

FORESTRY  
COMMISSION

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*69th Annual Report  
and Accounts  
1988-1989*



# FORESTRY COMMISSION

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*69th Annual Report  
and Accounts  
for the year ended  
31 March 1989.*

together with the  
**Comptroller and  
Auditor General's Report  
on the Accounts**

*Presented to Parliament in pursuance of Section 45 of the  
Forestry Act 1967 and Section 5 of the Exchequer and  
Audit Departments Act 1921*

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*Ordered by The House of Commons to be printed  
19 December 1989*

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FORESTRY COMMISSION

231 Corstorphine Road  
Edinburgh EH12 7AT

*15 November 1989*

To:

The Rt Hon MALCOLM RIFKIND QC, MP,  
*Secretary of State for Scotland*

The Rt Hon JOHN GUMMER, MP,  
*Minister of Agriculture, Fisheries and Food*

The Rt Hon PETER WALKER MBE, MP,  
*Secretary of State for Wales*

Gentlemen

In pursuance of Section 45 of the Forestry Act 1967, I have the honour to transmit the 69th Annual Report of the Forestry Commissioners which covers the year ended 31 March 1989.

I am, Gentlemen,  
Your obedient Servant,

(Sgd) RAYMOND JOHNSTONE  
*Chairman*



**Forestry Commissioners**

Sir David Montgomery Bt, JP, DL, *Chairman*  
Mr G. J. Francis *Deputy Chairman and Director General*  
Mr R. T. Bradley  
Mr I. D. Coutts CBE  
Mr D. L. Foot  
Mr R. P. Hancock  
Mr G. O. Hutchison  
Mr J. D. Pollock  
Mr D. T. J. Rutherford  
Mr F. M. Strang Steel  
Mr C. R. Woosnam

**Heads of Divisions**

Secretary: Mr P. J. Clarke  
Director, Research: Mr A. J. Grayson  
Director, Development: Mr D. S. Grundy  
Chief Engineer: Mr R. M. Hay  
Director, Estate Management: Mr R. P. Illingworth  
Director, Harvesting and Marketing: Mr S. E. Quigley  
Director, Private Forestry and Environment: Mr A. H. A. Scott  
Director, Personnel: Mr C. W. Simmonds  
Controller of Finance: Mr C. T. Spillane  
Head of Silviculture: Mr J. R. Aldhous  
Head of Data Processing: Mr E. K. Arthurs  
Head of Information: Mr J. F. Lindsay

**Conservators**

*England*

North: Mr S. A. Neustein  
East: Mr N. Dannatt  
West: Mr J. R. Fletcher

*Scotland*

North: Mr J. Atterson  
Mid: Mr A. Morrison  
South: Mr G. M. Cowie

*Wales:* Mr J. F. Morgan

Note: The addresses of the main Forestry Commission offices appear on the inside back cover.

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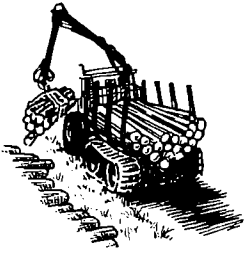
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# GENERAL REVIEW

## THE YEAR IN PERSPECTIVE



- 1 Our report last year gave prominence to two events. The first was the storm in south-east England in October 1987 which caused such widespread damage to woodlands and trees. The second was the Government's decision, announced in the 1988 Budget, to change the tax and grant support arrangements for private forestry. Both of these topics continued to be live issues during 1988-89. There was steady progress in the clearance of the timber blown down in the storm and we had a most encouraging response to the special grant supplements for replanting storm-damaged woodlands that the Government announced in June 1988. On the other hand, the reaction of private forestry interests to the withdrawal of the forestry tax reliefs has understandably been more cautious and we are expecting to see a drop in new planting levels while the industry adjusts to the new support arrangements. The response to the new Woodland Grant Scheme has nevertheless given us reason to hope that any decline in private planting will be a relatively temporary one. We are also encouraged by the fact that the forestry industry as a whole is in a healthy state. Wood production is running at record levels, there is continuing investment by the processing sector and, in February 1989, the first deliveries of wood were made to the new Caledonian Paper Mill at Irvine. This mill, which represents the largest ever inward investment in Scotland, will rely entirely on British timber for its raw wood requirements. Foresters are also responding in a positive way to changing environmental perceptions, as evidenced by our report on the initiatives that are being taken to ensure that planting is fully compatible with water, landscape, wildlife and archaeological needs. At a time when there is growing anxiety over the depletion of forests in many parts of the world, the policies of successive Governments in supporting the expansion of forestry in this country are shown to have been enlightened ones, not only in terms of securing a measure of self-dependency in this eminently sustainable resource, but also for the benefits that trees provide in environmental and ecological terms.

