

Section 1

The aims of the proposed Timber Sales and Marketing Plan 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 FSC certification
- Strengthen the economic performance of the whole forestry sector
- Promote green growth, including the expansion of a low carbon economy, using more Welsh timber for Welsh construction.
- Retain a skilled workforce and promote new job creation in the sector that is sustainable
- Improve opportunities for social enterprises and small businesses, whilst being considerate of open and fair competition.

We are proposing the following marketing objectives:

- To sell timber in a fair, open and transparent way.
- We will seek to develop a “triple bottom line” approach in respect of our timber sales awards; focussed on generating the greatest income for the public purse, whilst considering the impact on the carbon economy and circular economy in Wales. This approach will enable the right decisions to be made to contribute to the ambitions of our new legislation in Wales, in respect of the Well-being of Future Generations Act and the Environment Act.
- Safety Matters - we recognise that the forest industry is one of the most dangerous activities on both the WGWE and across the UK. Recognising that the public sector estate can and should contribute to improvement of safety culture in the industry, we are committed to find opportunities to work with others to create greater awareness, training and support for the forest sector in Wales. Such an approach will include the provision of events for both the private and public sector.
- We recognise the need to gain the greatest value for money for the public purse, and we will undertake a net return approach from our timber sales activities. This means avoiding selling timber at a negative value.
- The Timber Sales and Marketing Plan will need to be a flexible model to accommodate future expectations and programmes identified in Area Statements and Public Service Board priorities.
- To ensure we attract the right resource and investment for the future, we recognise we may need a different approach to solely looking at open market timber sales. Such work areas may include the support and encouragement for apprenticeship schemes in the forest sector, investment in specialist equipment and training for thinning

programmes and steep ground working. To include the management of forest operations within the wind farm areas of the WGWE.

- The larch disease, *Phytophthora ramorum*, continues to impact on the provision of timber sales on the WGWE. We will aim to remove the remaining larch stands on the WGWE by 2030 as stated in our larch reduction policy. This will address the concerns of tree health issues, and importantly address the safety factors associated with the removal of dead standing timber.
- From a previous period of an equal balanced timber provision of roadside sales and standing sales up to 2016, the sale model since 2017 has leaned toward more standing timber sales. The past equal provision of offer of volume has enabled the forest industry in Wales to develop and invest, and business opportunities exist in which to grow this sector further. Due to the current market forces and net value returns for the WGWE and the industry capacity, there will be a presumption in favour of standing sales within this timber marketing plan period.
- The Timber Sales Marketing Plan may be impacted by unforeseen circumstances and national catastrophic events, such as wind blow and tree health, as has been experienced across central Europe. It will be critical that we maintain a flexible and adaptable approach to such events. In the case of such events we may need to change our plans and will communicate any such changes with you at our earliest opportunity.
- As identified within our publication “The role and purpose of the Welsh Government Woodland Estate”, we will explore the opportunities and options available for alternative land management where such proposals deliver more well-being benefits for Wales.
- The production forecast of the next 15 years will outline the available volume for the marketplace and programme delivery on the WGWE. This forecast is due to be published in the autumn of 2020.
- The production forecast will be detailed to include both the available clear fell harvest and the thinning volume. The thinning volume and area will be a critical programme during the period of this Timber Sales and Marketing Plan to ensure we have high quality and high value woodlands and timber for the future.
- Most of the timber harvest will be offered on the open market, via the current electronic e-sale mechanism. We will explore the opportunity to market timber by e-auctions as well as the current approach to e-sale tenders.
- To offer timber - and the way we manage the WGWE - in a way that generates the greatest commercial return for the estate whilst delivering to the wider ambitions of new legislation of the Environment Act Wales and the Well-Being of Future Generations Act (Wales).

- To explore new and emerging opportunities to contribute to finances and resources to the management of the WGWE.

We propose the afore mentioned aims and objectives to the Timber Sales and Marketing Plan.

6. What do you think of our proposal and the aims and objectives as outlined above?

The proposed aims and objective appear generally positive, and are supported by the industry. There are however significant elements that lack sufficient clarity or detail to be able to provide any comment on at this stage. These elements include but are not limited to, proposals for:

- Alternative land management methods.
- Adoption of a Triple bottom line approach.
- Exploring emerging opportunities and alternative land management methodology.
- Empowering area statements and Public Service Boards to direct future programs.
- A presumption in favour of standing sales.

Questions that arise from this initial series of proposals are:

- Why is NRW publishing this consultation prior to the release of the next Timber Forecast?
- What examples of alternative land management methodology are NRW able to provide and will they commit to consulting with the industry prior to implementing new programs that could seriously alter the availability profile of timber in Wales?
- Why isn't the delivery of a clear timber availability program by product and region part of these overall objectives. The previous timber marketing plan committed to providing this information in the financial year prior to the program implementation to allow forestry business to plan their future purchasing and harvesting operations.

As a general statement, the window available to complete this consultation, draft the TMP, consult on the TMP and then implement it prior to 1st April 2021 is insufficient.

We recognise that our Timber Sales 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 new Welsh legislation means

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 contribute to the strengthening of supply chains;
- the need to reduce management and administration costs;
- Seek greater ways of working in partnership.
- To develop a triple bottom line approach for timber sales.

In line with NRW aspirations to trade to ethical and environmentally conscious customers, NRW is exploring an independent, free, environmental and social impact assessment tool, which alongside price, will offer an overall assessment of the performance of a business and the benefits trading with the company will bring to the people of Wales. This is part of our drive to consider the Triple Bottom Line approach to our commercial ventures, where people, planet and profit (income/investment) are all weightily considered and measured in any commercial transaction and will offer us the ability to work collaboratively to improve environmental and social standards throughout the forestry sector.

Link to one example of triple bottom accounting assessments we consider may be appropriate: <https://kb.bimpactassessment.net/en/support/home>

We propose to contribute to wider industry benefits via our timber sale activities and seek your views on how you would value our contributions to wider industry benefits.

7. How do you feel about the proposal that NRW should contribute to improving safety, encouraging apprenticeships and alternative timber marketing methods to encourage a future sustainable workforce for the timber sector?

This is three questions.

1. How do you feel about the proposal that NRW should contribute to improving safety?

The industry welcomes the message on safety matters and NRW has a significant role to play in this. This must be in conjunction with the industry, FISA & HSE.

