Natural Resources Wales? How do you present that voice, currently?

[234] **Mr Bronwin:** Well, it was through the land management forum, which was our only route. Last Monday was the first meeting between Confor, as a representative of the sector, and NRW officials. That was the first meeting.

[235] **Llyr Gruffydd:** The first meeting.

[236] **Mr Bronwin:** That was the first one last Monday, and we only had that meeting because we moaned a lot. That should not be the way that it is.

[237] **Mr Edwards:** Engagement is a key issue for us. We want to engage and be able to have a dialogue. We do not necessarily want to be told what to do, or what we cannot do. We want to be engaged. We have a lot of expertise out there in the private sector.

[238] **Llyr Gruffydd:** Is it your feeling that there might be a capacity issue as well? There is that reality, I suppose, within Natural Resources Wales.

[239] **Mr Bronwin:** That is hard to call, actually. I am not sure whether it is lack of capacity or lack of willingness. I cannot tell—

[240] **Llyr Gruffydd:** We can ask it in the next session.

[241] **Alun Ffred Jones:** Julie James is next.

[242] **Julie James:** I wish to go back to something that we were talking about regarding the increased woodland area for Wales. All three of you have mentioned it to some extent. We had a presentation in private to this committee, a little while ago now, from Professor Gareth Wyn Jones. His paper was absolutely fascinating. I do not know whether any of you have had a chance to read any of his published stuff. Our paperwork—[*Inaudible.*]—of it. He talked about an enormous increase in the wooded area of Wales, particularly in the uplands. He addresses the issues about subsidies to various meat-producing industries, in particular, and so on. I do not know whether any of you have had a chance to read any of that, and whether you would like to comment on it.

[243] **Mr Bronwin:** I have heard him speak. He is referring to what was happening post-war, I suppose. Our industry now is based on that period of about 40 years. That was it. It kind of came and it went. So, we are riding on the back of that now. BSW Timber and other sawmills are utilising that timber. As Gavin said this morning, once that has gone, they will shut up shop and go home. What do you do then? If you do not want heavily subsidised meat producers in the uplands forever and a day, what will you do with that land? Forestry is a very good alternative, but you have to have that rolling programme. Given that we have lost the critical mass, we have lost the process of investment. So, in terms of new processes now—and I mean brand-new ones—apart from biomass, new sawmillers will not come into the sector, into Wales, creating employment and so forth, because they do not see a future here. All investment has gone to southern Scotland.

[244] **Julie James:** I take that point, but certainly the stuff that I have read by Professor Wyn Jones is less about an industry and more about a climate change agenda to cover the uplands of Wales in trees.

[245] **Mr Bronwin:** Yes, there is that too.

[246] **Julie James:** I take your point about the industry, but I was talking more about the 20% or 40% split, and what you think about these new grants that are coming in.

[247] **Mr Edwards:** That is where the 100,000 ha target or aspiration comes from. It is in response to the Read report, which was all to do with climate change. That was about the level of new planting that you would need in Wales over the next 20 years to make a significant impact on the effects of climate change. However, it has to be done on that sort of scale to have an effect. The planting of trees was a relatively straightforward way of tackling climate change compared with some of the alternatives of housing cattle and whatever, which is much more expensive.

[248] **Julie James:** There are other objections to that, I think.

[249] **Mr Francis:** We are big fans of his work. I think that it was his climate change and land-use group that first came up with that 100,000 ha figure for Wales. I remember actually being at an event with him, and we were talking about this. He pointed up to the mountains—

I will not say exactly where we were; it was somewhere in Snowdonia—and said, ‘It’s hills like this that they could have trees on’. I e-mailed him the planting opportunities map, and it was all painted red. He is a visionary. He is someone whose advice we should take. He is not someone who is saying—. I actually would give a lot of credit—. I was saying how effective I thought that the old CCW was, and, in my view, a lot of that was from his personal influence there. We need to be listening to what he says, and he is delivering a message as well, which is designed to make sense within the context of land ownership that we have in Wales. It is about what makes sense for the landowner as well.

[250] **Julie James:** Absolutely. What Andrew was saying is very germane, is it not, in that the sector employs a similar number of people, it supports an industry that is very similar to what we have, and that it provides a lot of other benefits? It is a very persuasive argument, from my point of view.

[251] **Mr Edwards:** A very interesting piece of work has just been published about the area of Eskdalemuir in the south of Scotland, which compares the economic reality of 20,000 ha of commercial forest and sheep farming. That has come up with some quite startling revelations. I think that it was submitted in one of the papers that was put forward to the committee.

11:15

[252] **Julie James:** Yes, we have had it. Thank you, Chair.

[253] **Antoinette Sandbach:** Maybe I could talk about—[*Inaudible.*]—as we have not touched on that yet. From your experience, Andrew, in a private advisory capacity for small woodland owners, how do you feel that Natural Resources Wales has balanced the management of its own estate and applied its own regulatory rules to that estate, in comparison with the way that it has applied them to private owners? Do you feel that it has been even-handed in that?

[254] **Mr Bronwin:** Well, it got caught on the hop, really, and the disease spread on its own land very quickly and it did not rise to that challenge quickly enough, therefore, it had to create this core disease area and remove the notices—its own interpretation of statutory plant health notices—on its own land. The consequences of that are that, really, for it to enforce an SPHN on private land is probably almost impossible because I do not know how that would stand up in court.

[255] **Antoinette Sandbach:** That is because it has not applied its own rules—

[256] **Mr Bronwin:** It has not done it itself, so if, as a regulator, it took a private owner to court, I just do not think that it would stand up. I also wonder whether, if all that land in south Wales had been in private ownership, it 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. I do wonder that because in the south-west of course, where it was predominantly on private land, private owners did react quickly, at quite considerable financial cost to themselves, actually. However, in Wales, that was not the case. However, what we are seeing—and I think that you heard it earlier today—is quite heavy-handed regulation outside of *Phytophthora*. So, *Phytophthora* is kind of being ignored, because it is a little bit embarrassing—how do you enforce these things when you have not done it yourself? However, when you claim Crown immunity in terms of, say, felling licences—barring any felling licences the private sector does; well, that is the take on it—then it is a different level of regulation happening.

[257] **Antoinette Sandbach:** It is claiming Crown immunity, is it?

[258] **Mr Bronwin:** It is.

[259] **Antoinette Sandbach:** That is interesting.

[260] **Mr Bronwin:** It is very interesting because we are not convinced that, as an arm's-length body, it has Crown immunity.

[261] **Antoinette Sandbach:** No.

[262] **Alun Ffred Jones:** That is Crown immunity from what?

[263] **Mr Bronwin:** It is with regard to felling licences. It works on forest design plans, which does not have the same legal weight as a felling licence, which is a legal document and one that the private sector has to have. We are finding that, where the private sector is getting on the wrong side of the felling licence in some way or another—in other words, it is felling trees that do not have a licence on them for one reason or another—the regulatory arm of NRW is being pretty heavy-handed like that and people have suffered it. We are saying, 'How are you imposing that same level of scrutiny on your own land?' Its argument is that it has Crown immunity and that it does not have to. There is a legal issue of whether it does or whether it does not. However, my argument to it was, 'Well, actually, even if you don't have that legal responsibility, you certainly have a moral responsibility to be acting in the same way and to be showing us that you're acting in the same way and that it is even-handed', and we do not see that at all.

[264] **Antoinette Sandbach:** Well, I am quite amazed, actually, that it is claiming Crown immunity. Perhaps that is something that I will investigate further outside here. In an earlier report looking at the business case for the creation of NRW, this committee flagged up concerns about how it was going to apply its internal regulatory processes to its own estate. It said that it was going to be transparent and that information would be very clearly publicly available as to actions it was taking. Are you finding that transparency?

[265] **Mr Edwards:** Not at all. In fact, we have been told that it has no sanction to impose on itself for any transgression that it makes in terms of felling outside the approved forestry guidelines. There is no even-handed approach at all. We would even question whether it is monitoring what it is doing on its own estate. That is what it feels like in the private sector, where we are suffering from the heavy hand of regulation. We just feel that it is completely one-sided.

[266] **Alun Ffred Jones:** Can you just expand on 'heavy hand of regulation'? What is it?