## SUPPORT ARRANGEMENTS FOR PRIVATE FORESTRY

### *Effects of the 1988 Budget*

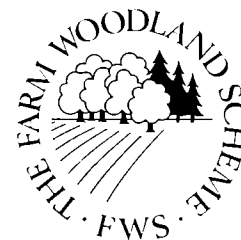
- 2 The changes to the tax and grant regimes for private forestry introduced by the Chancellor of the Exchequer in the March 1988 Budget were explained in detail in our last report. We said then that there would clearly be a period of adjustment while forestry interests assessed the new situation.
- 3 Later in this present report (paragraphs 117 and 118), we have noted that the area of new planting for which grants were paid under our schemes in 1988-89 continued the upward trend of recent years. At the same time, we have pointed out that this latest increase cannot be used as an indicator of the effects of the 1988 Budget changes, since most of the planting concerned was undertaken before those changes were introduced or with the benefit of the transitional tax reliefs for existing woodland occupiers. There are other signs, however, such as the surplus of plants reported by the nursery trade, that there will, as expected, have been a downturn in new planting during the latest planting season (October 1988 to May 1989). Much of this will become eligible for grant payment in the first six months of 1989-90 which will provide us with a first indication of the short-term trend.

### *Woodland Grant Scheme*

- 4 In the meantime, the response to the new Woodland Grant Scheme gives us grounds for hoping that any decline in new planting will not be a prolonged one. The scheme was opened to applications at the end of June 1988, following clearance by the European Commission, and in the first nine months up to 31 March 1989 had attracted new planting proposals in respect of 34,278 hectares of land. Some 43 per cent of this comprised areas already approved for planting under our previous schemes which the owners had decided to transfer to the Woodland Grant Scheme. However, the overall level of interest shows that the new scheme is proving quite attractive to would-be planters, particularly owner-occupiers.

5 The Farm Woodland Scheme was opened to applications on 1 October 1988. Details of its objectives and main features were provided in our report last year. Its primary emphasis is on the planting of arable and improved grassland, with planting grants being paid by the Commission under the Woodland Grant Scheme and annual payments, designed to compensate for the agricultural income foregone until the likely time of the first returns from the timber, being made by the Agriculture Departments. There was an encouraging response to the scheme during the first six months to 31 March 1989, with some 800 applications covering almost 6,000 hectares being received. As expected, only a small part of this area was planted in time for grants to be claimed and paid before the end of the year under report. We should, however, be able to give a clearer assessment of the scheme's progress in our next report.

*Farm Woodland Scheme*



6 A new policy initiative designed to encourage a reduction in surplus arable production was introduced by the Government in July 1988. This was the Set-Aside Scheme under which farmers, in return for taking out of production for a period of five years at least 20 per cent of their land growing specified arable crops, can receive annual compensation payments from the Agriculture Departments for the land so set aside. The amount of the annual payment depends on the use to which the land is put and whether it is located within or outside the Less Favoured Areas. Where set-aside is to be achieved by converting individual areas to woodland, the tree planting has to be approved under either the Woodland Grant Scheme or the Farm Woodland Scheme. Applicants who elect to plant trees on set-aside land through the Woodland Grant Scheme will receive, in addition to the planting grants under that scheme, annual set-aside payments for a five-year period of £180 per hectare on land in the Less Favoured Areas and £200 per hectare elsewhere. By contrast, applicants who elect to set-aside to woodland through the Farm Woodland Scheme will receive annual payments appropriate to that scheme, for periods of up to 40 years depending on the type of planting. Some 1,480 hectares had been put forward for set-aside under these two woodland options by 31 March 1989.

*Set-Aside*

7 The then Minister of Agriculture, Fisheries and Food, the Rt Hon John MacGregor MP, announced in Parliament on 7 June 1988 that the Commission would pay special supplements of £400 per hectare for broadleaves and £150 per hectare for conifers, on top of the normal planting grants, for the restocking of woodlands in south-east England damaged in the October 1987 storm. The text of Mr MacGregor's announcement, which took account of recommendations made by the House of Commons Agriculture Committee\* and the Forest Windblow Action Committee concerning financial assistance for storm-damaged woodlands (as described in our 1987-88 report), is reproduced in full at Appendix V. The supplements are in recognition of the fact that the owners of such woodlands will incur additional costs, both in preparing sites for replanting and in the planting itself, which will not have been offset in the usual way by the sale of the timber because of the fall in prices caused by the glut arising from the storm (see paragraph 18). To qualify for the supplements owners were expected to apply before 31 March 1989 and to carry out the replanting by 31 March 1993. We gave wide publicity to these arrangements with the assistance of forestry and farming organisations, to ensure that all the woodland owners and occupiers affected by the storm became aware of the aid available. The response was extremely good. By the 31 March 1989 closing date we had received applications covering some 10,000 hectares out of an estimated total area of private woodlands blown down in the storm of 12,000 hectares. At the request of Timber Growers UK, supported by the Home Grown Timber Advisory Committee, we decided to extend the deadline to 30 June 1989 to provide a final opportunity for any outstanding applications to be completed and submitted.