Whilst the Forestry Commission previously led the industry in best practice in the 1990's, NRW has reduced its harvesting activities and in doing so has reduced its experience in managing harvesting sites. All sites are now delivered in conjunction with the private sector contractors.

This coupled with the recent significant redistribution of skills following the OD has led to staff who are not necessarily experienced or qualified foresters operating as contract managers for timber harvesting activities. For the majority of the WGWE harvesting sites (Standing Sales), NRW's role is as the landowner and not as the operator or forest works manager. This is a point of major confusion and poor communication amongst staff. The

lack of understanding displayed on this point is jeopardising the safety of contractors and staff.

NRW currently operates in a bubble, not necessarily consulting or observing best practice guidance issued by FISA. The industry has overtaken NRW in terms of performance, safety, and quality. Expanding NRW's role in developing HS policy/best practice, is difficult to support when its stated preference is to move away from DP.

There must be a clear acknowledgement that safety & harvesting policy change is done in conjunction with the industry, FISA and the HSE. The industry is keen to continue to improve the safety record and protect forestry workers, present NRW policy and decision making does not always translate to support these outcomes.

Proposal: NRW in conjunction with industry support, implement a knowledge transfer program to highlight the individual roles within the Guidance for Managing H&S in Forestry Guidance. The role of the Landowner & Forest Works Manager needs to be clearly understood before NRW can be taken seriously in respect of improving safety within the sector. If successful, this could be extended to support practical training of NRW and Industry employees on harvesting methods and best practice across forestry operations.

2. How do you feel about the proposal that NRW should contribute to encouraging apprenticeships?

This is positively received by the industry if it is in conjunction with other training provision, intended to develop an integrated and high-quality apprenticeship scheme. There are gaps in current training provision and the other schemes currently operating in Wales. It is important to draw on the lessons of current schemes and others that have ended recently. NRW has an important role to play in developing future foresters and many high-quality staff within the private sector have their routes within NRW or the former FC. We encourage development of this in partnership with the private sector to ensure as broad an experience base for training as possible.

Due to the scale of the WGWE it is likely that some types of site only exist within the public sector. As a result, it is logical that related site-specific skills should be developed in conjunction with NRW and its land partners. A prime example of this would be managing forestry surrounding or within Wind Farm sites. This will need to develop as a specialism supported by private sector firms who are under contract with NRW. The combination of training, site and skill set could lead to training, operating and investment (TOI) contracts to ensure that a highly skilled specialist workforce is available for longer term operations on this type of site.

3. How do you feel about the proposal that NRW should contribute to alternative timber marketing methods?

This question is highly ambiguous, so cannot be qualified with a positive or negative answer. Alternative marketing methods could encompass any of the below and much more:

- Long & medium-term Contracts.
- Training, Operating & Investment contracts
- Specialist harvesting packages (see windfarms above).
- Targeting future timber use – e.g. timber into construction.
- Social enterprise projects not financially targeted.
- Preview of Roadside Timber product (designed to allow DP buyer to see the actual product being bid on)
- Volume derived through digitised mensuration.
- Selling timber by volume through the harvester head
- Long-term harvesting and restocking leases
- Timber and residue sales.

If NRW chose to experiment with or wanted to move to alternative marketing methods the impact and risk of disruption to timber availability would be of key concern from an industry perspective. Factors that would need to be considered are:

- Overall timber supply disruption.
- Capacity of all businesses to procure via new marketing method (risk of market division).
- Scale or length of term agreement derived from new methods.
- Impact on flexibility of NRW to adapt to market requirement.
- Scale of investment required to engage with proposed marketing method.

Any proposals for alternative marketing methods should be clearly identified and explained under a proposal section of the TMP. Industry and market engagement would be required to quantify the risk and scale of disruption. These experimental marketing alterations' would need to be discussed and worked through closely with the industry followed by a phased implementation of any proposal with a pilot project.

8. What examples of ways of working would you like us to consider which contribute to the objectives outlined above, via our timber sale activities?

The objectives outlined are not supported by a clear explanation of desirable outcomes. An overarching observation relating to timber sales is, that communication lies at the heart of the customer supplier relationship. In an organisation as large as NRW there are multiple tiers of communications with staff that interlink across teams. More work is required to foster an environment that promotes engagement, communication and a customer focused approach. Industry feedback to date is that the creation of 6 placed based teams

is creating six silos where interlacing communication is poor creating an inconsistent and confusing experience for customers.

Those objectives that have a direct link to timber sales activities are responded to individually below.

- To sell timber in a fair, open and transparent way.
The current system performs in an open and transparent way allowing all customers to view and bid on all sales parcels. It does not however provide secure stock and continuity in the way the LTC's did for the larger processors and merchants previously. Being an international commodity the timber price indices extends far beyond Wales's locus, but the timescale over which sales coupes are offered and the lead in times in accessing purchased timber, are responsibly for significant localised variations in price and profitability.

The industry proposes that in the development of future sales packages more scrutiny and weight is given to the timing and scale of timber availability coming into peak demand seasons. For example, correlating demand from trades such as fencing and construction.

Some additional platforms/methods of sale are required to support development within the industry e.g. smaller contracts (maybe LTC's) to encourage investment in both machinery and skills for steep ground working and thinning.

- A "triple bottom line" approach in respect of our timber sales
A more detailed response is provided in to 3BL in question 9.
It is understood that this is proposed to be piloted on timber sales. This is a significant step that has not been developed with stakeholders and does not appear to be sufficiently understood within NRW itself. Implementing this whilst still trying to embed significant change from OD will be catastrophic in terms of staff and industry resources. The proposal to develop 3bl accounting methodology for integration to timber sales in the short term is considered highly risky to the timber industry and is rejected out of hand.
- Safety Matters Safety is of prime importance to the UK timber industry which is reflected in the work of the Forest Industry Safety Accord (FISA) of which NRW are members. In this context, the integration of safety and environmental performance are both factors that the industry has raised with NRW previously, to differentiate between individual businesses performance at sales events.
There are significant caveats relating to reporting and management of environmental or HSE reportable instances to ensure they are dealt with fairly and consistently in each NRW area. This could be very subjective depending on geographical area and there are potential issues with purchasers sharing the same contractor resource.

There would need to be a robust discussion regarding the valuation of safety within overall performance but this is an area that the industry would be supportive of further engagement and development.

- Avoiding selling timber at a negative value

The perspective of NRW on this matter is significantly different to any other landowner. In most instances this would be tendered as a forest operation rather than a timber sale.