[267] **Mr Edwards:** We are seeing prosecutions now for illegal fellings that just would not have happened under the old FCW regime. I am in a slightly difficult position, because it was my company that was the victim of the prosecution, but maybe Andrew—

[268] **Mr Bronwin:** There is a Forestry Act 1967, which some of you will be aware of, which states that, in order to fell trees, you have to get permission. That is a legal responsibility unless you are doing a very small volume. Whether you are felling them or thinning them, it is the same; you still need these permissions, and it is a statutory requirement. If you fell, that felling licence imposes on you a restock obligation, and you agree what that will be when you submit the licence—that is a whole other area of problems, but we will not go into that now. So, it can be that you fell and then, for one reason or another, a few trees are felled outside that area. You have technically done something illegal, but it is a very minor thing and, had the licence been submitted in a slightly different way, or had something else happened, you would not have done anything illegal. There is no major

crime being committed. We are not felling hundreds of acres of oak woodlands to build houses. It would be around the edge of a forest, in relatively small areas, generally mature trees, and we would have got a licence on them anyway, but, technically and legally, it is illegal. So, if that is then found out—or as David found in his experience when, rather bravely as it turned out, he confessed to NRW what had happened—in the Forestry Commission days, that would have just been resolved with, ‘Okay, there’s been a bit of a hiccup, we’ll adjust the paperwork and sort it out’, but there was a prosecution, after it had been confessed.

[269] **Alun Ffred Jones:** Okay, that is what you mean by heavy-handed. I call on Mick Antoniw.

[270] **Mick Antoniw:** [*Inaudible.*] What seems to be being suggested is that it is more rigidly enforcing the rules and laws that exist. In the past, it had not been doing so, so a lot of things have been got away with and what you are complaining about now is the fact that it is actually enforcing the rules. Is that right? I do not see that as heavy-handed. If there is a problem with the rules, there is a problem with the rules, and there may be an issue in terms of consistency, but I find it a little bit hard to take that it is being heavy-handed on the ground that rules are being broken and the law is actually being enforced. That is the way it seems to me, from what is being said.

[271] **Mr Bronwin:** It is what is being said, and I suppose that it is down to whether it is in the public interest to do that. If you fell a few trees outside of your licence area and, had you drawn the boundary in a slightly different way, you would have had permission, or if you had submitted a subsequent application, you would have had permission, is it in the public interest to take someone to court for what is something fairly minor, because it is in the statute going back to 1967? Maybe the statute needs altering. The statute is the statute, but that is what we have to live with. Of course, our argument is that if NRW is going to work in that way, we understand that that has changed, but we want to see it interpreted in exactly the same way on the public estate.

[272] **Mr Francis:** Could I also add that the Woodland Trust is very much in favour of more transparency, so that the people of Wales can see to what extent the policy is being delivered? However, one thing that is really important here, which I think should be mentioned, is that the whole of the public forest estate in Wales is certified through the FSC—the Forestry Stewardship Council—and, actually, all of the Woodland Trust sites are as well. It is a very rigorous system that means that independent inspectors come in and check that there is a management plan and that it is being kept to. I do not know whether you have seen the programme on television, *I Bought a Rainforest*, which is all about the unsustainable use of rainforests. That is precisely the problem that FSC and certification are designed to deal with, and it is brilliant that we have a system in the UK where the forests are all inspected. It can be serious. There was a case recently when a company in Russia lost its status as a supplier to IKEA because it was found to have been going against its own policies, so please value and appreciate the fact that all of the public forest estate is certified, which should provide some guarantee that it is being sustainably managed and not overexploited.

[273] **Alun Ffred Jones:** William Powell, did you want to come in?

[274] **William Powell:** Yes, Chair, thank you very much. I think that some of the remarks that have been made about the approach to prosecution, and also the lack of even-handedness in terms of the public and private estate, have come as something of a bombshell to some of us here, and we will be looking to take these matters forward.

[275] I was keen to take up the issue that Andrew emphasised earlier on, that the remit for woodland creation is no longer with NRW, but the Welsh Government. That backs up something that we heard in the previous session. In that previous session there was also

reference to a perceived lack of advocacy for the forestry industry within NRW. Andrew, you spoke earlier of the need to shout really loudly to get anything of a hearing. Do you feel that it would be beneficial for forestry to be explicitly represented at board level, because agriculture itself has very limited representation at the executive level of NRW currently? Forestry has, as far as I can divine, none whatsoever. Would some of these issues helpfully be addressed by somebody actually carrying that portfolio or feeding in that knowledge that currently appears to be absent?

[276] **Mr Bronwin:** Of course we are going to say ‘yes’ to that. We would be mad not to, would we not? We did say at the outset that we thought that was a problem, in that it is kind of counter-cultural to the way NRW works now as it does not see these disciplines having separate representation. I think that is probably a flaw in the set-up of the organisation actually, because I am not sure how you run a commercial business like the Welsh forest estate is, or should be, in part, unless you have someone with the expertise. If you are relying totally upon your ex-Forestry Commission Wales people, who have then been diluted into a number of different roles, and there is no-one on the board with the expertise to ask the right questions, the chances are that things will go awry, and they have gone awry. I think that is probably why. The philosophy behind NRW, although I understand what it is saying, has a lot of risks attached to it because of this problem of diluting everything to the point of complete greyness, really.

[277] **Mr Edwards:** It is about accountability, really, in terms of holding NRW to account and being able to ask the right questions. That is the difficulty as I see it just now. There are not necessarily the people there to ask the questions.

[278] **Antoinette Sandbach:** Is there an executive director among all the flowcharts of board positions and sub-board positions? Is there an executive director within any of these steams that has a forestry background?

[279] **Mr Bronwin:** Yes.

[280] **Mr Edwards:** My understanding from the private sector and from WSAP is that there is no head of forestry within NRW, as it were. It is a matrix management system, so there is a crossover of responsibility.

[281] **Mr Bronwin:** It is a question of getting somebody to catch the ball in NRW at the moment, and nobody wants to catch it. So, there is an awful lot of chucking the ball around in terms of responsibility. That is what it feels like, anyway. Somebody needs to catch it and grab it and deal with it.

[282] **Antoinette Sandbach:** In terms of picking up on Mick Antoniw’s point, okay, NRW, if it is going to enforce the rules, is going to enforce the rules. What concerned me was that what you appear to be saying is that there is no internal monitoring, no transparency, to show that it is actually applying and enforcing the rules on its own estate.

[283] **Mr Edwards:** Absolutely. Andrew and I were at the same meeting where the regulator actually told us that was happening. It does not monitor what it does on its own estate. That is where the issue about Crown immunity came up as well, because that was the reason why it does not do it.

[284] **Antoinette Sandbach:** It claimed in that meeting that—

[285] **Mr Edwards:** It claimed in that meeting that it had Crown immunity.

[286] **Antoinette Sandbach:** We were given specific assurances by NRW that it was

setting up internal processes and that it would ensure that there were no conflicts between its regulatory activity and its management activity, and that would be transparent and clear to the public. It is, effectively, a monopoly provider. It is the single-largest provider of wood in the whole of Wales, with 37% of the market. So, is it giving itself an unfair market advantage?

11:30

[287] **Mr Bronwin:** It also regulates its competitor, of course, namely the private sector. So, there is nothing going on internally and it is regulating its competitor.

[288] **Mr Edwards:** I do not believe that it is necessarily doing it deliberately to corrupt the market; it is not a deliberate act, but it is a fact.

[289] **Julie James:** On that point, there is a world of difference between saying that it is not possible to be a regulator and also to do something that requires regulation and saying that somebody is not doing that properly. There are many examples across the whole of the UK of public bodies in that position. Building control, for example, is often provided by a local authority and is also regulated by them, but there are no complaints at all. Are you saying that, fundamentally, the principle is wrong, or that they are not doing it right?

[290] **Mr Bronwin:** No, I am not saying that it is fundamentally wrong. There needs to be a regulator and there needs to be some tension between the regulator and the regulated. That is the way it should work. However, it needs to be fair. I do not know how common it is to have a regulator that is also a big landowner in this way. That is probably quite unusual. There are these legal issues around Crown immunity, and all of that, but we just want to see that we are all being treated in the same way. The principle of regulation is not a question at all.

[291] **Julie James:** I was just checking that. I take the point entirely that you do not think that it is doing it even-handedly, and so on. I, for one, do not have any problem with a regulator also providing some of the services that are regulated.

[292] **Mr Bronwin:** The distinction needs to be clearer. So, there needs to be a Chinese wall, or whatever you want to call it, rather than it all being together. It is not distinct at the moment.

[293] **Julie James:** I also take the point about the Crown immunity claim; I believe that that is something that we do need to look at.

[294] **Joyce Watson:** Everything that I have heard so far sounds like doom and gloom. I find that disappointing, so I am trying to inject, or give you the opportunity to inject, some positivity around NRW into this debate. You mentioned the challenges you faced in dealing with the new organisation, and we will take all of those on board. Can you give us an indication that some of those challenges are now being addressed to your satisfaction, and that you can see some movement towards the way in which you hope it will happen to satisfy your needs?

[295] **Mr Edwards:** We are seeing positive moves and signs of engagement. I suppose that what we are hoping is that they will bear fruit and that it will not be a false start. So, everything is not negative and, certainly, we want to be positive and engage with NRW and work together. The private sector wants to work with NRW to benefit the people of Wales.

