National Assembly for Wales
Environment and Sustainability Committee
PFE 12
Inquiry into The Public Forest Estate in Wales
Response from: BSW Timber

BSW Timber

16th May 2014

Environment and Sustainability Committee,
National Assembly for Wales,
Cardiff Bay,
CF99 1NA.

Dear Sirs,

Inquiry into the public forestry estate in Wales

Thank you for the opportunity to respond on behalf of BSW Timber. We are a primary sawmilling group, with operating sites throughout UK and one of our major mills is here in Newbridge-on-Wye, Powys.

Introduction

BSW employs 1000 people across 6 locations across Scotland, England and Wales as well as one plant in Latvia with a turnover over in excess of £180m. BSW Timber's British mills have a production capacity of over 1,000,000m3 of sawn timber per year and they produce over 30% of the UK's softwood output.

BSW have almost completed a five-year £70m investment programme, including erecting a new sawmill in Fort William and installing 26MWs of biomass capacity across three sites which utilises sawmills' own lowest value wood co-products for fuel. Our sawn timber products are mostly used for construction, pallet, packaging, DIY, fencing and gardens. Co-products are also used for paper, panel board and energy markets. We distribute timber products throughout the UK and export to the Middle East, China, South Korea and Japan. BSW Timber is a member of the Timber Trades Federation and the UK Green Building Council. We are a supporter of the Wood for Good campaign and the Grown in Britain

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initiative. We have strong relationships with the Forestry Commission, Natural Resources Wales, private growers, customers, NGOs and banks.

BSW in Wales

BSW has invested over £6m in its Newbridge sawmill alone over the past six years, employing 140 staff – making it the largest single site sawmill in Wales. The BSW Board has approved a plan to invest in additional and replacement capacity at the Newbridge sawmill based on the conclusion of contract signing with NRW for the long term supply of sawlogs.

The Newbridge sawmill is located on a 10 ha site in the heart of Wales, close to the spa town of Llandrindod Wells. The sawmill can process lengths from 3.0 - 4.8 metre lengths and operates on a treble shift pattern. Annual input is 260,000 cubic metres of sawlogs and it produces 150,000 cubic metres of sawn timber. The investment proposal will raise the annual input potential to 400,000 cubic metres of sawlogs.

It has been a particularly challenging time for the Welsh forestry sector with regard to the impact of tree disease on larch. BSW have been working hard to develop new outlets to process and market the product of plant health felling to try and support value to the growers.

This year BSW have broken new ground by beginning to supply Welsh-grown timber to two Welsh timber frame manufacturers in direct substitution for imported timber, destined for much-needed house building in Wales.

BSW and forestry

BSW in Wales is the largest consumer of softwood sawlogs, cutting predominantly Sitka spruce but also significant quantities of other species. It works closely with forest owners and managers including NRW and also with the complementary markets for other wood products.

There is sufficient potential sawlog supply for the next twenty years according to forestry inventories. However, the complete lack of productive softwood woodland creation in Wales in the last fifteen years will lead to a sharp decline in availability after 2030. Long-term decline of supply and of our business and the Welsh forestry sector can only be arrested by the commitment on the ground to creating new productive softwood woodlands at scale.

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Inquiry to consider how Natural Resources Wales (NRW) has both managed the public forest estate and delivered forestry services to the sector in Wales since its creation in April 2013.

The Commercial Operations and Focus of NRW

The experience of BSW is one of frustration with a lack of operational focus from NRW. This ranges from:

a) Poor levels of response to telephone calls and emails. We are often left chasing NRW staff for resolution of issues ranging from stock availability to contract drafting. There does not appear to be much urgency or customer focus about their approach.
b) Low visibility of NRW's production plan at a lot by lot basis. A forest portfolio the size that NRW has at its disposal should have numerous coupes identified and prepared to work n order to provide consistent uninterrupted supply to major contracts. This does not appear to be the case as we consistently experience delays in supply.
c) Poor procurement process of harvesting services delaying delivery. The procedure of tendering harvesting operations for individual coupes only after the parcel is sold is often causing delays to the start date of contracts. With an annual direct production volume in excess of 400,000m3 obs one would expect a pool of harvesting resources to be retained in order to ensure prompt commencement of contracts which are often sold 3 months ahead of the proposed start date.

There is a concern within the industry that the morale of forestry staff within NRW is at a very low level and this is impacting on the delivery of commercial forestry activities.

Delivery of business advice and support to the forestry sector in Wales

We are pleased to report positive support from the NRW board in the form of long term supply agreements to investment proposals at our Newbridge sawmill. The intention to support ongoing investment in efficient sawmilling capacity in Wales which will benefit both the public and private forest estates is laudable.

However we remain concerned for the future supply potential in Wales following the recently released 50 year availability forecast publish by National Forest Inventory, which shows that the available volume of softwood in Wales reduces by 50% of current levels within 30 years. This reduction is reflected in both the

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public and private forestry estates. With current restocking guidelines reducing the density of conifer planting by 30 -40% and a lack of significant new conifer planting in Wales for the past 10 years, unless significant efforts are made to dramatically increase planting of conifers now, it is unlikely that there will be continued investment in the next generation of timber processing capacity in Wales.
There is a real requirement for NRW to take a strong lead in both an advisory and facilitator role to Welsh Government, Public Forest Estate and the Private Sector Forestry Industry to ensure that significant new planting schemes are bought forward. To that end we are concerned that there is a lack of commercial forestry experience on the NRW board to steer this course.

Management of disease outbreaks on the public forestry estate

BSW welcome the approach that NRW have made to dealing with the Phythopthora Ramorum disease in Larch by offering long term contracts to offer consistent supply to timber processors in order that they can confidently build market for this material. However slow contract negotiation process, poor planning and preparation of working coupes are frustrating our ability to access consistent supplies that these contracts were designed to facilitate.

Conclusion

BSW welcome the positive intentions towards forestry and timber processing shown by NRW but are increasingly frustrated by operational inefficiencies within the organisation that result in a disappointingly fragile supply chain.

Yours sincerely

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