To reduce the likelihood of this, greater levels of information and data accuracy are required when offering diseased or high cost extraction timber to the market. These particular sales could be made more viable for all parties by NRW agreeing to enter into discussions about ways of working and potential working methods prior to sale. This means that NRW would not be setting the working method and could be opened up to progressive/alternative ways of working.

How do NRW propose to carry out first thinning operations or meet SPHN requirements without accepting a negative return? The private sector would be expected carry out a 'loss making operation' such as SPHN felling.

- A presumption in favour of standing sales.

The move from DP towards SS is driven by the increased costs or reduced profitability experienced by NRW. The reasons are numerous but principally it is the perception within the industry that this derives from the inflexible nature of NRW sales methods, and failure to capitalise on market trends/demand for different material production from a crop (product breakout). This is compounded by the lack of knowledge and the ability to deliver sale parcels and procurement of operations in timescales that align with industry needs. A separation of the central operations teams into the new OD has meant that operational outputs are now struggling to deliver.

Note: In Scotland FLS utilise some DP work to carry out the more challenging and sensitive sites therefore the margins are lower than SS, but that is understood and accepted. It is difficult to compare margins between DP and SS because prices achieved in SS are often influenced by other factors, such as forward and/or spot buying,

Proposal – NRW could benchmark its performance against other public sector and partner a harvesting firm/s to undertake open book learning from a fully commercial harvesting operation. The lessons learned could be used to refocus NRW's value appraisal, profitability, desired outcomes from DP operations. Working towards a light touch approach which would give NRW more flexibility to react to the market would also help.

- Production forecast availability

Improving the quality and availability of future timber harvesting programs through greatly improved forest data and mensuration, should mean that longer program forecasting would be possible. If this were made available to the industry, it would generate the confidence in the sector to adopt a more strategic approach to timber

purchasing, improving their profitability, and potentially increasing the value offered within the e-sale process.

- Performance management.

The industry proposes the development of a clear and fair method of feedback on NRW's performance. By doing this, the opportunity to comment and improve NRW working practices including sales process would be vastly improved. At present the only formal/recorded feedback system appears to be through raising official complaints. This is a particularly unproductive way of trying to deliver change and improvement.

This highlights the need for a permanent customer liaison group to help support and inform policy change, identify and adopt new practices and to help improve NRW and Industry performance.

9. What are your views on introducing a Triple Bottom Line Approach?

The link provided in the TMP consultation document redirects to a webpage with little explanation and 140 additional onward pages and documents. It is unreasonable for NRW to consider that they have reasonably consulted on this matter. The timescale for implementation of a 3BL methodology has not been stated directly in the document. We understand from discussions in the stakeholder session there is a strong desire to pilot a 3BL methodology from April 2021. The industry strongly resists this proposal in its current form and formally requests that NRW reconsider this point in view of our response below.

The appetite of NRW to show the additional benefits derived from its estate is understandable and from an industry perspective could be a tangible step forward in promoting the benefits of commercial forestry in other forums.

The implementation of a triple bottom line approach is something that will need considerable work to understand the value of products in the supply chain. Whilst some products may have a shorter life span in operation their substitution with other materials or offshoring cost to replace, may have greater impact than anticipated. This hierarchy of timber use is obviously only one element of a triple bottom line approach.

The role of rural employment, development of higher value jobs and preservation of communities' benefit, both from recreational use of a forest but also as a future resource for locally derived products, will need to be accounted for. The level of detail and understanding of 3BL accounting is still relatively in its infancy and any implementation of this as a methodology for measuring value or awarding contracts is one that will take time for the industry to adapt to. This is not least because of the additional resource required to administer the chain of custody of products but also due to the current lack of clear information. The execution of the approach must not be at the expense of customer

resources. There is currently a significant disconnect between the ideas and demands that NRW feel are necessary or desirable, and the physical impact of these on their customers.

The industry proposes that a working group be developed with the required Welsh Government, NRW and industry stakeholders so that an appropriate methodology can be identified in line with the outcomes that the public authority seeks to deliver. A pilot of 3BL accounting can be put forward for testing with a view to implementing an agreed system during the course of the next TMP prospectively in years 3-5. This work could be in conjunction with the development of the Timber Use Hierarchy/Wood cascading study currently being considered by the Scottish Forestry & Timber Technologies Industry Leadership Group. group.

10. What timber marketing methods do you value and why?

The use of open marketing for all timber sales is valued as it provides a completely transparent opportunity for every company in the market. The programmed sales provide some level of certainty for purchasers although the reduction in their frequency has recently started to put strain on processing businesses of all sizes.

There have been lessons learned about phasing e-sales and results announcements to ensure that clashes with FE sales are avoided where possible. In coming years, the sales events in Ireland and Scotland may start to bear greater significance too. Where possible NRW should publicise sale dates 12 month in advance and communicate with other public agencies to avoid timing clashes. This helps both the industry and NRW obtain best values at each sale point.

Auction sales could play a positive role in the marketing portfolio. They have the potential to create additional value from NRW sales packages where there is an undersupply in the market. The use of auction sales for interim supply into the market would also allow business to make adjustment to their product supply dependant on their incoming order book. Whilst Standing Sales offer ultimate flexibility of what to cut (subject to quality) those purchases in the DP market are more limited in their resources of timber.

Any method of sale that would allow NRW to become more responsive in its ability to vary the products it offers to the market would be strongly welcomed. Whilst covered later in our response the reduction in frequency of sales is a significant step back in NRW ability to capitalise on market demand.

Long term contracts (1-5 years) or medium term contracts (1-3 years) are of significant value to some members of the trade allowing them to ensure that they have a volume of material committed to their supply chain. This creates competitive disadvantage in reducing the material available on the open market but does give a level of security to NRW when markets slow and businesses have committed to taking minimum volumes from the WGWE.

Additional welcome benefits of longer-term contracts and supply chain commitments are their ability to support business in their commitment to future workload, and investment into new equipment and training.

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 recognise the value of timber supply to the Welsh forest and wood processing sectors from the WGWE. As with every growing forest the timber supply will rise and fall depending on age structure and unforeseen events, such as plant disease and catastrophic wind blow. Despite the impact on the Welsh forests from *P. ramorum* infected larch stands, the forthcoming 5-year period shows only a small fall in available timber. Any advance of the timber production in this next period may likely impact on the future supply chain from 2035, when the long-term forecast indicates a further fall in production. Until such time as new woodland creation productivity takes place, we will need to manage timber stocks in Wales carefully to demonstrate sustainable forest management.