[296] **Joyce Watson:** My question was whether it is working with you. All of what you have said this morning suggests—at least, this is how it sounds to me—that it is not doing that. Is it doing it now? That is what I am asking.

[297] **Mr Bronwin:** We are just on the cusp of it possibly happening, and that is why all of these qualifications have to be put in, because we just do not know how it will play out. However, if you want a bit of positive news—and this is with my Wales forest business partnership hat on—Wales is a fantastic environment for growing our trees and doing something really good here. We have a processing sector, we have the potential here, the environment, the climate, and so on, and we have the market, so we can really do it. What we need to be doing, both the public and private sectors, is to work together to pull that off and deliver it. If we are on the cusp of doing that and you have another one of these inquiries in 12 months' time, we will tell you how far we have got. Right now, I do not believe we know. The jury is out.

[298] **Mr Francis:** If I could be positive, the idea that is coming from the Welsh Government now of getting serious about using trees to deliver environmental services across the board in terms of the environment, biodiversity and human quality of life is really positive. In a sense, the trouble for NRW is that as it no longer has a policy advisory role, it does not get to be associated with these positive things so much. However, that direction of travel is one that we are very enthusiastic about, and the contribution that trees and woodland can have to making a better Wales.

[299] **Joyce Watson:** Finally, a very long-range forecast came out this week to say that, as a consequence of climate change, we can expect, in the UK, significantly heavier rainfall, even though it might be over a shortened period, with the impact that that would have on creating run-off from the hills that you are talking about, and the widening of the river bed by virtue of overflow. Have you looked at the part you might be able to play in mitigation of that forecast?

[300] **Mr Edwards:** It is widely accepted that woodland can be a great regulator of the flow of water off the hills. It is all tied up with woodland creation. There are a lot of positive aspects to woodland creation but, as we said earlier, regarding the existing barriers to woodland creation, flood mitigation is another advantage to the many advantages that Rory and Andrews have set out that come with woodland creation.

[301] **Mr Francis:** There is a wonderful anecdote from the Pompren scheme in Mr George's constituency; farmers set out about planting trees because they wanted shelter for the livestock and because they wanted more wood. It was only after they had done it that they realised that, in heavy rain, instead of seeing the whole field covered in water as the water runs off, below these shelter beds it had sunk in. That realisation was really important, and we have thousands of people signing signatures, as some of you guys know—some of you have signed it, actually. There is huge potential there, and it is one that the world of forestry could benefit from as well as helping the wider nation.

[302] **Alun Ffred Jones:** On that very positive note, I think that we will bring this session to a close.

[303] Diolch yn fawr iawn i chi am ddod Thank you very much for coming here today. yma heddiw.

[304] Thank you very much for providing the evidence. You will get a transcript, which you can check for accuracy. Diolch yn fawr iawn.

11:38

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r
Cyfarfod**
**Motion under Standing Order 17.42 to Resolve to Exclude the Public from the
Meeting**

[305] **Alun Ffred Jones:** May I ask someone to propose that we move to private session?

[306] **Antoinette Sandbach:** I move that

the committee resolves to exclude the public for items 5, 6 and 7 in accordance with Standing Order 17.42(vi).

[307] **Alun Ffred Jones:** Gwelaf fod y **Alun Ffred Jones:** I see that the committee
pwyllgor yn gytûn. is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11:38.
The public part of the meeting ended at 11:38.*

*Ailymgynullodd y pwyllgor yn gyhoeddus am 13:18.
The committee reconvened in public at 13:18.*

**Ymchwiliad i'r Ystâd Goedwig Gyhoeddus yng Nghymru—Tystiolaeth gan
Cyfoeth Naturiol Cymru**
**Inquiry into the Public Forestry Estate in Wales—Evidence from Natural
Resources Wales**

[308] **Alun Ffred Jones:** A gaf groesawu ein tystion yn ffurfiol y prynhawn yma? Croeso i Mr Trefor Owen ac i Ceri Davies. Rydym yn cario ymlaen â'r ymchwiliad i'r ystâd goedwig gyhoeddus yng Nghymru ac yn cymryd tystiolaeth y prynhawn yma oddi wrth Cyfoeth Naturiol Cymru. Gofynnaf i chi gyflwyno'ch hunain gan ddweud—rydym yn gwybod pwy rydych yn ei gynrychioli—beth yw eich safle o fewn Cyfoeth Naturiol Cymru. Wedyn awn ymlaen yn syth i'r cwestiynau.

Alun Ffred Jones: May I welcome our witnesses formally this afternoon? Welcome to Mr Trefor Owen and to Ceri Davies. We are carrying on with our inquiry into the public forestry estate in Wales and taking evidence from Natural Resources Wales this afternoon. I will ask you both to introduce yourselves and tell us—we know who you represent—what position you hold within NRW. Then we will move directly to questions.

[309] **Mr Owen:** Prynhawn da. Trefor Owen ydw i. Fi yw cyfarwyddwr gweithredol gwasanaethau cenedlaethol Cyfoeth Naturiol Cymru.

Mr Owen: Good afternoon. I am Trefor Owen. I am executive director for national services at Natural Resources Wales.

[310] **Ms Davies:** Good afternoon. I am Ceri Davies, executive director for knowledge, strategy and planning at Natural Resources Wales.

[311] **Alun Ffred Jones:** Diolch yn fawr. Rydym yn falch iawn o'ch cael chi yma ac yn edrych ymlaen at glywed eich tystiolaeth chi

Alun Ffred Jones: Thank you. We are very pleased to have you here and look forward to hearing your evidence in this short inquiry

yn yr ymchwiliad byr hwn i'r diwydiant into the public forestry industry. Llyr coedwigaeth gyhoeddus. Llyr Gruffydd, a Gruffydd, could you start please? wnewch chi ddechrau os gwelwch yn dda?

[312] **Llyr Gruffydd:** Diolch. No doubt you will heard some of the evidence that we received this morning, and you might have seen the written evidence, which, frankly, is quite damning, I would say, of Natural Resources Wales. You may have been the subject of a bit of a pincer movement from certain parts of the sector, but I think that it is true to say that Natural Resources Wales has taken a bit of a kicking this morning. Do you not agree?

[313] **Ms Davies:** I think that it is always valuable to hear feedback from stakeholders and customers that we work with. We are a listening and learning organisation, and we are also a new organisation. So, we will listen to what is being said and the evidence that has been submitted, and consider then what we need to do in terms of moving forward. However, we do have a much wider role in sustainable forest management than I think that we have been given credit for. The integrated and natural resources management, which is a policy of the Welsh Government, is being played out in the forest estate and I think that when some of you visited Garwnant, we tried to show you how we have a much wider role. So, it is not just about providing timber for the market, it is also about considering the impact on the environment, looking at biodiversity and conservation and the impact on river quality, for example, and providing facilities for ourselves and others to provide to the public for access and recreation. So, I think that the thing that we would say, which has been missed in some of the evidence that has been given by others, is that we have this much wider role to deliver those outcomes for the Welsh Government and for the people of Wales.

[314] In terms of some of the criticisms about how quickly we responded to the outbreak of P. ramorum, what I would say—

[315] **Alun Ffred Jones:** We will come to that in a minute.

[316] **Llyr Gruffydd:** You mentioned that you are a listening organisation. One of the sentiments that came through here clearly was the lack of representation and the lack of strength of voice for the sector when it comes to your deliberations. Surely, it did not take an inquiry of this committee for you to listen, so what channels do you have for the sector to input its views?

[317] **Ms Davies:** We have been listening and we have been meeting with the sector regularly. We host business meetings and regular meetings with the sector. We also, as was mentioned in our evidence and mentioned this morning, have the Wales land management forum, and we include all the land management activities within that, which includes the forestry sector, and we are looking to strengthen the representation on that committee. That committee met just yesterday and we had two representatives from the forestry sector on that and they were in agreement, as were the other members of that committee, about strengthening its role and its breadth to include more forestry representation. We are meeting regularly with them. The Minister has recently put in place a mechanism to meet representatives of the forestry sector and we are proposing to do the same. Trefor and I will meet with them and listen to their thoughts and comments and take them forward. Also, it is worth remembering that we also sit on very many other groups with the sector and one that I would name, as an example, is the tree health group that the Welsh Government put together following the P. ramorum outbreak, where we have worked together with the sector to look at the response to that particular disease outbreak. So, we sit with its representatives on a monthly basis and we have been meeting in that forum to look at that particular issue. So, as well as specific meetings with the sector to have discussions about its views and thoughts, we do work with it on particular topics as well and that is just one example of a topic area on which we work with the sector.

[318] **Llyr Gruffydd:** There was an assertion earlier today that you had your very first meeting with Confor only last week. Is that true?