*The 1987 Storm - Special Replanting Supplements*

\*First Report from the House of Commons Agriculture Committee: Session 1987-88, HC272-1, HMSO, £2.90 net.

- 8 The Government also introduced special provisions in the Finance Act 1988 designed to assist woodland owners with the clearance of storm-damage areas before planting. Under the transitional tax provisions for forestry expenditure announced by the Chancellor of the Exchequer in his March 1988 Budget, tax relief will continue until 5 April 1993 for existing occupiers of commercial woodland. Thus Schedule D relief will be available until that date for the cost of clearing damage caused by the 1987 storm, as well as the cost of replanting as long as grants are not received under the new Woodland Grant Scheme. The Finance Act 1988 provided, however, for a woodland occupier who has a Schedule D election in force also to opt to treat particular areas of his woodlands as a separate estate for the purposes of these rules. This means that if he wishes to clear and replant a storm-damaged woodland in stages, he can make successive elections in respect of each area as it is replanted under the Woodland Grant Scheme; this enables such areas to be treated as separate estates outside the tax system while allowing tax relief to continue for the clearance of the rest of the woodland.
- 9 The progress achieved during the year in clearing the storm-damaged areas is dealt with separately in paragraphs 17 and 18.

*Native Pinewoods*



- 10 On the introduction of the Woodland Grant Scheme we announced that the higher rates of grant for broadleaved planting would also apply to the planting and natural regeneration of native pinewoods. Areas agreed as suitable for extending native pinewoods would also qualify. With the assistance of a working party drawn from the Nature Conservancy Council, the Countryside Commission for Scotland, Timber Growers UK and the Royal Society for the Protection of Birds, we have been drafting guidelines for the management of existing native pinewoods and the re-establishment of pinewoods of natural character in suitable situations. We consulted interested parties in December 1988, and at the end of the year under report were considering the responses with a view to announcing new arrangements. We were greatly encouraged by the generally warm welcome for this initiative.

**FINANCE**

*Forestry Enterprise*

- 11 The format of our Forestry Enterprise Accounts was revised in 1987-88 to include a new-style Operating Account. This identifies more clearly the surplus earned by the Commission through the increase in the value of its growing stock of plantations. In 1988-89 this increase was £73.3 million which, together with the income of £75.2 million from plantations, chiefly the sale of timber, more than covered the net expenditure of £87.3 million. After allowing for a surplus on sales of properties of £0.8 million and a net surplus from other activities of £0.6 million, there was an overall net operating surplus of £62.6 million for the year. With the surplus of £59.5 million for 1987-88, a cumulative net operating surplus of £122.1 million has been achieved for the first two years of the triennium.

*Forestry Authority*

- 12 Expenditure on the Forestry Authority in 1988-89 was £22.6 million, an increase of £2.3 million over the previous year. This increase largely arose on grants and advisory services to private woodland owners, on information services, and on various aspects of our research programmes.
- 13 More detailed comments on the Commission's financial statements and accounts are given in the Finance Section at pages 39 to 42 .

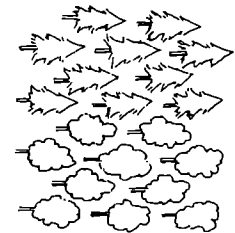
**WOOD PRODUCTION  
AND WOOD  
PROCESSING**

*State of the Wood Market*

- 14 The level of demand for wood products was strong throughout 1988, even though clearance of timber from the 1987 storm continued to depress sawlog prices in the south of England and in Wales. Towards the end of the year the effects of higher interest rates were beginning to reduce activity in the house-building and construction industry, home improvements and furniture making; this had a moderating effect on log prices generally.