- The re-run of the Production Forecast is due to be published towards the end of 2020. Early indications forecast a growing stock of 977'000m³ per annum of timber on the WGWE for the next 5years.
- As in previous felling periods we have adopted an 85% availability of such a figure to ensure we can commit and deliver against the forecast of available timber to the marketplace. The 15% reduction accounts for inaccessible and unmarketable timber including the provision of natural reserves and high recreation access areas which may reduce timber availability or restricted access temporarily due to wider aims and benefits of managing the WGWE.
- This figure will be confirmed prior to 2021.
- Key headline changes to the five year forecast shows:
 - a decrease in clear fell, with a 74% log & bar content.
 - an increase in thinning volume, with a 64% log and bar content.
 - Spruces remain the dominant species of 75% of volume.
 - Pines @6%; larches:7%; Douglas Fir @ 6% and other conifers @ 5%, and broadleaves @1%

2.2 Intended timber production from the WGWE

There has been a fall in timber volume availability since the development of the current Timber Marketing Strategy in 2017. 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 Welsh Governments Disease Management Strategy, meeting compliance with Statutory Plant Health Notices, and our strategic approach to reducing larch on the estate.

Our previous plan (2017-2022) marketable volume was set at 850,000m³ with the actual volume harvested and sold being on average around 8% lower than planned. The differences have been due to several factors notwithstanding *P. ramorum* larch fellings, the receipt of qualified accounts related to our past practise of standing sales plus contracts, our past management of long-term contracts and the continuing volatile and unpredicted market place.

Table 2 shows our proposed levels of timber production (2022-2026) which will continue to be subject to greater or lesser supply based on circumstance and market demand. (metres³(Cubed) over bark standing)

Thinnings (average m ³ obs)	Clear fell larch (average m ³ obs)	Clear fell other (average m ³ obs)	Total 2021/22 – 2025/6 (average m ³ obs)	Proposed TSMP (average m ³ obs)
197,000 m ³ obs	40,000m ³ obs	740,000m ³ obs	977,000m ³ obs	830,450m ³ obs
<p><i>These figures are estimated as @ 18th May 2020 and may be subject to change pending the final published Welsh production forecast in summer 2020.</i></p> <p><i>The volume offered to market will assume an 85% overall figure based on the final production forecast figures to be published later in the year and prior to 2021.</i></p>				

We will continue to publish our intended timber production from the WGWE for a five-year period via this Timber Sales and 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. If we have issues to discuss that may impact on other stakeholders, then additional invitations are considered. We intend to manage the Customer Liaison Meeting in the same way moving forward.

We propose a decrease of 20,000m³obs each year from the current Timber Sales and Marketing level of 850,000m³ per year.

11. What would be the impact, if any to you and/or your business, of the changes to the level of timber production from the WGWE?

The annual production figures are quoted as being released at three different times in this document. Please clarify the actual release date and how this will impact of volume and profile of product delivery.

As the mix of products is advised to change too, the scale of and impact to business resulting from change cannot clearly be quantified. The proposed 20,000m³ obs reduction in the timber supplied to the market is equivalent to the intake of one small/medium mill in Wales. The obvious impact for every business in Wales is an increased competition for timber (assuming upward market trends), greater potential for a business failure in the

harvesting and wood supply chain, reduced opportunity for sector growth, reduced confidence in businesses to invest in jobs and infrastructure and reduced opportunity to store more carbon in long life construction products.

For overall operations of processing and harvesting businesses, one of the most significant deviations from the current TMP is the absence of data about the upcoming 12 months timber supply. In previous years, this information was made available to purchasers well in advance of the coming financial year. This allowed business to think strategically about their public and private timber supply, harvesting operations and haulage. In failing to meet this commitment, it is the view of the industry that NRW has negatively impacted on the flexibility and planning operations of every business it supplies to.

This is compounded by the lack of detail on the five year forecast. It is noted above that clear fell and thinning ratios have changed but the ration within the 85% availability is uncertain. It is difficult to understand how NRW can practically consult on the Timber Marketing Plan without providing more specific information about the intended timber supply over the active period.

In real terms NRW has withheld or failed to sell greater volumes of timber than the 20,000m³ in 2018 and 2019. This disruption of the market has weakened every forestry business in Wales greatly influencing investment decisions on development of new jobs and infrastructure. Whilst the proposed is undesirable and in part due to changing priorities and management methodology of the WGWE, its impact can be minimised by profiling timber supply accurately, tracking seasonal demand, developing interim sales practices that allow for market demand to be met and **most significantly improving stocking data, sales information packages and managing contracts well.**

It is hard to answer this question fully due to the uncertainty in the proposed volume being offered to the market. With no clear direction of tree sizes, the impact and businesses will vary i.e. from sawlogs – fencing – biomass – Chipwood.

The Industry anticipates that NRW will revisit the decision to reduce the annual volume to be marketed once the new wood availability forecast is made available.

12. What impacts would you foresee for the wood processing sector in Wales due to the proposed volume of timber offered for sale?

- Significant further loss in confidence of industry in NRW.
- Reduced confidence in supply chain businesses to invest in new jobs and infrastructure.
- Potential focus on other suppliers to the detriment of NRW.
- Increase in cost of timber
- Increase competition for supply

- Reduction in timber output
- Job Losses, small firm closure,
- Industry skills degradation
- Greater demand place on private sector
- Greater demand on imported timber with additional increase of associate pest and disease risks.

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 based on value for money, considering 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.

Timber Sales activities continue to be offered via the BiP Solutions e-sale on-line portal.

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 agreements. In this way, we hope to be able to offer training and employment opportunities to help address sector skills gaps.

3.2 Types of Tree Harvesting Service Contracts

Our current Timber Sales and Marketing approach offers harvesting contracts through an open market tender process. Tenders are advertised in trade journals, via *sell2wales* and published on our website.

The current approach, commenced in 2020, to awarding our tree harvesting service contracts is via a dynamic purchasing procurement model, which is open to all contractors who' having passed a gateway entry, will be eligible to bid within the framework of suppliers for service contracts for tree harvesting.

3.3 Types of Timber Sales from the WGWE.

We currently offer 2 ways of selling timber, as either standing sales or at roadside.