[319] **Mr Owen:** No, that is certainly not true. We have actually met with Confor members, who are our customers at the end of the day. We meet with and deal with them on a very regular basis. Our account managers, for example, meet with each of the customers every quarter. However, we also meet with Confor officials, as Ceri described, in a whole host of different fora. So, the meeting that was referred to this week was the first meeting with the new manager for Wales, who was before the committee this morning. He has only been in post for a month and we felt that it was important to meet with him and the chair as soon as he was appointed.

[320] **Llyr Gruffydd:** Okay, thank you for clarifying that. There is no doubt, looking at the evidence and listening to what has been said—and I mentioned this earlier—that your world view is very different from that of the sector. You say that you are listening and that you are keen to continue or develop the dialogue that is already happening through the channels that you have, but you would admit that all is not rosy and that there is a long way to go.

[321] **Ms Davies:** We do. As I said earlier, we recognise that and that is why we have put in place these mechanisms for the sector to be able to share its views, and that is why we have been working with it to do that.

[322] **Llyr Gruffydd:** Do you feel that what has been put in place is now sufficient, as long as it is given time to play out?

[323] **Ms Davies:** The additional meetings that Trefor and I will hold with the sector, which follows on from a recent decision by the Minister to do a similar sort of thing, are a good way forward for us, with the various groups. We sit with them on the reference group, for example. So, we do not want to duplicate things that are already in place for looking at specific things, such as the implementation of natural resource management or tree health disease handling. What we do want to do is make sure that we have adequate fora to talk to the sector about the issues that affect its businesses and our business and about how we can work better together. We think, now, with the Wales land management forum and the regular dialogue that Trefor and I have in place, we will be able to do that.

[324] **Alun Ffred Jones:** Symudaf ymlaen **Alun Ffred Jones:** I will move on to William Powell now.

[325] **William Powell:** It would be churlish of us, as a committee, not to acknowledge the breadth of remit that NRW has, and, indeed, to express our thanks for the visit that you referred to, which we all found beneficial and it gave us a number of insights. Having said that, both panels that we had before us this morning were, in effect, suggesting that it is that very breadth of remit that is diluting the focus that will allow a viable forestry sector to develop and to be secured in this country for decades to come. We were told quite clearly that it is between 10 and 30 years of an inadequate approach to planting of commercial forestry that needs to be urgently addressed now, because of the long-term nature of such investment. What steps, in your view, must the Welsh Government take to put our ability to deliver that on a surer footing? At the moment, there is real apprehension out there that in 30 or 40 years' time, we will be sadly lacking in that regard.

[326] **Ms Davies:** Something that we know that the Welsh Government is putting in place and is being discussed today in the woodland strategy advisory panel that is taking place in the Afan valley is the timber strategy. They are talking to us, the woodland strategy advisory panel and the wider sector about that timber strategy and the development of it in a co-

production way, so that those issues that have been flagged, both for the private and public estate, can be addressed. In addition to that, we are working on a marketing strategy ourselves and, again, having regular dialogue with the sector in that regard.

[327] **Mr Owen:** It is true to say that the Welsh Government has strengthened its forestry policy capability in the last year with the transfer of some functions from the Forestry Commission to the Welsh Government. That is really helpful, because it brings into focus the need to address the points that you have just raised. Many of the instruments to address that actually sit now with the Welsh Government—for example, the grant aid sits very much as part of a package around the land management grants with Welsh Government.

[328] Welsh Government certainly has more ability to look at other instruments, even though some are not devolved currently, such as fiscal arrangements, again, and to look at some of the trade-offs that need to be considered in terms of policies, because we might have a group today advocating more of one thing, but there will be an impact on other interests and it is appropriate that those sort of trade-offs are considered in a mature way by Welsh Government. We have a role to play in providing advice and one of the things that we are able to do, for example, is to look at our own long-term forest plans and at how we can actually profile some of our long-term timber production on the public forest estate to start to address some of that gap that has been reported in—

[329] **Alun Ffred Jones:** A gaf ofyn, yn benodol—fe ddof â William Powell yn ôl i mewn wedyn—a ydych chi'n derbyn yr hyn a oedd yn cael ei ddweud y bore yma, ac sydd wedi cael ei ddweud wrthym o'r blaen hefyd, nad oes digon o blannu coed pinwydd wedi bod dros y pump, 10, 15 neu 20 mlynedd diwethaf er mwyn sicrhau bod digonedd o goed ar gael pan ddaw i tua 2030? A ydych chi'n derbyn, ar hyn o bryd, fod hynny'n ffaith?

Alun Ffred Jones: Could I ask you specifically—I will bring William Powell back in later—whether you accept what was said this morning, which has been said to us previously as well, that there has not been enough plantation of pine trees over maybe the last five, 10, 15 or 20 years to ensure that there is enough trees available when it comes to about 2030? Do you accept that that is a fact at present?

13:30

[330] **Mr Owen:** Mae e'n ffaith. Mae'r dystiolaeth a'r ffigurau yn profi hynny. Fel roedd rhai o'r bobl y bore yma'n sôn, pan newidiwyd trethu yn y 1980au, gwnaeth hynny newid y gêm yn gyfan gwbl. Yr hyn sydd wedi dod i mewn ers hynny ydy perswâd drwy broses o grantiau. Mae'r un pictiwr yn bodoli ar draws y Deyrnas Gyfunol erbyn rŵan.

Mr Owen: It is a fact. The evidence and the figures back that up. As some of your witnesses this morning mentioned, when the changes to the tax regime took place in the 1980s, that was a game-changer. What has happened since then is persuasion through a process of the provision of grants. The picture is consistent across the UK by now.

[331] Yr hyn sy'n glir ydy bod gan Lywodraeth Cymru bolisi neu strategaeth glir iawn i gynyddu'r tir o dan goed yng Nghymru dros yr 20 mlynedd nesaf. Mae hynny'n cael ei yrru gan bolisi i'w wneud â newid hinsawdd, achos, fel roeddech chi'n clywed y bore yma, mae coed yn medru bod yn effeithiol iawn i ymateb i her newid hinsawdd a hefyd maen nhw'n cynhyrchu llawer o fuddion yn ogystal â chloi carbon i

What is clear is that the Welsh Government has a very clear policy or strategy to increase the planting of trees in Wales over the next 20 years. That is driven by policies related to climate change, because, as you heard this morning, trees can be very effective in responding to the challenge that climate change poses and also they produce many benefits, as well as carbon capture, such as releasing oxygen.

fyny ac wedyn rhyddhau ocsigen.

[332] Fel roeddwn i'n dweud yn gynharach, mae e'n her achos ar hyn o bryd mae plannu coed fel technoleg ar gael, mae e yno ac mae'n hawdd gwneud. Mae rhai o'r dewisiadau eraill i ymateb i newid hinsawdd yn llawer mwy anodd pan fyddwch yn sôn am reoli tir. Mae yna gwestiwn anodd iawn i'w drafod ynglŷn â'r *trade-offs* hyn, i ddweud y gwir, achos os ydych chi am ymateb i'r her yn ymwneud â newid hinsawdd a gyrru ymlaen yn galed efo'r dechnoleg o blannu coed, mae'n mynd i gael effaith ar y dirwedd yng Nghymru. Er enghraifft, os ydych chi'n sôn am 100,000 ha dros 20 neu 30 mlynedd, rydych chi'n sôn am gynyddu *cover* coedwigaeth Cymru gan 25% o'i gymharu â lle rydym ni 'nawr. Ar y llaw arall, nid ydych ond yn sôn am gynyddu'r nifer o goed fel canran o *cover* Cymru gan ryw 4%. Ond, mae'r 4% hwnnw yn dir amaethyddol, ac mae mewn perchnogaeth breifat. Mae sawl her yn ymwneud â newid defnydd tir yng Nghymru. Mae'n dda bod y cwestiwn hwn, sydd yn gwestiwn am 20 i 30 mlynedd, yn cael ei ofyn achos mae'n rhaid ymateb efo rhaglenni tymor hir i ymateb i hwn. Fedrwch chi ddim troi'r tap *on* ac *off*. Felly, mae yna nifer o bethau o fewn y fasedg—y *trade-offs* fel rwy'n eu galw—sydd yn rhaid i ni gael y gymdeithas yng Nghymru i ddod i gasgliad—

As I was saying earlier, it is a challenge, because at present the planting of trees as a technology is available, it is there and it is easily achieved. Some of the other options to respond to climate change are far more difficult, when you are talking about land management. There is a very difficult question that needs to be addressed about these trade-offs, if truth be told, because if you are to respond to the challenge that climate change poses and drive forward hard with the technology of tree planting, that is going to have an impact on the landscape in Wales. For example, if you are talking about 100,000 ha over 20 or 30 years, you are talking about increasing the woodland cover in Wales by 25% as compared to where we currently are. On the other hand, you are talking about increasing the number of trees as a percentage of Welsh cover by only some 4%. However, that 4% is agricultural land, and it is in private ownership. There are a number of challenges related to changing land use in Wales. It is positive that this question, which is a question for 20 to 30 years, is being posed, because we must respond with long-term programmes to this challenge. You cannot simply turn the tap on and off. Therefore, there are a number of things within the basket—the trade-offs as I describe them—that we as a society in Wales have to get to grips with—

[333] **Alun Ffred Jones:** Mae nifer o Aelodau eisiau dod i mewn, felly galwaf ar Mick Antoniw, wedyn Antoinette ac wedyn Russell.

