# Consultation on a

# Timber Marketing Plan for the Period 2016 – 2021

# Foreword

Natural Resources Wales was created on 1 April 2013 to ensure that the natural resources and environment of Wales are sustainably managed, enhanced and used in a way that is good for people, good for the environment and good for the economy, jobs and enterprise.

We have a broad remit and the management of the Welsh Government Woodland Estate (WGWE) is one of our key responsibilities. The WGWE is managed in accordance with the principle of sustainable forest management. At the heart of this approach is the importance of balancing the environmental, social and economic benefits of forests and the recognition that our forests serve a wide range of objectives. This consultation is concerned with the marketing of the timber resource from the WGWE.

In 2013, we inherited the Timber Marketing Strategy 2011-2016 from Forestry Commission Wales (FCW) and have been working to this strategy for the past two years. The current Timber Marketing Strategy expires on 31st March 2016 so now is the time to consider our approach for the next five years. We will call this new document our Timber Marketing Plan.

More significantly circumstances have changed with the advent of *Phytophthora ramorum* disease of larch. The WGWE harvesting programme over the last few years has been largely shaped by responding to the Welsh Government’s (WGs) Disease Management Strategy, meeting compliance with Statutory Tree Health Notices, and our strategic approach to reducing larch on the estate. Consequently we have and continue to harvest and market larger proportions of larch wood than anticipated. Our customers were notified in December 2012 of the changing flows of larch and other species both at a Wales level and at a local level.

We are committed to working with our stakeholders to deliver the best outcomes for Wales, and this consultation process is an important element of our overall approach. We know that there is always room for improvement and we have listened to the feedback you have given us since we were established in 2013. This is why we have Ten Areas for Action agreed with WG, Wales Forest Business Partnership (WFBP) and ConFor to help us drive and track the pace of change on matters you have told us are important to you. There are several Action Areas relevant, but not exclusively so, to this consultation including:

* improved quality of communication with the forest sector;
* improved transparency of forests facts and figures for timber production, forecasting and supply;
* improved management of timber production and supply from WGWE and the Welsh Forest Resource; and,
* setting out the role and purpose of the WGWE and its strategic priorities to best deliver WG policy priorities.

# Reason for this consultation

The aim of this consultation is to inform the development of our Timber Marketing Plan for the period 1st April 2016 – 31st March 2021. We have produced this Plan to help maintain our certification to the UK Woodland Assurance Standard (UKWAS) and to ensure that we deliver against the relevant policy objectives set out in WG’s 50 year strategy for trees and woodlands in Wales “*Woodlands for Wales*”. We want to know what you think about the current plan, the areas that are important to you and how we should be moving forward over the next five years.

# How to take part in this consultation

We would like your views on whether our proposals set the right direction for our timber harvesting and marketing operations over the next five years. The consultation is organised into six sections and based around a series of proposals about what we want to achieve and how we want to work.

We would like you to tell us whether you think we are focussing on the right areas of work, whether there are any significant gaps, and how we could work better together to deliver our proposals.

Following this consultation we will develop our new Timber Marketing Plan for the period 1st April 2016 – 31st March 2021.

Tell us what you think by completing the response form alongside this consultation and sending it to SFMT@naturalresourceswales.gov.uk

Or

Michelle van Velzen

Natural Resources Wales

Welsh Government Buildings

Rhodfa Padarn

Aberystwyth

Ceredigion

SY25 6DP

The consultation ends on Friday 2nd October 2015.

# Background information

## The WG’s Strategy for Trees and Woodlands in Wales

In *Woodlands for Wales*, WG sets out its long term vision for woodlands and trees in Wales that “Wales will be known for its high-quality woodlands that enhance the landscape, are appropriate to local conditions and have a diverse mixture of species and habitats.” These woodlands will:

* Provide real social and community benefits, both locally and nationally
* Support thriving woodland-based industries, and
* Contribute to a better quality environment throughout Wales.

Linked to this vision are the delivery of four strategic themes, one of which is to have “a competitive and integrated forest sector”. The four key outcomes linked to delivery of a competitive and integrated sector are:

* More Welsh grown timber is used in Wales.
* The forest sector is better integrated and more competitive, supporting the Welsh economy.
* Increased use of timber as a key renewable resource.
* A thriving, skilled workforce in the forestry sector.

A key outcome related to the Woodlands for People theme is that:

* More people benefit from woodland related enterprises, operating businesses, developing skills and creating jobs associated with woodland and timber.