During 2019 we have embedded new timber sales governance standards, including new terms and conditions for our timber sales activities. This review and new ways of working ensures that NRW, and our staff, operate with good governance as expected of a public body in Wales.

We do need to improve our delivery of programmes to manage the WGWE. This includes maintaining a productive potential of the WGWE, address outstanding thinning programmes and meet wider land management targets to benefit society and the environment, including peat restoration and native woodland restoration programmes.

In addition, future Area Statements and Public Service Boards may influence our management of the WGWE in future years.

We propose a presumption in favour of standing timber sales and open market timber sales.

This does not mean no roadside sales albeit this sale method will likely be reduced from the current programme of circa 100,000m³ per annum.

We recognise the value of harvesting brash residues from the WGWE, where appropriate and in accordance with sustainable forest management, and seek your views on creating an open and fair sale method to complement our current sale method of timber sales of products to 7cm top diameter.

13. What would be the impact, if any, on your business activities for a presumption in favour of standing timber sales on the WGWE?

Confor represents a significant range of processing and operational businesses within the forest industry. In providing one answer to this question, we have attempted to cover most market positions but there will be a mix of businesses with individual outlooks.

The consultation notably fails to advise what the anticipated reduction from the current 100,000m³ p.a. will be. This level of detail is essential for us to be able to respond appropriately.

The majority of processing business in Wales purchase roadside timber even if they have large secured volumes of timber under SS contracts. This is used to smooth gaps/dips in supply during larger harvesting operation changes and allows business to regulate their supply. The impact on these businesses can be mitigated through their ability to buy and harvest further SS coups or potentially buy from other sources across the border.

The presumption in favour of standing sales is one that will impact all micro & smaller and medium sized businesses (SME) who do not operate their own harvesting gangs most significantly. Whilst a similar volume of roadside timber is available from the private sector

plus what may be purchased from business operating as merchants, diminishing market availability is highly undesirable for this segment of customers.

Although NRW may draw a straight line between moving toward SS and more timber being available through merchants, this is not certain. Those merchants adding another step in the supply chain will add costs too. As larger businesses expand and trading relationships develop between companies, there is a strong likelihood that these Micro & SME's will be squeezed both in terms of cost and availability.

This change will have an even greater impact on micro and boutique business. These low volume purchasers are already subjected to increased cost and uncertainty just by being a niche purchaser. As NRW customers, they are extended more favourable credit terms than they may receive in the private sector and when purchasing timber, they compete with relative certainty in a transparent bidding process. Historically these businesses operate in rural locations and their closure would have a far greater impact than the loss of employment in urban or peri urban areas.

This is potentially one area where triple bottom line accounting may be able to provide justification to NRW for the retention of DP as the majority of these micro & SME's provide employment in rural communities or are key employers in their locality where there has been a trend of rural migration due to lower paid jobs.

Coupled with the statement above, the reduction and potential loss of DPs would also be a barrier to new entrant small scale timber purchasers.

There is the potential for a negative impact on harvesting businesses as the work required by NRW will reduce. Larger businesses also operate their own machines, often in preference over sub contracting. The logical conclusion is there will be fewer contractor opportunities. Any action that will potentially reduce the number of harvesting business in Wales must be avoided. The entry cost into this industry segment is high and new entrants are infrequent.

It would be helpful for NRW to provide more detail to its customer base on how it has arrived at the decision to reduce DP contracts. At this time it remains a preference of the industry that selling timber at roadside is a key service that should be retained within NRW. In addition, DP contracts ensure that key harvesting and planning management skills continue to be developed and maintained within NRW personnel. It also enables NRW to have some influence on product breakout to supply special markets when required, and to test new harvesting management regimes as they evolve. As a general comment the experience that DP timber production is significantly less profitable to NRW than its Standing Sales operation is counter to that of the industry.

14. How could we better utilise brash residue and what sale methods would be attractive to the sector and why?

Brash residue is a niche product seasonally attractive to the biomass energy market normally used as a blend with sawmill residues for biomass energy products. If successful, introduction of this product to the market could reduce some demand on srw from the woody biomass supply chain.

This practice is becoming more common place in the rest of GB subject to local brash recovery policies. What is NRW policy on where brash recovery is possible in regard to water, soil and nutrient management?

Key amongst all the points mentioned will be in finding a method of sale and measurement that NRW is comfortable with, auditable and effective from an industry standpoint.

Allowing for brash recovery within Standing Sales contracts would provide one opportunity to develop this, with each purchaser having the option to provide a second price/tonne if they wish.

There are multiple methods of collection, processing and harvesting e.g. Chipped on site/transported by bulk wagon vs brash collection and transport. Doubt has been expressed by some in the industry that NRW currently have sufficient experience and expertise managing and operating the complexity of brash recovery and delivery. It is recommended that further study of brash recovery systems and uses must be considered and industry feedback sought before implementation of any new policy. The brash residue plays a beneficial role for forest health. Retaining the brash until the needles have dropped recovers some of the nutrients for the next rotation, this should be considered in the above.

15. Are there other timber sale models that you would like to see offered from the WGWE? Please explain your answer.

The reintroduction of long-term or medium-term sales contracts could provide security in supply and therefore increase confidence for investment in job recruitment and infrastructure for successful customers. LTC's or MTC's offer a good opportunity for NRW to package parcels that might require more specialist equipment and expertise, such as steep ground working and/or sensitive sites. By doing so, may incentivise investment in specialist equipment and develop expertise that could lead to effective and safe delivery from specialist sites.

These should ensure that those more challenging elements of the woodland estate are managed to a high standard without dependence on a high timber price.

In the first instance whether for supporting difficult working, promotion of investment or development of industry partnering, discussion should be held between NRW, FC & FLS on the terms of LTC's. This is a method that has been adopted elsewhere in the UK and is currently being re-tendered.

There are various models that could involve the private sector contributing positively to management of the WGWE to improve efficiency and release NRW staff to other roles more suited to their evolving skill sets.

The basic idea of the harvesting + contracts was sound but let down by inconsistent and poorly written contracts. This model could be reviewed by simply creating a tighter contract with a proper specification that was fair to all parties. The advantage of the harvesting + model is that it does release NRW staff to concentrate on other activities and has the added advantage that coupes are restocked at the earliest opportunity and do not therefore increase the substantial landbank on the WGWE awaiting restocking and the consequent financial loss to the state both financially and in lost opportunity to sequester CO₂. Expanding the concept of the harvesting + model to larger management units would allow for economies of scale to be offered by the private sector in management, timber marketing, restocking and maintenance which would all add to the overall value to taxpayers derived from the WGWE.