Alun Ffred Jones: A number of Members want to come in, so we will have Mick Antoniw, then Antoinette and then Russell.

[334] **Mick Antoniw:** You have obviously heard some of the evidence with regard to enforcement procedures and so on. How fair and consistent is the enforcement procedure that you are operating?

[335] **Ms Davies:** We operate the same enforcement prosecution policy as was undertaken previously, and we have looked back and drilled down to see, having seen the evidence that has been given, whether there is any evidence of an upward trend of action taken. Our consideration of that is that there is not. We have had roughly the same number of reports of contravention that has led to the same sort of level of prosecution. In the case of the one that was mentioned this morning, it was not out of the blue. The operator had had two warning notices previously, had promised to undertake a number of activities and had not. So, it is rare for us to take action for first-time offences. We tend to work with operators to try to get them to do the right thing, rather than resort to the law in the first instance. However, when you have a situation where somebody has had two warning notices and then failed to act, we have to step in as a regulator and take that action.

[336] **Mick Antoniw:** What was being suggested was that the policy has changed and that it is now heavy-handed and also that there are double standards operating in respect of your own woodlands as opposed to those of private landowners. Is there any substance to that?

[337] **Ms Davies:** Again, I think that the point that was made this morning, which I would refute, is that we do not even look at what we are doing and we just look at what everyone else is doing. That is not the case. There is a difference, because what we are doing is managing land that belongs to the Welsh Government. It is not our land; we manage it on behalf of the Welsh Government. So, that is where the Crown immunity element that was raised this morning comes in. Having said that, in order to ensure that we are operating at the very best standards, and actually acting as an exemplar, what we comply with is the UK woodland assurance scheme. We are still accredited to that scheme. It sets higher standards even than the standards on which the felling licences are based, and we publish our information in terms of our performance against that standard in our annual report and accounts. So, it is not true to say that we do not look and that we do not report. We do look, we do report and we are audited externally by third parties that are independently accredited, which come in, look and make sure that we are operating to the highest standards as a public body, as you would expect, and in an exemplar mode. So, we would refute those allegations this morning.

[338] **Mick Antoniw:** Of course, you are protected by Crown immunity.

[339] **Mr Owen:** No, we are not. I think that we need to make that clear. Under the Forestry Act 1967, the Crown land, which we manage on behalf of Welsh Government, is Crown exempt. There is a difference. That is what Ceri has just described. The felling licence regulations apply to privately owned woodland in the main. Land that we manage, in the main, is exempt. However, as Ceri has just described, we actually have long-term forest plans, which are produced in a consultative manner and published. We are able to demonstrate where we want to fell and over what period of time. That is monitored by our regulatory arm. As Ceri said, that is reported upon as well.

[340] **Ms Davies:** Also, it is subject to public consultation so that those who run businesses and operate enterprises from our estate have the opportunity to look to see what we are doing and to take part in the discussion about the developments of those plans. I think that we touched on that in the visit as well. Obviously, what we do, when we fell and close down elements of the forest, has a much wider impact on those who are running businesses and enterprises as a result of access to our land.

[341] **Mick Antoniw:** Have any of those concerns that were made, which you obviously refute, actually been raised with you directly prior to today?

[342] **Ms Davies:** I am not aware of any.

[343] **Mr Owen:** No. As someone who has been in that part of the business for a long time, I have to say that I was surprised when this was raised in the evidence provided to this committee, because the regulations have been in place since 1967. In the past 10 years, the transparency has increased—or improved, if I can put it like that—through the development on the public forest estate of the long-term forest plans. They did not exist prior to 2003. We have a much more transparent basis for demonstrating compliance with the Act, in terms of private woodland management, and, indeed, with the spirit of the Act, even though the Crown land is exempt through the public forest estate.

[344] **Antoinette Sandbach:** Well, the evidence in front of us states that there needs to be an informed debate about the relationship between the public and private sectors that is honest

and open, that there needs to be much greater transparency with regard to the sale of public estate timber, and that NRW supplies 60% of the conifer market, and, because it is not particularly price-sensitive, sells almost regardless of price, which is something that the private sector rarely does. You clearly have a presence in the market that has a massive impact on private sector owners. Referring to your tree health management, clearly *Phytophthora* was in the Welsh Government woodland estate before the merger with NRW, but there were substantial matters related to the merger of the Forestry Commission in the business case that were highlighted in a report by this committee. Perhaps, Ms Davies, you could tell us what steps you, or both of you, took to look at the risk factors identified in that report, and what NRW did to address those. It seems to me that the evidence that we have got has been that those risks have been ignored and not dealt with right from the inception of NRW.

[345] **Ms Davies:** Well, perhaps I can start and Trefor can follow on. I think that what I would do is use an example of how we have worked. You have mentioned how we are dealing with *Phytophthora*. Within the first month of NRW coming into being, we had the surveillance results that showed an unprecedented spread of the disease over 3,000 ha. At that point, we did very much look at those issues in terms of what impact it would have on the market and what impact it would have on other businesses operating in the way we handled it. So, the minute that that unprecedented spread came to light, we took it out of business as usual, we set up a specific team of experts from across the business, including some of the people you met on the visit—our tree health experts and our operational experts—to look at how we could deal with this situation without causing huge devastation to the environment if we were to do mass clear felling with sediment run-off and potential pollution incidents as well as huge entry of timber into the market and the massive closure of facilities that people rely on for their business and enterprise. So—

[346] **Antoinette Sandbach:** So—

[347] **Ms Davies:** The way we dealt with that outbreak—. I am just using that as an example to show that those risks that were identified in the business case—. It is an example of how we put those into action when faced with the very real problem of our actions having such a big effect, potentially, on the market, on the environment and on society and communities.

[348] **Antoinette Sandbach:** However, the scientific advice was that having a core disease area, which you have, would inevitably result in a far greater spread into the private sector, which has not been compensated for that lack of ability to tackle the disease in the public sector.

[349] **Ms Davies:** Well, at the time of the surveillance results, we were not operating under the current disease management strategy. We were operating under a containment policy at that time, and before NRW the Forestry Commission had done extensive felling to stump in response to the disease management strategy that was in place before the core disease zone came in. However, then, obviously, we worked with the Welsh Government on the development. We also worked with the sector. I think that that is another example of where the Welsh Government, ourselves and the sector came together to say, ‘You know, this is the evidence; this is the unprecedented spread: how do we deal with this as a complete sector rather than us dealing with it ourselves and the Welsh Government dealing with that itself?’ to try to come to a conclusion, and, from that, with the sector and us, came the new disease management strategy with the core disease zone so that we would concentrate our efforts on the peripheral—

[350] **Antoinette Sandbach:** The failure to tackle it in the public estate increased the risk for private planters, if you like—people you are trying to encourage to plant new trees. Their

asset has been destroyed and they have had no planting grants to replant or restock. They have had to pay for it out of their own money, and that has been because of the failure to tackle the disease on the public estate.

[351] **Mr Owen:** I think that it is important to remember that this disease is very unpredictable and that, even now, it is relatively poorly understood. It is—

[352] **Antoinette Sandbach:** Would a precautionary approach therefore—. As I understand it—and I have had meetings with the Food and Environment Research Agency and will hopefully get evidence from it—by allowing a high concentration of highly diseased trees to continue to release their spores, which are windborne, you risk the *Phytophthora* mutating and going into new species, including Sitka.

[353] **Ms Davies:** Well, I think, you know—. Initially, my understanding is that that was the approach that was happening when, if you look at the pattern of disease spread—. As I said, the Forestry Commission stepped in and did felling to stump at that stage in the south Wales Valleys. However, I think that the interesting point to exemplify what Trefor is saying is the fact that this is a new disease and we are learning about its action because, with such a huge area of forest currently infected, the surveillance results we are looking at at the moment are very small in terms of the spread. So, there is still a lot for us to learn and know across the sector about the mechanism that is causing the spread of the disease, because the latest results suggest that we have had somewhere around a 40 ha spread compared to the 3,000 ha spread in the previous year, with the only difference being perhaps the summer weather conditions. The winter conditions the previous year and last year were very similar. So, we are learning as we are going along. We are looking—we are not at all complacent. We are surveying all of the tree species in and around the area of infection so that we can ensure that, if there are signs of it jumping species, we are surveying them and looking to see whether we can spot that.