Progress on these outcomes are published as National Statistics in the *Woodlands for Wales* Indicators with 2013-14 showing that the Total Gross Value Added to the Welsh economy of the forestry sector was £455.7 million in 2013-14. However, outcomes for the economy should not be considered in isolation. W*oodlands for Wales* emphasises that woodlands and trees can, and do, deliver multiple benefits, at the same time, and in the same place. Delivering a competitive and integrated forest sector (which includes timber customers, the timber supply chain, social enterprises and community groups) sits alongside other desired outcomes linked to climate change adaptation and mitigation, recreation, access, community and regeneration benefits, water and soil management, biodiversity and conversation.

Also of relevance are wider WG priorities such as green growth and green job, which are particularly important in the context of developing a competitive and integrated forest sector.

## Our role

We have an important role to play in turning the *Woodlands for Wales* Strategy and Wales’ forestry policy into action. We are the largest land manager and provider of outdoor recreation in Wales. We have responsibility for managing 38% of the total Welsh Forest Resource yet account for approximately 50% of the timber supplied from this resource. Of the 306,000 hectares of woodland in Wales, around 40% is under-managed or in no management at all. The planned sale of timber from the WGWE gives security to contractors and customers but has to be balanced to support timber sales from other growers and the encouragement of new market entrants.

The timber we produce directly supports thousands of jobs in mainly rural areas and contributes millions of pounds to the Welsh economy, as well as helping us combat climate change by locking up carbon. We are the largest supplier of certified timber in Wales, the independent ‘stamp of approval’ of our sustainable forestry practice. We are also working to develop the wind and hydro power potential of the WGWE. We are committed to improving performance on health, safety and welfare, contract management and performance and environmental management and stewardship standards.

We are charged with providing a balance of goods and services from your woodlands - delivering more than just commercial gain from our forest management activities. Whether we are striving to improve habitats for woodland species, improve the water quality of wooded catchments or provide attractive places for woodland based recreation and community involvement- the quality and quantity of these goods and services are influenced by our timber harvesting and marketing operations. It is this duty to balance our forest management objectives and the scale at which we do so that makes our timber marketing plans unique in many ways.

# The scope of this consultation

We are consulting on the development of our new Timber Marketing Plan but we are not starting with a blank sheet of paper. The way that we deal with the production and sale of timber from the WGWE has been set out in five year plans for some time. **Figure 1** shows a summary of our marketing methods and other plans relevant to the proposals we are consulting you on.

### Figure 1 – A summary of our marketing methods and plans relevant to this consultation



Our Timber Marketing Plan is a strategic communication document which tells our customers and contractors what timber we have available to work (or harvesting) and buy (or marketing). This part of our business is managed from our National Services Directorate who deliver the felling and thinning programmes on behalf of our Operations Directorate. The WG *Woodlands for Wales* Strategy and our Corporate Plan set our strategic aims and objectives. Long term forest plans and the forest management interventions to achieve the goals sought through felling and replanting are determined through a separate but related set of plans and processes.

12 months in advance of the sales year we publish an annual statement of our commitments and sales plans in line with the five year plan. We have listened to what you have told us and know that we need to make progress in several areas including better standards of customer service, how we present and publish information on timber volumes, sales and performance and how we offer and manage timber sales to support small-scale and community-based enterprises.

Providing customers and contractors with certainty is important to us and this means that existing commitments from the previous plan carry forward to the next plan period to assure business continuity. As a new organisation we are undertaking analysis and review of our key services to improve our ways of working and ensure value for money. Forthcoming legislation will also change the way that we deliver our wider responsibilities. Proposals within the lifetime of the new Timber Marketing Plan may well require us to make adjustments to the intentions we set out in this consultation. In **Table 1**, we describe what our existing commitments are and areas where you can help us shape how we go forward. This sets the scope of for our consultation proposals.