- 15 The total consumption of paper and paperboard in the UK was 9.3 million tonnes, a rise of nearly 8 per cent over the previous year. While imports of finished products rose by 9.5 per cent, the output from British-based mills increased by 3.9 per cent. Particleboard consumption in Britain was 3.2 million cubic metres, an increase of 18 per cent, but domestic production also increased its high share of the market to 44 per cent of the total. Demand for sawn softwood was the highest for 15 years, rising by 10 per cent to 10.3 million cubic metres; the contribution of British-grown timber amounted to 1.6 million cubic metres, maintaining nearly 16 per cent of the total.
- 16 The total volume of wood harvested in Commission forests was 3,641,000 cubic metres, an increase of 8 per cent over the previous year and the highest ever achieved. Further details are given in paragraphs 94 and 95.
- 17 The Forest Windblow Action Committee, which we set up immediately after the October 1987 storm, has reported that considerable progress has been achieved in harvesting and marketing the windblown timber. Some 2.2 million cubic metres are estimated to have been cleared by the end of March 1989 - 1.4 million cubic metres of conifers (74 per cent of the estimated volume of conifer timber blown down) and 0.8 million cubic metres of broadleaves (40 per cent of the total volume). Work on clearing conifer species is expected to be largely finished by the end of 1989. Clearance of broadleaved species is likely to continue into the winter of 1990-91, although at a declining rate. In some broadleaved woods, however, the timber is of low value because of poor quality or difficulties of access, with the result that some 20-30 per cent of broadleaved timber may never be cleared. Regrowth and natural regeneration is nevertheless expected to lead to a continuation of woodland cover in many of these cases.
- 18 The prices obtained for timber in south-east England dropped significantly through the winter and spring of 1988 for all but the best-quality hardwood logs. By the summer of 1988 prices were £10-15 per cubic metre below pre-storm levels, but they have since started to recover. Although they have not yet returned to previous levels, it is thought that by the end of 1989 prices will no longer be affected by the glut caused by the storm.

#### *Windblow Clearance*



- 19 The construction of the Caledonian Paper Mill at Irvine continued on schedule. The first deliveries of pulpwood were made in February 1989, and the paper machine was started up for the first time on 31 March. Work is progressing at the Shotton Mill on the construction of a second newsprint machine which is due to start production in September 1989. It is intended that both of the paper machines there will use a proportion of re-cycled paper. When in full production they will require a total of 800,000 tonnes of wood a year comprising both roundwood and woodchips.
- 20 There has been further investment in the wood-based panel sector. The new medium-density fibreboard (MDF) line at Caberboard's factory at Cowie started production during the year and the company announced plans for two further production lines, one to produce particleboard, the other MDF. At Kronospan's factory at Chirk, a new railway siding was installed which will allow the company to receive supplies of roundwood by rail from further afield, and the Pyroc factory at Caerphilly which produces cement-bonded particleboard has now reached its originally planned levels of production.
- 21 All these developments underline the progressive and diverse nature of the paper and wood-based panel industries now established in this country.
- 22 The sawmilling industry is also in a healthy position, with announcements during the year of new capacity being planned by different companies at Strachur, Aboyne and Worksop.
- 23 The development of the wood-using industries in Britain is a considerable success story. It appears likely, however, that the total capacity under construction or planned will eventually exceed the available supply of British roundwood in the short to medium term. This raises the possibility that in two or three years time some of the additional demand may, for a limited period, have to be met by modest imports of roundwood or wood chips.

#### *Developments in the Wood Processing Industries*



# FORESTRY AND THE ENVIRONMENT

## *Guidelines for Environmental Protection*

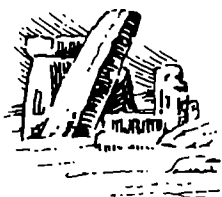


24 We indicated in our report last year that we intended to launch a new series of guidelines to help applicants achieve the environmental objectives of the Woodland Grant Scheme. The first of these on *Forests and Water* were published in September 1988. They were prepared by a working group drawn from the forest and water industries, following a workshop which we organised with the Water Research Centre at York in 1986. The guidelines set out measures for protecting and improving the aquatic environment and give advice on how forestry operations can be carried out in a way which will maintain good standards of water quality. They also serve to inform the water industry about those forest operations which may affect their responsibilities.

25 In March 1989, we published guidelines on *Forest Landscape Design*. These have been developed from our practical experience over the last 20 years and set the forest design standards expected of foresters in the 1990s. The guidelines are extensively illustrated to explain the principles of design and how they are to be implemented. Guidelines for *Nature Conservation* are in preparation.