13:45

[354] **Antoinette Sandbach:** Well, we are going to get evidence about it, but when the Minister has told the Assembly that we are going to lose all the larch in 10 years' time, and that there will be no larch left in Wales, one wonders whether a properly precautionary approach has been taken. Whether or not the disease is understood, the Minister has told us that there will be no more larch in Wales, it is likely, in 10 years' time.

[355] In terms of your regulatory aspect, you say the land itself is exempt, but presumably your management actions are not exempt by Crown immunity, and therefore decisions, for example, to serve plant health notices—

[356] **Alun Ffred Jones:** May I just stop you there? Does anybody want to come in on the issue of the disease? We will come back to you, Antoinette.

[357] **Julie James:** It was put to us this morning that the control area for larch was put in place as—I will paraphrase, but I think you were listening to the evidence—. Basically, the allegation was that no such zone would have been granted if those trees had been in private ownership, and it was done as a sort of way of preventing you from having to comply with the very onerous felling conditions that you had put on private sector landowners. I just wanted to know what you say to those allegations, really.

[358] **Ms Davies:** I think the point that I would make is 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. So, it was not just NRW's view; we gave advice

on what we felt was evidence to show, from the years of previous spread, that the policy of containment felling was not going to work. It was continuing to spread and we needed to take a different approach because dealing with the disease was one thing, but the negative ramifications from that approach were so huge that we felt that it needed to be looked at in the round. They were part of those discussions and agreements about what needed to happen, and supported it, so—.

[359] **Mr Owen:** I think we also need to remember the dynamics of this particular disease. In 2010 there were around 850 ha, I think, infected. Just to give you a feel for it, that is about three quarters of the area that is felled by what is now Natural Resources Wales. Then the disease, as I said earlier, is unpredictable, and poorly understood. The rate of infection the following year, actually, was much lower. So, we thought a policy of containment was right at that time. We had two years, two signals to suggest expansion in the first year and a drop back in the second year, and that would lead you to think about containment. By year 3, it had tripled—because we had a wet summer, from what we can understand. That is the equivalent of two felling years. If you think of the resource availability to deal with that, it was right, I think, to consider containment and felling to stump, because we know that when we fell the trees, the trees die and the spores cannot be produced. That makes perfect sense. However, to pursue that policy with the rate of advancement in 2012 and 2013 would be absolutely bonkers, because we would struggle to get the resource just to fell the trees, the landscape would be covered in trees strewn over the hillside, and we would inevitably be pushing this into a market that, at that time, was certainly not as buoyant as it is now, and we would not be able to sell the timber. We are now in a position where we have put in place the capacity to deal with the felling. We also have the markets in place, because we worked with our customers to develop long-term timber markets that take larch into new added-value markets here in Wales. We have been able to use those long-term contracts to provide long-term supplier contracts to enable the harvesting to take place over the next five to 10 years so that people are able to invest in machinery, skills, training, et cetera, with confidence. All of that has been done in about 18 months.

[360] **Alun Ffred Jones:** On this point, I call on Julie Morgan to ask a question.

[361] **Julie Morgan:** I wanted to ask about the resources. Have you had adequate resources to deal with this disease, and how will you be able to continue to deal with all of the ramifications that Ceri mentioned?

[362] **Mr Owen:** As I have just described, we have used the vehicle that we know works really well, which is putting in place long-term contracts for both the sale and the delivery of the timber to market. They will be crucial going forward in terms of being able to keep up with this. What we cannot do is simply to fell our way out of this problem. We have sustainable forest management at our heart, and that means that we have to displace some other, healthy timber so that we can focus on timber from larch that is under threat or diseased. The best way to cushion the implications in terms of price and costs is to have long-term contracts with our customers and also our suppliers.

[363] **Ms Davies:** Also, it is about giving the markets the chance to develop so that that product is one that is wanted. We can flood the market with a product that is not wanted, but what is the outlet for that? That is another thing that the long-term contracts give: they give them the confidence to invest in this wood supply coming forward. The other thing that we put in place at that time was the use of stem injections. We trialled that as a delaying mechanism. We knew that the trees would eventually die, but we looked at whether we could delay that in order, again, to balance the delivery of the larch into the market to allow the market to develop in a sustainable way, rather than flooding it and destroying the market for other things.

[364] **Alun Ffred Jones:** Joyce has a question on this point.

[365] **Joyce Watson:** We heard from a sawmill operative that it had agreed contracts with you for the delivery of timber by a certain date, which has now been exceeded and is three months behind schedule. This has created a problem for the sawmill in two ways: investing and having access to that timber. Would you like to talk about that, because I know that you will have heard that evidence?

[366] **Mr Owen:** That is something that we are aware of. It is something that our customers told us about very clearly at our annual customer liaison meeting back in March or April. We did some work to examine the reasons for that, first of all. Obviously, we then moved quickly to take steps to address this issue. It is no good for anybody to have this pressure in the supply chain. What we have concluded to date is that, in the last year—and this has been to our advantage in terms of responding to the larch challenge—the market demand for timber across the UK, and here in Wales particularly—and I will use a word that one of our customers used the other day—has been unprecedented, and that is for all parts of the timber sector. Normally, there are some parts of the market that are in strong demand while others are quite sluggish. So, you might have the construction sector being pretty slack, but the fencing market may be buoyant, or vice versa. However, for the last year, all sectors within the timber markets have been buoyant. That is unprecedented, as far as I am concerned.

[367] We have also had the wettest winter on record, as you may recall. One of the things that we are very committed to, as you would expect, is ensuring that our operations are planned and conducted safely—not just in terms of human safety, but environmental safety as well. The wet winter has meant that we have had to stop some contracts to avoid health and safety risks, or the risk to the environment of sedimentation from our large machinery working the land.

[368] We have also had the P. ramorum issue to deal with, including the new markets. To their credit, the staff have also had to adjust to living inside a particular place within a new organisation. We also lost a few of our very experienced members of staff, who took the opportunity to take retirement just before NRW came into being. It has meant that we have had to draw new people into these roles, and they are still learning the ropes. So, there has been a combination of factors, but we are examining what we can do to streamline and improve the methods for contract preparation and our planning so that we can start contracts on time.

[369] There is a flipside to this. When the market has been in decline in the past, I have been on the phone to our customers asking them to take the timber when the yards have been full of timber because the markets have been sluggish. The boot is on the other foot now, but that is the challenge that we have before us, and we are really up for that challenge.

[370] **Ms Davies:** If I could just add, we have put in place a mechanism to review all of the contracts, because they are not all long-term contracts; there are short-term contracts as well. We have put in place a mechanism. We have encouraged all people who have had contracts with us to share their experiences with us so that we can learn from them. As we said earlier, we are looking to get that feedback and experience and learn from it.

[371] **Alun Ffred Jones:** We have gone in a slightly different direction. We will take Russell George's questions now, and I will come back to William and others.

[372] **Russell George:** The evidence that we received this morning from the private sector organisations was that they were implying, or very strongly saying, that they did not receive adequate business advice. I think that they were saying that business advice had changed for the worse since the creation of Natural Resources Wales. You would have heard what was

said this morning. I wonder whether you could talk to that point.

[373] **Mr Owen:** ‘Business advice’ covers a pretty broad range of activities to start with, and it was not clear to me this morning exactly which particular aspects of business advice were being commented on. For example, in the last year, going back to what I said earlier about wet winters and the risk of sedimentation, we have put in place a number of seminars for contractors, private growers et cetera to look at ways of best practice for planning and undertaking forest operations on forestry sites to minimise the risk of sedimentation. We have continued to run a number of plant health or tree health seminars—in fact, I think we have doubled the number this year—bringing our forest research colleagues in to provide advice directly to us and also to private growers in the same room, and out in the field as well. We have also met—. The focus for that comes under the regulation banner, in terms of discussing ways, as you heard about this morning, of streamlining and improving the felling licence procedure, making use of electronic means to make things a little quicker there.

[374] So, those are just a few of the examples. However, it is worth pointing out that business advice—. I think some of the guys around the table were saying that they feel quite strongly that it is the private sector’s role to provide business advice to growers and others, and we would concur with that; the sector does provide a really good service in Wales. It is convenient for us as well, because we are able to work through professional chartered foresters and chartered surveyors who are respected by landowners and their own staff. So, we would advocate that. The Welsh Government plays its part as well in terms of providing business advice; it sponsors the Wales forest business partnership. Andrew Bronwin, who was before you today, chairs that organisation, which has been doing some very good work in terms of timber marketing, as well as improving some of the timber supply chains.

14:00

[375] **Ms Davies:** I think that what we have tried to do is to complement what is there rather than to sort of take over and step in. We believe that we have added value in providing, for example, seminars on tree health diseases, bringing together the various sectors around things like acidification of water. So, we have tried to complement the business advice with what good sustainable forest management looks like, and how we can help them to do that, as we are trying to do.

[376] **Alun Ffred Jones:** On this point, I call Russell, and then Julie.