**Table 1 – The scope of our consultation proposals**

|  |  |
| --- | --- |
| Sections in current Timber Marketing Strategy | Proposals for new Timber Marketing Plan  |
| No. | **Heading** | **What is covered** | **Have your say on:** |
| 1 | How we market timber in line with set aims and objectives and sell our timber with dual certification based on the UKWAS | * As per previous plan period
* Introducing a need for flexibility on intentions and period of notice
 | * What you think these aims and objectives should be
* Periods of notice for significant change to intentions
* Future change
 |
| 2 | How we tell you about the levels of timber availability, our intended timber production for the period and how this will be published | * Outline for WGWE - five year period via this plan
* Annual statement of commitments and indicative sales Total volume
* Average log / bar volumes
* Larch volume
* Proportion of thinning and clearfell volume
* Total volume available & committed
 | * What we consider for publication and how these figures would be best presented
* If we should allocate a proportion of our programmed sales as ‘customer negotiated’
 |
| 3 | What our method of sales are or could be  | * Minimum of four open market sales events annually
* Balance of timber contract types: Long Term Contract and short term contracts
* Balance of sales types: Standing Sales and Roadside Sales
* Total volume available & committed
* Small proportion of negotiated sales to niche markets
* Negotiated contractual clauses supporting apprenticeships
* Woodlands and You
 | * Our methods of sale proposals
* How we would improve our support for skilled forestry jobs
* How we could better include, provide access to suitable sites and manage sales for social enterprise and small scale business ventures in our plans.
* What type of service you would want if we offer a dedicated volume from programmed sales as ‘customer negotiated’
 |
| 4 | How we set out our approach to ‘carbon smart’ sales of our timber products | * Support the development of emerging timber markets but maintain focus on those timber products which have greatest carbon substitution value or job creation potential
 | * Our proposals to support ‘carbon smart’ sales of our timber products
 |
| 5 | How we publish our sales performance figures | * Our Annual Report and Accounts
* Forestry Facts and Figures (Forestry Commission)
* Our work with UK expert group on timber statistics (Forestry Commission)
 | * What measures we could publish about the previous 12 months as part of our annual statement of commitments and sales plans for the forthcoming sales year
 |
| 6 | What our customer service standards are or could be | * Forestry Commission timber customer charter
 | * How we develop a clear set of customer service standards for our timber customers and contractors as part of our Customer Service Strategy and published customer care and service standards
 |

# What are we proposing?

## Section 1 – How we market our timber in line with a set of clear objectives

In October 2014 WG sponsored ConFor and the WFBP to hold a workshop with invited individuals from the forest sector to discuss *Welsh Softwood Timber Supplies and Our Green Economy.* Relevant key points included that:

* WG should place emphasis on educating the wider society to the benefits of commercial forestry
* Ensure that felling in Wales is conducted sustainably
* Ensure that in the management of commercial woodlands on the WG forest estate the value of productive woodland is recognised and protected
* *Woodlands for Wales* must be delivered in a balanced way, addressing all component parts, to ensure the future of sustainable forestry in Wales.

The aims of the current Timber Marketing Strategy are to:

* Support delivery of *Woodlands for Wales* outcomes (economic, social and environmental)
* Retain certification to the UKWAS [independent verification of sustainable forest management] and sell our timber with dual certification to FSC and PEFC
* Strengthen the economic performance of the whole forestry sector
* Promote green growth, including the expansion of a low carbon economy
* Retain a skilled workforce and promote new job creation in the sector that is sustainable
* Improve opportunities for social enterprises and small businesses.

The specific marketing objectives are:

* To sell timber in a fair, open and transparent way
* To offer timber to the market in ways that allow the greatest practicable number of customers to compete for it and in ways that recognise the needs of our customers and enable them to add the greatest possible value to it
* To offer timber in ways that supports investment in the whole supply chain, from planting, harvesting right through to processing and which focuses on areas where that supply chain is weaker
* To offer timber in ways that encourage its use to best effect to help Wales reduce its carbon footprint.
* To provide information and support to promote access to our sales frameworks.

### We propose to retain the existing aims and objectives of the current timber marketing plan.

### Question 1: Do you agree with our proposal to retain the existing aims and objectives from the current TMP?

### Question 2: If you disagree with the current aims and objectives please tell us what you think is missing or should change.

We recognise that our Timber Marketing Plan helps us to achieve our wider purpose and objectives, including our overall efficiency and affordability. We have several service reviews underway to improve our ways of working and this together with forthcoming Welsh legislation may mean that we need to apply changes to our timber harvesting and marketing intentions. We know that for any change to be successful we need to involve our customers and listen to your ideas. Areas for future change may include:

* the development of alternative marketing methods;
* how we continue to strengthen supply chains;
* the need to reduce management and administration costs;
* explore the services you may be prepared to pay for;
* how we could increase sales of certain products to better meet your needs.

**We propose to introduce a new statement within our objectives: ‘If we identify a case for significant change to our harvesting and marketing intentions as set out in our five year Timber Marketing Plan we will consult with our customers and provide a defined period of notice for confirmed change.’**

### Question 3: Do you agree with our proposal to introduce a new statement alongside our objectives that specifically deals with significant change to our timber harvesting and marketing intentions?

### Question 4: Please tell us what an acceptable period of notice would be and if you have any recommendations for future strategic change.