Forest areas with low public visitor numbers would be ideal to trial alternative management by the private sector allowing NRW staff to concentrate on managing and improving even more those sites that are popular with visitors. However, this would require a cultural change within NRW as staff could perceive it as a threat to their jobs despite there apparently being plenty of opportunity to redeploy staff to tasks that urgently require extra resource.

Please explain your answer. If you are proposing an alternative timber sale model please outline the scope of the proposal, including benefits to your business activity and the WGWE

3.4 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 BiP Solutions, an independent IT solutions provider, alongside other public bodies managing the public forest estate in Scotland and England. 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. 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.

Currently our sale events are based on a sealed bid e-sales tender approach and our current published sales plan simply sets out the approximate quantities to be offered in each sale broken down by Region and between Standing and Roadside sales.

We propose to raise the safety before price mandate in our timber sales activities:

As well as the enhanced pre-contract qualifications we plan to award contracts based on safety performance as well as price. The mechanism needs careful design to be transparent, fair and to avoid unintended consequences and fit procurement rules. We propose a system whereby an element of the contract scoring is based on a well-defined measure, such as “Number of safety or environmental incidents that were investigated and where the contractor was found to be at fault”. To encourage open reporting and a “just culture” in health and safety we would not include near misses or minor incidents that did not warrant a formal investigation, albeit note that frequent near misses or minor incidents may add up to an incident worthy of investigation.

16. What do you think of the intention to continue with four electronic timber sales annually?

Despite being advised that the previous timber marketing strategy was committed to only four sales events, the actual wording states – “We will retain a minimum of six sales points each financial year, and offer a wider range of parcels, through the open market process.” (Timber Marketing Plan 2017-2022 p12).

The industry strongly maintains the need for a minimum of 6 scheduled sales per year.

The industry rejects the proposal to decrease to four sales events per annum. When this was proposed in 2019 it was cited to be due to the available resource within NRW. Latterly it has been driven by potential clash of sales where viewing and bidding windows overlapped. The industry strongly resisted at the time but a reduction to 5 fixed sales was implemented by NRW. This move is seen as a degradation of service by the industry where both FLS & FE are able to maintain more sales points per annum.

The frequency of sales is of huge significance to the industry. Most NRW sale contracts have a three month lead in unless subject to early commencement. Many private sector contracts have the benefit of an immediate start. The fluctuation of the timber market (for finished goods) makes purchasing timber from NRW higher risk for all businesses. The greater frequency of sales events helps purchasers to better manage the costs of supplies and maintain profitability accounting for prices achieved for finished product sales in a volatile international commodities market.

This risk of this proposed reduction in sales combined with a frequent failure for product to be delivered timely or in some cases at all as part of the DP contracts mean that smaller businesses can be starved of material or are having to undertake expensive secondary processing such a resizing chip wood to get their desired material.

From a private landowner perspective, the changes in NRW's e-sales program can have sizeable impact on their timber values. In a falling market the private landowners will be the first to bear the depression in prices or see harvesting suspended as they do not have the market presence within NRW. Whilst the public and private estates provide similar volumes to the market it is certain that NRW that has more influence on timber pricing and contractor availability. This coupled with felling licence application timelines, short 2-year licence terms and the increasing administrative burden placed on the landowner by NRW means that private grower is very lucky if they get to capitalise on the market highs.

17. What do you think of the proposals to include safety and environmental performance in how we award contracts?

This is a positive opportunity for NRW to include an additional scoring and performance element into the e-sales platform. Sufficient information has unfortunately not been provided to allow a more detailed response on this point. One question that it does raise is what is the price and value of safety or environmental performance.

There are concerns amongst customers that they are experiencing different methodology and performance standards from different area-based teams when it comes to reporting of HSE events or Environmental breaches. It is statistically unlikely that the same customer and harvesting team would carry a high level of service and quality in one area whilst receiving an average or low level in another, yet to date the experiences of FWM's reflects that. For this reason, there is caution within the industry that the personal relationship between customer and contract manager could materially affect their ability to purchase timber.

An alternative assessment may be that business without an appropriate rating for either safety or environmental performance over a 12 month period may be excluded from purchasing material. If this were to be successful a judgement on an "incident" rate which considers the amount of activity both in volume of timber and number of employees is necessary. Thought need to be given to "fault" – is it a system fault within the organisation or simply an operative doing something contrary to their instruction and training? The quality of the investigation, what lessons have been learned and what has been done to prevent recurrence must also be considered.

If any scoring system were to be implemented it would need to be consistent, clear, and transparent. At present there is little industry confidence that NRW can deliver this with its current level of resource.

18. Are there any other mechanisms that you feel are worth considering?

Current governance and compliance standards make NRW unresponsive and unable to adapt to market changes and requests. Whilst the Grant Thornton report has been instrumental in the development of the current iteration of NRW, the focus on process coupled with the level of risk aversion is driving NRW to becoming an immobile organisation. It is natural that a public body is risk averse but there appears no appetite to manage risk and become a slightly more fluid and active partner. The development of partnering relationships for promoting timber in construction, establishing new markets, and delivering a green recovery, requires a more agile and proactive public partner.

One method for supporting the development of partnership or regeneration projects reliant on Welsh timber, would be to identify a small proportion of the annual timber harvest into reactive/spot sales requests.

This could be used where processing firms whether Micro, SME or large could bid on elements of the WGWE timber. With the program for updated Forest Resource Plans and improved sub compartment database detail, NRW could operate a specialist auction service able to provide bespoke products. These products would have to be part of the next 5 years supply chain as part of the harvesting process but effective the scheduling would become responsive to a need, in order to offer an optimised value and return. This could make NRW a much lighter footed and flexible partner.

3.5 Niche markets

We currently market our timber on the open market via the e-sales tender programme. Our current approach to marketing timber direct with a customer is to an upper limit of 5m³.

We have moved away from the firewood framework contracts and now offer regular firewood supplies, in various volume size, to the open market. This action has been in response to customers and the recent Grant Thornton report (2019) highlighting concerns which gave rise to qualified accounts for the Welsh Audit Office. In addition, the open market approach has seen NRW receive higher prices for this product.