[377] **Russell George:** As regards administrating woodland grants, how are you developing that?

[378] **Mr Owen:** I think that this was commented on again this morning. There has been a process of transferring the responsibility for the delivery of woodland grants to the Welsh Government; that has been taking place over the last three to four years. I can assure you that the forestry sector has been very clearly engaged and aware of that process. There has been a tremendous amount of communication. There have certainly been no surprises. That is neater, really, because it is bringing together all of the grants for land management under the same roof. It is good to see now that the Welsh Government is actually investing in forestry experts to administer those grant schemes. We are providing support to enable that to happen so that they have what was being touched upon this morning, namely the ability to talk with professional public servants who understand how the processes work—the case managers, effectively. That investment is taking place by the Welsh Government. It is actually recruiting a cadre of professional staff to support the work of the private agents who will also continue to be involved in this work. Our role in this is now very clear. The arrangement that we have with the Welsh Government is that we will continue to manage the legacy schemes, which are now closed, until they are finally closed. Some of them are not closed until 2022, although we

expect the vast majority of the work that remains in the management plans and the legacy grant schemes to fall off in the next two years. We think that there will be a very long tail with very little expenditure until 2022.

[379] **Alun Ffred Jones:** May I bring Julie James in here?

[380] **Julie James:** On the business advice point, I just wanted to ask whether that includes advice on some of the contracting processes that you have in place. I think that it is fair to say that at least five of our six witnesses this morning were less than complimentary about the procurement processes that they perceive to be in place. I just wondered whether you could talk a little about the sort of advice that people who want to get contracts for the forestry bits of the NRW are getting, and whether you are happy with your procurement strategy overall. For example, we heard this morning that they were not aware that you put out any kind of PINs, for example.

[381] **Mr Owen:** We are 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. All of that timber is sold by electronic means now. We have 244 registered potential buyers on our e-business portal, ranging from very large companies right down to people who may be purchasing very small quantities of niche timber for the construction of beehives, for example, or for firewood. That works well because it is able to accommodate the small purchaser and the people who are looking at larger quantities of timber. We actually post that at our annual customer liaison meeting, and we have indicated exactly the same through our five-year timber marketing strategy—the outline level of timber volume, timing and species, which is important.

[382] **Julie James:** May I just interrupt you? I am sure that you do, but I think it is fair to say—. You were listening to most of the evidence this morning, were you not?

[383] **Mr Owen:** Yes.

[384] **Julie James:** We were told quite categorically that you were not doing that; so, there is clearly some sort of communication breakdown at the very least.

[385] **Mr Owen:** I was somewhat surprised by some of the comments because a number of people sitting before you today are actually customers of ours who use that process and attend the trade meetings. The other thing that we do is offer out long-term contracts, which I will not go over because I mentioned them earlier, and we are also streamlining the procurement process. We have, for example, with our long-term contracts procurement process, taken out the first stage, the prequalification questionnaire, because we know who the players are and they have a track record—

[386] **Julie James:** Was that recently, because we have written evidence from several people that says that you do not do that. It says the exact opposite of what you have just said, in fact.

[387] **Mr Owen:** Well, when I looked at that bit of evidence, I have to admit that I was confused because there was some concern about why we asked for detailed risk assessments and method statements for contracts. We operate on a framework contract basis. That gets the preferred bidders on the list, but, inevitably, we will run mini-tenders and for each mini-tender we require a detailed risk assessment and method statement for those particular sites. That is normal practice and that is what surprised me in the written evidence.

[388] **Julie James:** However, if I may just read you what they said. It says that NRW requires them, the contractors,

[389] 'to repeatedly go through the prequalification questionnaire'

[390] after a framework contract is in place.

[391] **Mr Owen:** No.

[392] **Julie James:** So, you are saying that that is not so.

[393] **Mr Owen:** We can prove that.

[394] **Julie James:** I think that you need to have some sort of communication with them then because I have just read you what they said.

[395] **Alun Ffred Jones:** Okay. Bill is next and then Antoinette.

[396] **William Powell:** I would like, if I may, to return to drill down a little into one or two of your earlier answers. You were answering a question regarding the contracts that Joyce Watson raised. I would just like to check whether those contracts involve some sort of penalty clause for failure to fulfil the terms. Obviously, as Joyce said, if you have a commercial enterprise that is unable to supply, process and deliver its timber to its own customers over a three, four or five-month period, in the commercial world, there are serious consequences. Without going too much into the detail of this particular case, is it generally the case that there would be some level of redress for those who have been let down by NRW, however good the reasons for that are?

[397] **Mr Owen:** That is a very good question because the contracts we use have been developed over a number of years in conjunction with our customers. I would like to go back to what I said earlier about the markets changing over time. At the moment, we have a market situation that is buoyant. People are insisting on starting contracts on start dates. However, I also mentioned the fact that there are times when the markets are sluggish, when it suits the other party, the purchaser, for the contracts to start later. So, the contracts are written in a way that accommodates that flux—

[398] **William Powell:** So, it builds in some flexibility.

[399] **Mr Owen:** Yes. We would only really be looking at penalty clauses if people were able to demonstrate that they have lost out. However, if you look at the performance last year, you will see that we fulfilled our contractual obligations to the point that we actually supplied, against contract, 8% more than the published sales plan—more than 70,000 cu m.

[400] **William Powell:** Okay. Given that most of the stakeholders this morning were appealing for flexibility in other respects, I think that that answer helps to satisfy the concerns that I had anyway. The other issue I had, Chair, if I may, is the issue that you referred to in terms of the exodus of knowledge capital at the time when Forestry Commission Wales became NRW. You said that you were having to train up people in their new roles. I wonder whether you could cast any light on the recruitment climate you found when that was the case and indeed how it is at the moment. How popular are posts when they are advertised? With regard to those people who have perhaps committed themselves to a forestry career, it would interest me to know whether the current nature of NRW, in a more homogenised role than was previously the case and indeed is still the case in England and Scotland, has any bearing on your ability to recruit the best people for the tasks.

[401] **Mr Owen:** What I have been really encouraged by in the last year is that, when we have been looking at vacancies, we have been able to draw some very good talent through the

organisation and they are now being given an opportunity. Those are people who have spent their entire careers in forestry. However, for some of the more generic roles, we have also been able to draw staff from other parts of the organisation, if I can call it that. These are people who would previously have worked for the Environment Agency or the Countryside Council for Wales, and we have been really encouraged that, in a competitive process, we are getting people coming through who are choosing to come into forestry as part of their career development. That is going to be really helpful in terms of developing the right culture in this organisation. So, we have a good cadre of professional foresters, but I am also encouraged by the fact that we now have some people with a background that is slightly different—not totally different. They have skills, perhaps, in contract management in another discipline, but many of those skills are transferrable. They are able and talented and able to go forward for training.

[402] **Alun Ffred Jones:** Antoinette is next.

[403] **Antoinette Sandbach:** I have two areas for questions. First, again around your customer-facing focus, I think you talked about meeting your good customers, who are your purchasers, but your customers are also private owners who are under your regulatory arm and are applying for felling licences. The evidence this morning was that the process was bureaucratic, that it lacked flexibility, and that no-one took overall responsibility for forestry. I think the phrase was that the ball keeps being thrown around, but no-one seems to be willing to catch it. Obviously, we have substantial areas of woodland affected by the storms that happened over the winter and in spring—January, February and March. What have you done to look at that flexibility being there? The criticism is clearly out there and, again, that was pretty universal evidence that we heard.

[404] **Ms Davies:** Perhaps I could pick up on a couple of those points. In terms of accountabilities, they are very clear within Natural Resources Wales. For example, Trefor has accountability for the regulatory side and the enterprise side, I have accountability for our work on forestry policy and strategy, and working with the Welsh Government, and our operational directors have responsibility and accountability for the land management activity. That has been important for us to deal with another issue that was raised this morning, namely having this clear separation in terms of the roles and responsibilities that we have as an organisation, with the breadth and remit that we have. So, in terms of accountabilities within the organisation, they are very clear, and we all know what we are accountable for.

[405] In terms of the streamlining process, as was mentioned this morning, we have looked at the felling licence procedure and we have streamlined that down, and now we are turning around those licences in much quicker time. That was listening to feedback from—

[406] **Mr Owen:** I would like to come in on that one. That is really important. The performance on turning around felling licences has gone up from around 70% within the 10 or six weeks, depending on whether larch is involved, in 2012-13, to almost 100% in 2013-14. I think that that is really important when you consider that the number of felling licences has increased from 350 to 450 in the last year as well. That has been accommodated with the same staff resource—staff who are now working more efficiently because they are now working as part of a larger licensing team and we have been able to benefit from some skills and knowledge that were more abundant in one of the other legacy organisations that came in with that particular function.