## Section 2 – How we tell you about the levels of timber availability, intended timber production for the period and how this will be published

## 2.1 Long term production forecast

We know that timber customers and contractors are worried by the forecast dip in timber availability as shown in the National Forest Inventory.The ConFor and WFBP workshop *Welsh Softwood Timber Supplies and Our Green Economy* produceda report with recommendations for managing the apparent reduction in timber availability and consequences for timber production. *Woodlands for Wales* has a twin approach to this issue in terms of bringing more woodland into management and by creating more new woodland. However there is concern that the productive capacity of replanted woodlands and low rates of woodland creation in Wales will not be able to prevent the decreases shown in the forecast. The strategic actions are beyond the scope of our new Timber Marketing Plan. Our Ten Areas for Action provides a commitment for us to work with WG, WFBP and ConFor to make improvements including:

* Providing assurance on production forecast accuracy being ‘as good as it can be’ for the task ahead, sharing progress on forecast and inventory improvements
* Continue to work with the Forestry Statistics Group and the Expert Group for Timber and Trade statistics to improve consistency and accuracy.

## 2.2 Intended timber production from the WGWE

There has been a significant change in timber volume availability since the development of the current Timber Marketing Strategy in 2011. The change in volume availability has been affected by the estimates arising from the Forestry Commission’s National Forest Inventory production forecasts and the decision to increase the volume of larch in our harvesting programme. We have and continue to harvest and market larger proportions of larch than anticipated as we continue to respond to the WGs Disease Management Strategy, meeting compliance with Statutory Tree Health Notices, and our strategic approach to reducing larch on the estate.

Our previous plan (2011-2016) marketable volume was set at 770,000m3 with the actual volume harvested and sold being on average around 10% higher than planned. This is partially due to the increased volume of larch as part of the response to *Phytophthora ramorum* disease affecting that tree species but also higher than forecast yield from some stands. **Table 2** shows our proposed levels of timber production (2016-2021) which will continue to be subject to greater or lesser supply based on circumstance and market demand.

### Table 2 - The Levels of Timber Production proposed for the period 2016 – 2021 (metres3(Cubed) Overbark Standing)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Thinnings (average m3obs) | Clearfell larch(average m3obs) | Clearfell other(average m3obs) | Total 2016 – 2021 (average m3obs) | Current TMS(average m3obs) |
| 220 000 m3obs | 330 000m3obs | 355 000m3obs | 905 000m3obs | 770 000m3obs |
| An additional 135 000m3obs from current Timber Marketing Strategy levels  |

We will continue to publish our intended timber production from the WGWE for a five year period via this Timber Marketing Plan and publish an annual statement of commitments and sales in January before the next 12 month sales year (1st April to 31st March) at our annual Customer Liaison Meeting. This meeting is open to most businesses and individuals who trade with us, by invitation, and we also invite representatives from ConFor and the UK Forest Products Association (UKFPA). If we have issues to discuss that may impact on other stakeholders (e.g. our larch clearance programme), then additional invitations are considered. We intend to manage the Customer Liaison Meeting in the same way moving forward.

### We propose an overall increase of 135 000m3obs to 905 000m3 per year from the current Timber Marketing Strategy level of 770 000m3 per year.

### Question 5: Do you agree with our proposal to increase the level of timber production from the WGWE?

### Question 6: If you disagree with our proposed level of production please tell us why and what you would change.

# Section 3 – What our method of sales are or could be

## 3.1 Procurement approach

We are a public sector organisation and as such are bound by EU Procurement Directives and UK legislation which govern how we must undertake our procurement activity. Our procurement activity must be fair, open and transparent and our contracts are awarded on the basis of value for money, taking into account both cost and quality considerations. We are committed to making our contracts open and accessible to all suppliers, including small and medium sized enterprise (SMEs), and we work in partnership with business support agencies in Wales to help SMEs and third sector organisations tender for our contracts. Our opportunities are advertised on our own website, the *sell2wales* website and, for some circumstances, in trade journals.

Through our Procurement Strategy and our Communities and Regeneration & Enabling Plan, we are also committed to ensuring that our procurement processes support the delivery of wider community and environmental benefits where possible, for example by formally incorporating community benefit requirements into contracts and framework agreement. In this way, we hope to be able to offer training and employment opportunities to help address sector skills gaps.

## 3.2 Types of contract

Our current Timber Marketing Strategy offers a range of both “Short” and “Long Term” harvesting contracts, both offered through an open market tender process. Tenders are advertised in trade journals, via sell2wales and published on our website.

Short Term contracts are offered to the market annually via a series of at least four electronic sealed bid tenders. These sales are awarded on the basis of price and ability to work the parcel or meet the contract specification within the time period required.

We want to be clear about the role and value of allocating a proportion of our timber sales to Long Term Contracts (LTCs). LTCs have been a cornerstone of timber marketing policy for many years as a base volume to underpin new investment in the supply chain through an element of certainty of volume. LTCs have been the basis of encouraging investment across the supply chain on the WGWE with an intended consequence of benefit transferring to the rest of the Welsh Forest Resource either directly or indirectly. These LTCs give security to contractors for investment in harvesting resources and confidence to customers for investment in processing and value added timber products. We currently use Standing Sale LTCs to stimulate investment in the supply chain from forest to mill (skyline investment / thinning resource building) whereas we currently use Roadside LTCs to encourage investment in the processing sector in ways that promote added value and new investment.