We propose to continue with the open market sale approach of small volumes to attract and encourage niche markets and community bids for wood fuel.

19. What do you think of the proposal to continue to offer niche markets and small timber sale volumes via e-sale on the open market?

Following the response in question 18, the current niche market outlook appears ineffective in delivering it's aims and unresponsive to the scale of market demand. Whilst

the previous plan suggested lower volume LTCs to address niche markets this appeared flawed as the arbitrary quantity did not reflect the requirement of the niche market.

The real question here is what a niche market? Supply for:

- Innovate building projects,
- Brash residue fuel products
- Roof trusses or specific elements for Welsh homes
- Specialist oversize timber
- Specialist cladding and flooring.
- Material for engineered wood products.

No matter what the market, an upper supply limit of 5m³ will not provide much opportunity to establish a robust supply chain for any of these products. It is difficult to categorise this at present as the scale of the demand or project opportunity is unknown but it must balance the need for an innovative supply chain, potentially capable of establishing new markets without bleeding away timber products from the established supply chain at such a scale as to great to supply voids.

The industry is being requested to develop the Welsh supply chain but in order to develop these there is a need for NRW to become a partner with smaller volume, tight timescale, high quality products.

3.6 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.

20. If we offered electronic auctions in the future, is this something you would be interested in?

The opportunity raised for auction sales throughout the responses in this document are hopefully clear but we believe they have a significant role to play in:

- Interim sales
- Niche Products
- Development of establishing markets
- Variable Bid sales for DP or retained element – e.g. Where perhaps a SME may bid a high/top price for 100 tonne of a 5000 tonne parcel, they would get the first slice of the cake and then the next slice would go to the second bidder and so on. This would ensure smaller companies can bid for the same log parcels as the larger companies but not be put off by the size of the parcel.

3.7 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, to stimulate the supply chain and broader forest sector performance. We are aware that some customers would like to be able to communicate more easily with us about 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.

An indicator within our Corporate Plan and Area Statements 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 those 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. 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 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 'Mynediad' scheme covers all land managed by NRW and gives communities, social enterprises and other woodland 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 Sales and Marketing Plan, whilst within the qualification of ensuring value for money and fair and open competition.

We would need to carefully consider and communicate how we manage and resource commitments if we were to adopt new ways of working in our Timber Sales and Marketing Plan for 2022-2026. 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 Sales and Marketing Plan could better respond to community-based enterprises, small and medium sized businesses and micro-businesses.

21. What type of service would you want if we offer a dedicated volume from programmed sales via our Mynediad Programme?

It is reasonable and sensible to link the requirement for locally sourced timber products to be utilised for local projects and for a connection between a community and the surrounding woodland to be established. This is particularly pertinent in more remote areas and areas where the scale is not attractive to the established supply chain. In order to achieve success in this type of initiative, we believe this should be developed in partnership with interested and pertinent stakeholders. This will provide the foundation for establishing and disseminating best practise in effective marketing of appropriate material to the appropriate segment of the market. Where this risks failure is in greater parts of the forest estate becoming untouchable or unmanageable due to local pressure groups whose actions are emotionally motivated, following misunderstood or outdated facts. The management of the WGWE provides more than just timber income. To many though, the elemental role of management in habitat care and improvement, biodiversity gain and public access/enjoyment is not related or recognised. There is a strong need for these primary benefits to be more effectively communicated.

If NRW wishes to operate in conjunction with local groups to manage woodland this again seems entirely appropriate and should ensure a level of monitoring and mentoring. Any social enterprise or alternative woodland use group must be required to adhere to the same rigorous safety and reporting standards as all private sector purchasers. To do anything else creates a two-tier system, devaluing the requirement for professionalism and best practice that is required of the industry.

Full and clear presentation of the methodology used to equate value with social enterprise must be made as there may be opportunities where private companies can deliver these outcomes more effectively or deliver even greater benefit. To exclude them from these opportunities would appear to be contrary to the desire to achieve best value for the WGWE.

Any development of this policy should explicitly state that all products removed from the estate should be sold via the open market.

Section 3.8 - How we set out to adopt a triple bottom line approach to 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 “triple-bottom-line approach as we set out in our current Timber Sales and Marketing Plan is a way of comparing the contribution of different wood products to reducing greenhouse gas

levels. It considers the following 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 wish to identify opportunities which support development alongside elements of the timber industry that create timber products which have greater carbon substitution capability and value adding potential.

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 in carbon abatement.

We have identified a marketing opportunity to work alongside housing associations and others in Wales to develop more timber use in house building and support the creation of a circular economy within the forest and house building sectors.

22. What would you envisage the role of Natural Resources Wales to be in the contribution to adopting an approach for more Welsh timber use for the Welsh housing market?

We greatly welcome the acknowledgement by NRW of the climate change mitigation benefits of increasing the use of wood fibre in construction to store carbon for as long as possible and to substitute higher embodied energy construction materials.

NRW can play an important role for society in achieving this even before trying to influence established supply chains:

- Implement a “wood first” procurement policy for any construction programmes associated with NRW building. This is equally important in retrofit as new build.
- Engage and influence other Welsh government agencies and departments to do likewise.
- Contribute to continued R&D in new product development that will offer the opportunity for increased timber rich buildings in Wales.
- Participate proactively in established partnerships promoting carbon benefits of wood fibre to architects, planners and construction professionals such as Wood for Good (“Wood Co2ts Less”) and Wood Knowledge Wales.
- Work in partnership to develop and articulate a clear wood cascading protocol that should account for second and potentially third operational lives for Welsh grown wood fibre.
- Be a part of a network that will showcase the best use (performance and value for money) of wood fibre products manufactured from material sourced from Welsh forests.

We question why there is only a focus on the Welsh housing market, wood products are used extensively throughout the construction sector, not to mention agricultural buildings and as previously mentioned above, should focus on the retrofit market as much as the new build market. The wording of the question intimates a focus on sawnwood, the carbon value (and life cycle) of other wood products such as particle and fibre board could provide an even greater contribution to carbon storage in buildings in Wales.

It is difficult to understand how NRW can fairly direct wood products sourced from timber from the NRW estate into the housing market without impacting and influencing established wood (and construction product) supply chains which support the Welsh construction industry and associated jobs.