[407] **Antoinette Sandbach:** The fact that signatures would not be accepted electronically was a complaint and that appointed advisors were not acknowledged as such. Clearly, if those issues have now been addressed, then that is encouraging.

[408] One of the other areas of accountability is the proper publishing of information by

NRW, and the evidence from Confor is that, really, the information that you are putting into the public domain is not sufficient to be able to properly analyse your performance, if I can put it that way. It has made a request for four pieces of information: the timber income, split between thinning and clear fell and subdivided between standing sales and direct production; likewise for harvesting and haulage costs; and the others are in the evidence, which you have obviously read. Are you prepared to put that information into the public domain so that your performance can be properly and independently assessed?

[409] **Mr Owen:** I have looked at that. There is no reason at all why, in broad terms—and I am not going to commit to absolutely everything that has been asked for, because I do have to consider commercial confidentiality—the majority of those data cannot be made available. They have not historically been made available, which is interesting. The call has only come now, but we can easily provide that. In fact, I would welcome demonstrating some of those figures because they actually show a very good performance compared with some of the other countries in the UK.

14:15

[410] **Ms Davies:** I think, in addition to that, we have asked for the sector to work with us, and with the statistics group, to work on the marketing strategy so that we know what it is that it wants so that we can compare like with like. In looking and going through the evidence, we can see that comparisons have been made where you cannot compare. You cannot compare costs between Scotland and Wales, where different things are included within the costs. So, clearly, there is an issue there; it needs to be sorted and we are encouraging the sector to work with us and the statistics group to come up with something so that we can do those comparisons easily—they can, and we can—and that they are there for everyone to see.

[411] **Alun Ffred Jones:** We are coming to the end of the session.

[412] Llyr, wyt ti eisiau dod i mewn? Llyr, do you want to come in?

[413] **Llyr Gruffydd:** Yes, I just want to bring us back full circle really to where we started. Listening to you for the last hour, you have painted a vastly different picture of the sector compared with the one that we heard this morning. It is striking how different it is. I quoted this morning the United Kingdom Forest Products Association's evidence saying that things have

[414] 'deteriorated markedly since the creation of NRW and its current standard of performance is woefully inadequate in every respect.'

[415] Now, I would not expect you to do anything other than refute that categorically of course, but do you have any inkling as to why it might be saying that? What do you think might be underpinning some of this animosity that we have seen towards Natural Resources Wales?

[416] **Mr Owen:** It is fair to say that there has been significant institutional change as far as this sector is concerned. Do not forget that this sector has grown up with an organisation that has been in place since 1919. So, compared with the other two organisations that came together, the Forestry Commission certainly had a much longer footprint and had built up a deeper brand, I suppose, in terms of its relationship with the sector. I think that the sector, to be fair, now has to operate in a different way here in Wales than in Scotland and England, despite devolution. It needs to work closely with us, as well as with the Welsh Government, and its resources are limited.

[417] In terms of the director of the UKFPA, for example, it is just him and his secretary

and they are based in Scotland, and they now have to cover Scotland, England and Wales, which have very different institutional arrangements. So, we are sensitive to that, which is why we want to try to find ways of putting in place communication arrangements that allow that top tier to engage with NRW more effectively. The sector is engaging with the contract managers, the account managers, the specialists on the ground, and that is working really well. However, we recognise that we need to strengthen the ways of engaging and communicating with some of the senior players in the sector, and Ceri described how we are going to do that earlier in the session.

[418] **Llyr Gruffydd:** Some of the people here this morning told us that the jury was still out as far as they were concerned in terms of NRW, and that they thought that NRW has another 12 months really to sort things out and get its act, or your collective acts, together. Do you think that that is fair?

[419] **Ms Davies:** We heard that and I think that it is fair for us to take those thoughts back and to demonstrate that. We have had a lot to deal with, as we have said, not just in the forestry sector with *P. ramorum*, but with bringing the organisation together and so we recognise this. That is why we are keen to listen to the points that have been made and to work with those people to put in place what will work for them, as well as what will work for us.

[420] **Alun Ffred Jones:** Mae gennyf ddau gwestiwn i orffen. Deallaf, gyda llaw, bod eich gwaith yn y sector hwn yn ehangach na thorri coed a'u gwerthu nhw. Rydym yn gwerthfawrogi hynny a chawsom gip ar hynny yn Garwnant. Gofynnaf i chi, Mr Owen, yn gyntaf, o ran yr agwedd hon o dorri coed a'u gwerthu, yw Cyfoeth Naturiol Cymru yn gwneud elw ar y busnes hwnnw?

Alun Ffred Jones: I have two questions to finish. I understand, by the way, that your work in this sector is broader than cutting down trees and selling them. We appreciate that and we had a look at that in Garwnant. I will ask you, Mr Owen, first, in terms of this aspect of cutting down trees and selling them, does NRW make a profit on that business?

[421] **Mr Owen:** Ydy. Ar y gwaith sy'n cael ei wneud, rydym yn gwneud elw, yn bendant. I roi enghraifft i chi, yn 2012-13, roedd yr incwm y dunnell tua £18. Roedd ein costau ni rhywbeth tebyg i £7.30 y dunnell, ac yn is na chostau cyfatebol yn Lloegr ac yn yr Alban. Roedd ein proffit, os caf ei alw'n hynny, yn £10.50 yn 2012-13, a hyd yn oed gydag effaith *P. ramorum*, roedd yn £10.20 y llynedd, sydd yn cymharu â Lloegr a'r Alban. I feddwl na chawsant gymaint o drafferth gyda *P. ramorum* ag y cawsom ni yma yng Nghymru, rwy'n meddwl bod hynny'n dweud y cyfan.

Mr Owen: Yes. On the work that is done, we make a profit, certainly. To give you an example, in 2012-13, the income per tonne was around £18. Our costs were around £7.30 a tonne, and lower than corresponding costs in England and in Scotland. Our profit, if I can call it that, was £10.50 in 2012-13, and even with the impact of *P. ramorum*, it was £10.20 last year, which compares with England and Scotland. Bearing in mind that they did not even have as many difficulties with *P. ramorum* as we did in Wales, I think that that tells you the whole story.

[422] **Alun Ffred Jones:** A gaf i hefyd eich cyfeirio at adroddiad Swyddfa Archwilio Cymru? Roedd argymhellion yn hwnnw y mae Cyfoeth Naturiol Cymru wedi ymateb iddynt, ond mae dau fater na chawsant eu hateb yn llawn ynghylch caffael. Nid oes rhaid mynd trwyddynt i gyd, ond a ydych yn hapus bod argymhellion Swyddfa Archwilio Cymru wedi cael sylw priodol ac wedi cael

Alun Ffred Jones: May I also refer you to a report by the Wales Audit Office? That included recommendations that Natural Resources Wales has responded to, but two matters were not answered fully regarding procurement. There is no need to go through all of them, but are you happy that the Wales Audit Office's recommendations have had appropriate attention and have now been

eu datrys erbyn hyn?

resolved?

[423] **Ms Davies:** I was just going to say that, in terms of the ones that are still in play, if you like, they are linked to the longer term. So, one of the requirements there is about ensuring that we are delivering the Welsh Government's policies and that is where you are seeing this change around integrated natural resource management and making sure that sustainable forest management fits within that policy horizon. So, those sorts of recommendations, by their very nature, will have quite a long tail on them, because when the policy of the Government changes, we need to work with the Government to look at how our activities on the estate will deliver that. However, in terms of our submission, you can see that the actions have been discharged. We put the report in front of our audit and risk committee to ensure that they have good scrutiny and sight of it on a quarterly basis.

[424] **Alun Ffred Jones:** Diolch yn fawr iawn. A yw pawb wedi digoni? Gwelaf eich bod. Diolch yn fawr iawn i'r ddau ohonoch am ddod i mewn a chyflwyno eich tystiolaeth mor eglur.

Alun Ffred Jones: Thank you very much. Is everyone satisfied? I see that you are. Thank you, both, for coming here and presenting your evidence so clearly.

14:22

Papurau i'w Nodi **Papers to Note**

[425] **Alun Ffred Jones:** Mae tri phapur i'w nodi: un ar fioamrywiaeth, un ar Gyfoeth Naturiol Cymru ac wedyn y llythyr gan y Comisiwn Ewropeaidd ynghylch y gyfarwyddeb asesu amgylcheddol strategol. A yw pawb yn hapus i'w nodi? Gwelaf eich bod. Bydd y pwyllgor yn cwrdd nesaf ar 11 Mehefin i gymryd tystiolaeth ar newid yn yr hinsawdd. Diolch yn fawr.

Alun Ffred Jones: There are three papers to note: one on biodiversity, one on Natural Resources Wales and a letter from the European Commission on the strategic environmental directive. Is everyone happy to note those? I see that you are. The committee will meet next on 11 June to take evidence on climate change. Thank you.

Daeth y cyfarfod i ben am 14:22.
The meeting ended at 14:22.