We believe that the range of LTCs we offer has stimulated a total of £40 million investment in the period 2005 – 2015 with £34 million in the processing sector and £6 million in the supply chain offering real value for money to the Welsh economy.

Within our Ten Areas for Action we have undertaken a review of our contract tendering processes and a Review of contract management processes and performance and are committed to taking forward report recommendations.

**We propose to continue offering a range of LTCs via the methods we currently use, to stimulate investment where it is required in either harvesting or value adding timber processing.**

### Question 7: Do you agree with our rationale for offering LTCs?

### Question 8: If you disagree, please tell us why and what you would change.

### Question 9: How could we better use LTCs in our management of the WGWE to stimulate the wider benefits outlined in *Woodlands for Wales, i.e.* stimulate the transfer of greater benefit across the Welsh Forest Resource and forest sector for the economy, people and environment?

**Question 10: Do you think we should offer some smaller volume LTCs to suit smaller or emerging harvesting businesses, to act as a proving ground as they grow?**

## 3.3 Levels of production and committed volume

Within our proposed level of timber production a proportion of that volume is already contractually committed. This is because we offer a suite of LTCs for the supply of timber and they extend into the period of the new marketing plan. When publishing our current Timber Marketing Strategy in 2011, we predicted that a range of between 40% and 60% of our timber available for sale could be committed to Long Term Contracts (LTCs). At present, we know this figure is close to the upper part of this range, due mainly to the effects of our larch clearance programme.

**Figure 3** shows our current commitments for the period 2016 to 2021. It highlights the effect of our response to *Phytophthora ramorum* disease of Larch on the committed LTC percentage against our intended Standing Sales production but also against the overall proportion set against the increased levels of production.

### Figure 3 - The current committed and proposed non-committed volume to LTCs for the period 2016 to 2021

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Sales type | LTC annual commitment (m3obs)(fixed de minimus for period of plan) | Annual programme(m3obs) | % committedto LTCs(fixed de minimus for period of plan) | Programme not yet committed(m3obs) |
| Standing Sales | 318,000 | 508,000 | 63% | 189,000 |
| Roadside log and Bar | 84,000 | 208,000 | 40% | 124,000 |
| Roadside Small round wood | 117,000 | 189,000 | 62% | 72,000 |
| Roadside Totals | 201,000 | 397,000 | 50% | 196,000 |
| Totals | **519,000** | **905,000** | **57%** | **385,000** |

### We propose that the proportion of LTC commitment remains within the range of 40% and 60% of the overall timber volume we have for sale and to continue putting to the market the remaining timber production in the form of short term contracts.

### Question 11: Do you agree with our proposal to retain LTC commitment within the range of 40% to 60%?

### Question 12: If you disagree please tell us why and what you would change

## 3.4 Sales mix

Our current Timber Marketing Strategy aims to maintain a healthy mix of both Roadside and Standing timber sales. Both traditionally and currently we have a strategy of achieving broadly a 50:50 mix with the ability to vary either method of sale within a range of 40:60. This approach was developed in order to respond to our customers’ requirements to have access to a range of sale opportunities. As a land manager, it also gives us more flexibility to achieve best value across the range of multi-purpose objectives that we are required to meet in implementing our long term forest management plans. For example, on sensitive sites where there may be particular operational constraints due to gradient, location or conservation issues, roadside sale (following harvesting by a business contracted to us) allows us more direct supervisory control of the operation.

### We propose to maintain a broad mix of 50:50 standing and roadside sale opportunity in the new Timber Marketing Strategy.

### Question 13: Do you agree with maintaining the status quo (broadly a 50:50 mix) on Roadside versus Standing Sales?

### Question 14: If you disagree please tell us why and what you would change

## 3.5 Sales events

Information about how to buy timber from us can be found on our website. In summary we publish our annual Sales Plan and the dates of the intended sale events at the time of our annual Customer Liaison Meeting – before the start of the next Sales Year (1st April to 31st March). This is promoted on our website and the sell2wales website.

We continue to operate a system of electronic sales known as E-Timber Sales by agreement with Forestry Commission where you register, login, search for sales events and make bids online. Copies of Sales Catalogues, along with details of average prices and winning bidders, can be found on our website. In 2014-15 all standing sale and roadside hardwood sales were offered through [E-Timber Sales](http://www.forestry.gov.uk/forestry/INFD-8JPBLZ). Selected hardwood contracts may be sold at the annual Westonbirt Arboretum auction, held in November of each year.