In relation to NRW timber marketing plan:

- Further development of the niche markets process could be used to provide direct access to potential structural sawnwood for project purposes.
- Provide a guarantee of delivery for the contract volume of all products would greatly increase confidence in downstream customers, such as timber framers.
- Ensure sales contracts are processed timeously and production is not delayed as a result of administrative under resourcing.
- Investment in modern and effective mensuration practice to ensure much more accurate product breakout assessments, again increasing customer confidence.

Fundamentally before seeking to disrupt the stability of industry supply chains NRW must:

- Prioritise high quality mensuration for the estate.

- Review the work that is already being undertaken to increase volumes of Welsh wood fibre in retrofit and new build construction in Wales and not just focus on housing.
- Support the industry by supplying a consistent volume to market.
- Work in partnership with others, to inform construction professionals and encourage the use of Welsh timber but also dispel the myth that wood products manufactured from UK timber is unsuitable for construction.

Linking timber utilisation within higher value products and supply chains contracts, would require significant initial investment into understanding the flow of timber in the supply chain already. The value of carbon storage over carbon neutral activities is not a bad premise for rewarding higher specification products, but would create a hierarchy with a disruptive influence within the rest of the marketplace.

This methodology would currently favour certain businesses within Wales specifically those with the ability to kiln dry and grade timber. It does not currently reflect the embedded value of manufactured timber products and does not support the development of supply chains for new products such as CLT. Further work is required before any of this could be implemented, with risk analysis of the impact on smaller business or those without specialist manufacturing and sawing equipment being an essential step.

23. What are the considerations that your business or organisation will need to consider which may contribute to the development of such a scheme?

The framing of the 3bl accounting methodology is strongly outlined in question 9. There is a significant disconnect between the ideas and demands that NRW feel are necessary or desirable, and the physical impact of these on their customers.

It is difficult to know what business will be required to do because the proposal is too vague. As with any of these proposals there would appear to be an additional administration burden which does not appear to be rechargeable to the land owner and will have to be recovered in the sale price of the finished product which is unlikely as the prices are generally dictated by an international commodities market.

The key steps that appear at this juncture are:

- Additional data collection of processed material market sales.
- Development of a chain of custody methodology for different products entering the sawmill.

Key considerations are likely to include:

- The cost of the additional administration

- The desirability of NRW timber if coupled to draconian requirements and audit process

Confor welcomes the opportunity to work with NRW on how the 3bl concept can be further developed to eventually be implemented effectively to the satisfaction of NRW and its customers.

Section 3.9 - 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 Sales and 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 Welsh Governments strategic vision for Woodlands in Wales.

In our new Timber Sales and 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 and 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.

Currently we have a range of internal Key Performance Indicators (KPIs) directly related to timber sales on the WGWE that our Executive Team scrutinise including:

1. Reporting on volume outturn derived from the awarded timber sales contracts.
2. Reporting on achieving the published sale volume commitments to market.
3. Reporting on an annual income and expenditure of the forest operations on the WGWE.
4. Financial targets aligned to activity and an 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 months forward look for sales at our customer liaison events.

To date, in addition to the above, we propose added information related to:

- A Timber sales offer and award report.

- An accumulative figure for the 5year timber sales period.
- Timber productive potential of the NRW Estate: area of woodland capable of producing harvestable timber
- Restocking actual vs programme (Hectares completed).
- FSC certification and audit summary on the WGWE; Number of UKWAS Major Corrective Action Requests (CARs), Minor CARs and Observations open on NRW managed land from most recent audit and progress in closing them.
- Area of new woodland created on the NRW Estate.

24. What do you think about the proposal for retrospective sales performance figures to be included at our annual customer liaison day

The publishing of figures is welcome but does not go far enough.

Figures need to be published at least twice a year, additional performance indicators need to be incorporated into the sales program to provide a target or benchmark for NRW to work towards. There remains a sense that NRW and its staff remain disconnected from their impact on the timber industry. The significance of NRW as key player in the £674million GVA industry that forestry comprises cannot be ignored.

25. What would your measures of success in terms of KPIs be in delivering our future Timber Marketing Plan?

The industry requests that NRW incorporate the following into their performance standards:

- Contract performance for start and end dates
- Performance of contract volume and derived product accuracy DP
- Performance of SS Contracts against mensuration data
- Safety and environmental performance
- Rollover of volume not sold in the previous year.
- Timber availability forecast and actual performance (per financial year)
- Volume sold per financial year against volume delivered
- Under sold contract volume
- Over sold contract volume – failed to supply
- Thinning areas completed (per Ha) on an area by area basis (6 areas) – which is UKWAS compliant
- 6 placed based performance review points to ensure all 6 placed based areas are hitting TMP expectations
- Responsiveness to Requests/Complaints

- Level of E-sale interactions with business on a sale by sale basis – this would outline if more or less people are actively engaging with buying timber and be a good performance indicator on whether people are finding more Red tape with buying.

These should also be provided twice a year and at least 2 weeks prior to any programmed timber liaison event.

Section 4.0 – What our customer service standards are or could be

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 Sales and Marketing Plan and signposting to all relevant commitments.

26. What do you think of the proposal that the new Timber Sales and Marketing Plan will bring together all the relevant commitments and information for our timber customers and contractors?

The new overarching customer care and service standards have not been included or made available as part of this consultation. We are unable to respond to this question accurately or fully.

The proposal that the new Timber Sales and Marketing Plan will bring together all the relevant commitments and information together is laudable. We will be please to respond to the success of this aim once the plan has been drafted and consulted on fully.

27. Are there any further comments you would like to make?

The industry consideration is that this is not a marketing plan but a series of questions to identify/define and steer a strategy.

A fuller consultation will be required for the plan once it is written. Given the proposed timing there does not appear to have been consideration allowed for this and as such we propose that the new 5 year marketing plan is delayed until the five year timber availability plan is available and the marketing plan has actually been consulted upon.

The industry proposes that given the significant commitments made to in this consultation document that the implementation of the new Timber Marketing Plan be delayed till September 2021. This will allow for genuine risk analysis of the impacts of the plan, effective staff training and embedding of the changes required and sufficient time to ensure that the industry is a committed partner in helping NRW deliver its aspirations.

Proposal: NRW and the Industry develop a memorandum of understating that binds them to consult, engage and work together to improve their overall performance. The most common statement in drafting this consultation with Confor members and other Stakeholders was that the problems stemmed from a systemic breakdown or an absence of conversation. An organisation of the size and complexity of NRW is dependent on operating in an environment of open communication from the staff on the ground to Chief Executive and board level both internally and externally.