### We propose to retain a minimum of four sale points per Financial Year.

### Question 15: Do you agree with our intention to continue with four electronic timber sales annually?

### Question 16: If you disagree please tell us why and what you would change

Currently our sale events are on the basis of a sealed bid tender approach and our current published sales plan simply sets out the approximate quantities to be offered in each sale broken down between Standing and Roadside sales. However for the period of the new Timber Marketing Plan we propose to publish improved information in support of sale events and, in the interests of strengthening the overall supply chain, we propose the following two key changes:

### We propose that for those who:

* Buy our timber - we will publish on our website the future intended locations (also known as coupes) and volumes by thinning and clearfell that we wish to commit to for each of the scheduled sale points. This will be done before the start of the relevant Financial Year (1st April to 31st March).
* Work our timber - we will carry out a similar exercise with our Direct Production contractors in support of the future Roadside sales so that timber contractors can better plan their work programmes across their business commitments

### Question 17: Do you agree with these improvements to the information we publish in support of sales events?

### Question 18: If you disagree please tell us why and what other improvements you would like to see.

## 3.6 Niche markets

A small proportion of our timber for sale can be negotiated as small parcels with a total ceiling limit of 5000 tonnes per year and individual transaction value limited to £5000. These negotiated parcels are often of unusual dimension, a particular species or provision to a niche market that is not suitable for electronic sales. We want to improve the customer experience for these types of sales.

* Minor conifer species such as Douglas Fir, Western Hemlock and Red Cedar, Lawson Cypress, Grand Fir and Noble Fir
* Large diameter sawlogs with butt diameters greater than 70cm
* Long length log poles cut to random lengths with top diameter greater than 30cm. We currently market timber such as long length (3.7m - 13.5m) Douglas Fir logs
* Brash bales or chipped material for the biofuel market.

### We propose to continue with our existing volume allocation and individual transaction value for niche market sales, improve the contact and supporting information and make it available on our website.

### Question 19: Do you agree with our proposal to continue to offer up to some directly negotiated sales for niche markets?

### Question 20: If you disagree please tell us why and what you would change

**Question 21: Do you agree that an individual transaction value limited to £5,000 is correct?**

### Question 22: If you disagree please tell us why and what value you would change it to

## 3.7 Auctions

It is also possible that we could sell timber via an electronic auction process, although E tenders will remain the main method of offering our timber to the market. We have no firm plans at this time, but it is option that we are interested in exploring.

### We propose to consider the use of an electronic auction process to sell some of our timber.

### Question 23: If we offered electronic auctions in the future, is this something you would be interested in?

## 3.8 Development of other approaches

We are open to suggestions of how different approaches or a more effective combination of approaches to timber contract types and methods of sale could be used to generate more benefit from the WGWE timber resource, in particular to stimulate the supply chain and broader forest sector performance. In the most recent survey of woodland enterprises a limited supply of timber was seen as an obstacle by 4% of woodland enterprises. We are aware that some customers would like to be able to communicate more easily with us about what they what they need to support their business venture.

One of the key themes of “*Woodlands for Wales*” is that Wales has a competitive and integrated forest sector and that:

* More people operate businesses, develop skills and create jobs in enterprises associated with woodland and timber
* People recognise that a job in the forest sector makes a valuable contribution to the sustainability agenda in Wales; more people with the right skills enter all levels of the supply chain; there are more robust and reliable career paths and more opportunities are created for local people to be involved in woodlands.

We intend to be an exemplar public body, promoting and maximising opportunities for social enterprises, skills development, and the promotion of well-being through the land we manage and influence, and the way we run our business. A key economic indicator for our Corporate Plan 2014-17 is the total value of local small scale commercial opportunities enabled by us on the land and water we manage.

Another indicator within our Corporate Plan is that we must work with local communities to get more people involved in place-based decisions, and develop future plans together using a principle of community ownership and co-production, particularly close to land and water we manage.

We recognise and welcome the interest from social enterprises and community woodland groups in our approach to timber marketing and the value of their involvement. We are already offering a continued commitment to supply niche markets. Traditionally we have concentrated our community enterprise offer on sites that we evaluate as uneconomic to work through our traditional harvesting and marketing activities. Uneconomic sites are typically remotely located, little easy access or built infrastructure, steep or otherwise difficult working conditions and comprise poor yield, low value crops. Whilst opportunities exist for working these sites we also need to consider what other approaches could have merit.

We would like to increase the supply and use of local and sustainably produced wood products and supporting the development of more small community-based business opportunities, especially in our most disadvantaged community areas, would be one way to achieve that goal. Improving access to timber sales, supplying a range of suitable sites that match demand and improving awareness of what we can offer would increase new enterprise proposals. We would like to be able to provide a simple process that offers fair opportunity to all groups of people but we need to do so within a clear framework that we can reasonably resource.

Our established Woodlands and You scheme (soon to be renamed as ‘Mynediad’ and cover all land managed by NRW) gives communities, social enterprises and other woodlands users throughout Wales opportunities to develop and manage projects, events and activities including training and enterprise opportunities on land we manage. We are open to suggestions on how to improve our provision via our Timber Marketing Plan. To improve opportunity and better meet the needs of social enterprise and community woodland groups we could offer a more direct link by allocating a proportion of suitable sites, volume, species and/or products from our harvesting programme and sales methods. Alternatively we could select suitable sites from our programme to match proposals submitted to us.

Based on experience from the Wood Energy Business Scheme the volume offered was in excess of take-up. We could propose an initial allocation of up to 5000m3 per year – representing around 0.5% of the total timber volume availability. This could support the equivalent of around 20 community firewood projects. Dependent on demand / take up we could increase our allocation up to a ceiling of 20000m3/year (2% of total volume – the equivalent of 80 community firewood projects). We would need to carefully consider and communicate how we manage and resource commitments such as these if we were to adopt them in our Timber Marketing Plan for 2016-2021. We would like to hear from you on how you think we could develop a suitable approach.

### We propose to explore the way in which we our Timber Marketing Plan could better respond to community based enterprises / SMEs / micro-businesses.

### Question 24: What type of service would you want if we offer a dedicated volume from programmed sales as ‘customer negotiated’, for example via Woodlands and You? We want to hear your ideas.

## Section 4 - How we set out our approach to ‘carbon smart’ sales of our timber products

### *Woodlands for Wales* recognises the benefits timber can have in reducing our carbon footprint but some wood products have greater potential than others to reduce greenhouse gas levels. The “carbon hierarchy of use” as we set out in our current Timber Marketing Strategy is a way of comparing the contribution of different wood products to reducing greenhouse gas levels. It considers the following two key factors which determine any product's position in the hierarchy:

* **Service life of the product**: Some wood products (e.g. paper, packaging, wood fuel, firewood, charcoal, wigwam poles), have a very short service life, typically less than three years. Other products, like roofing rafters and structural timber can have a service life of well over a hundred years. The longer the service life of the product, the greater the contribution of that product to reducing greenhouse gas emissions, by keeping CO2 locked up.
* **Energy displaced in production**: Making things from wood can use much less energy than making things from other materials. For example, the energy required to produce 1m3 of structural steel is approximately eighty times the amount of energy required to produce the same product in wood. By using more wood and less of other "high embodied energy materials" - such as metal, concrete, brick we can reduce greenhouse gas levels by reducing our demand for energy.
* **Additional services**:Timber production can provide additional related services which contribute indirectly to reducing our carbon footprint. These include the evidence that woodlands can reduce the impact of rainfall run-off thereby reducing flood risk and sediment pollution; both of which reduce costs downstream such as the need to treat water supplies and to build defences. Local sources of wood also reduce transport impact and can reduce the need to import timber from unsustainable forests.

We currently welcome opportunities to support the establishment of all markets from low grade woody material in order to provide additional income to woodland owners and promote woodland management. We will support development alongside elements of the timber industry that create timber products which have greater carbon substitution capability and value adding potential. In practice this means that for Standing Sales it will be for the purchaser to decide what products to supply to market but for Roadside Sales we propose to continue with the following:

1. Sell and grade out products to suit different markets and encourage the greatest degree of added value in the supply chain.
2. Encourage the production of wood fuel from forest products with low end value use in areas close to high value markets and established processing businesses.
3. Explore the potential to further harvest within sustainability limits additional biomass from branches/lop/top and roadside vegetation management programmes whilst not compromising environmental quality.
4. Continue to operate and expand the growth of our firewood framework for the supply of the domestic firewood merchant sector.

The relevant Woodland Strategy indicator monitors carbon stocks in woodland biomass and wood products, and carbon abatement due to product and fuel substitution. The desired trends are an increase in carbon stocks and also in carbon abatement.

An area we could explore is the management of woodland areas in locations remote from high value / high carbon abatement markets. There is potential to supply high grade wood fuel from mixed mature woodland of a specification that could be processed by efficient on-site mechanised processes for local supply. In such a scenario we would consider the prevention of expensive and carbon rich transport to more traditional markets further afield as a ‘carbon saving’. There is potential to create jobs, renewable energy and income generation in areas suffering from affordable sources of heating.

You may like to consider the link with section 3.8 and Question 24 when we ask you consider alternative approaches to timber production and supply from the WGWE.

### We propose to continue with our ‘preferred hierarchy of use’ approach for our timber where we provide product specifications but will consider the development of alternative approaches to being ‘carbon smart’ with timber production and supply from the WGWE.

### Question 25: Do you agree that we should continue to follow our ‘preferred hierarchy of use’ to help reduce Wales’ carbon footprint?

### Question 26: What more can we do to get maximum benefit from the WGWE timber resource in relation to carbon management?

## Section 5 - How we publish our sales performance figures

As an organisation that is always looking for ways to deliver objectives and outcomes in as efficient a way as possible, we would like to hear from you if there are areas of our performance relating to harvesting and marketing on the WGWE that we can do in a more efficient or effective way.

We would like to deliver the future Timber Marketing Plan in a way that enables increased customer satisfaction, whilst at the same time ensuring high standards of health, safety and environmental performance and the achievement of a wide range of objectives in accordance with the WGs strategic vision for woodlands in Wales.

In our new Timber Marketing Plan we do not want to repeat what already exists elsewhere. Trends and progress towards broader outcomes such as carbon balance, tree health, community enterprises, demand for and use of Welsh wood, forest sector health are published as National Statistics in the *Woodlands for Wales* Indicators. The National Forest Inventory, NFI-derived Forecasts and Reports together with Forestry Facts and Figures will continue to be published on a UK basis including Wales’ country level data and information. Specially commissioned surveys such as the *Survey of Woodland Enterprises* and reports produced by organisations such as the Wales Forest Business Partnership and ConFor add to our knowledge.

Our Ten Areas for Action acknowledges that we need to make improvements in the way that we publish and share information about forests facts and figures for timber production, forecasting and supply. We need to respect commercial confidentiality but are committed to improving the transparency of our expenditure and income as far as we are able. Relevant to this consultation is the need to decide on what will be provided and why.

Currently we have a range of internal Key Performance Indicators (KPIs) that our Executive Team scrutinise including:

1. Reporting on our thinning area outturn in Hectares
2. Reporting on achieving the published sale volume commitments to market
3. Reporting on Contracts starting on time with a benchmark of 90%
4. Financial targets aligned to activity and agreed business plan

**We propose to include more detail as part of an annual reflection on the previous year’s performance as part of our 12 month forward look for sales in our Annual Sales Plan.**

### Question 27: Do you agree with our proposal for retrospective sales performance figures to be included in our Annual Sales Plan and tell us what you would like to see included.

### Question 28: What would your measures of success (KPIs) be in delivering our future Timber Marketing Plan?

## Section 6 – What our customer service standards are or could be

In Wales we work to our new Customer Care and Service Standards that were published in April 2015. These apply to all areas of our work and clearly explain what you can expect from us and our aspirations for the service we provide. For example, they explain how you can contact us, how we will respond to requests for information, how we will offer a bilingual service and how we will run our Customer Care Centre.

The current Timber Marketing Strategy makes reference to a Timber Customer Charter that was developed by the Forestry Commission and covered Wales, England and Scotland and is currently being updated to cover England and Scotland only. However we need to provide good continuity of service for customer and contractors who operate across the UK and so, whilst we will not be part of this updated Charter, we will need to cover the same issues for harvesting and marketing commitments. Between our new Timber Marketing Plan, Customer Service Strategy (in development), published customer care and service standards and other published information we will need to cover:

* Production and Sales Information
* Sales Quantities
* Sales Procedures
* Market Awareness
* Contract Management
* Credit Management
* Liaison Meetings
* Countryside and Rights of Way Act
* e-Business
* Requests for information

We also promote the Timber Haulage Code of Conduct and annually publish a Road Atlas with agreed routes for hauliers working on the WGWE.

### We propose to manage timber harvesting and marketing operations in accordance with our new over-arching Customer Care and Service Standards, but with some additional specific information being provided in the new Timber Marketing Plan and signposting to all relevant commitments.

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### Question 29: Do you agree with our proposal that our new Timber Marketing Plan will bring together all of the relevant commitments and information for our timber customers and contractors?

# Finally

### Question 30: Are there any further comments you would like to make?

Thank you for taking part in this consultation.

We will publish a summary of the responses on our website and use your views to help develop our Timber Marketing Plan for 2016 - 2021.

For any further comments or queries, or to obtain this document in an alternative format, please contact: SFMT@naturalresourceswales.gov.uk

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**Natural Resources Wales**

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**29 Newport Road**

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**CF24 0TP**

**0300 065 3000 (Mon-Fri, 8am - 6pm)**

**enquiries@naturalresourceswales.gov.uk**

**www.naturalresourceswales.gov.uk**

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