26 For the benefit of those applicants to the Woodland Grant Scheme whose proposals are on a modest scale and for whom the guidelines may be unnecessarily detailed, we published four leaflets in February 1989 describing the main considerations that need to be taken into account to ensure that planting is compatible with water, landscape, wildlife and archaeological needs. The leaflets are also aimed at the wider audience of people who take an interest in environmental matters.

## *Archaeology*

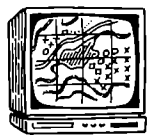


27 In June 1988, we appointed Professor Peter Fowler of Newcastle University as our first Archaeological Consultant. He joins the Commission's two other specialist consultants on landscape design and wildlife conservation. As a highly respected academic, author, broadcaster and practical field archaeologist, his appointment was welcomed by archaeological interests as a clear demonstration of our determination to ensure that sites of archaeological importance throughout Britain are adequately safeguarded. We also decided to appoint a full-time archaeologist to our staff. This parallels similar steps we have already taken in the fields of landscape design and wildlife conservation.

28 We have continued to extend our links with archaeologists, and a constructive meeting chaired by the Director General was held with the Council of British Archaeology in November 1988. We also organised an archaeological training seminar in October 1988 for Forest District Managers and Private Woodland Foresters in our Scottish Conservancies.

29 We warmly welcomed the Secretary of State for Scotland's decision in December 1988 to provide additional funding to enable the Royal Commission on the Ancient and Historical Monuments of Scotland to engage a further team to carry out strategic archaeological surveys in areas likely to be attractive to new forestry planting. At the same time he announced that further resources would be provided to the Historic Buildings and Monuments Directorate in the Scottish Development Department for 'rescue' archaeology.

## *Landscape Design*



30 Training in the landscape design of forests has increased in line with demand from within the Commission and from outside interests. Courses were run during the year for private foresters, landscape architects and local authority planners, as well as for Commission foresters, engineers, land agents and clerks of works. A course was also held for staff of the Countryside Commission for Scotland.

31 Our own landscape architects have continued to advise on a large number of significant new planting and restocking schemes all over Britain and now have the use of a computer-aided design system which we have installed in our Headquarters office. This enables landforms, based on contour data, to be viewed from any perspective so that the landscape architect can test the visual effects of felling and planting options. It is proving of particular value where rolling countryside is involved in enabling accurate transfer of design proposals between plan and perspective, an operation which is difficult using conventional design techniques.



32 We have agreed proposals for a joint project with the Ramblers' Association, initially at Thetford and Cannock Forests, aimed at harnessing the enthusiasm of foresters and ramblers in preparing ramblers' guides to the forest. These proposals were first made by us at the Ramblers' 1988 annual conference to illustrate the opportunities that we felt existed for closer co-operation.

### Recreation



33 We have commissioned a household survey aimed at finding out more about the recreational value and use of forests and in particular to obtain an up-to-date estimate of the number of visits made to Commission forests and woodlands. Detailed information on how people perceive forests in the landscape will also be obtained from a joint study initiated with the two Countryside Commissions, due to be completed in January 1990.

34 1988 saw the re-appointment of Dr J Morton Boyd as the Commission's Conservation Consultant for a further three years. By March 1989 Dr Boyd had completed comprehensive study tours of all our Conservancies, with the object of analysing the implementation of our conservation policies. These visits were also designed to assess the degree to which conservation plans and conservation panels, now operative throughout Britain, were helping to achieve the proper integration of wildlife conservation into forest management practices. All our Forest Districts have conservation plans which are assisting and guiding forest managers to make decisions that take account of environmental requirements. Over 4,000 special conservation sites have been identified to date, with an average of about 60 sites in each Forest District. In addition, significant progress has been made with the mapping of conservation sites which will make an important contribution to their protection.

### Wildlife Conservation

35 Specific conservation projects have continued to play an important role in the protection of certain species in our forests. The artificial nesting islands and eyries that we have built are being used by divers and by ospreys. The protection of rare bird species during the critical nesting period has also proved successful with red-backed shrike, goshawk and honey buzzard. Other species which have benefited from projects include dormice, barn owls and Leisler's bat. Conservation research continues to provide field managers with valuable practical information on wildlife. In particular, a research project undertaken at Thetford Forest has demonstrated the importance of restocking sites as a habitat favoured by the rare woodlark; it has also shown how the adjustment of restocking practices, by extending the period of weed control and maintaining vegetation-free ground, can benefit this bird.



36 The Environmental Assessment (Afforestation) Regulations 1988 came into force from 15 July 1988. Under the terms of these regulations anyone who submits an application to the Forestry Commission for grant aid for new forestry planting may be required to undertake a formal assessment of the effects that their proposals would be expected to have on the environment. We published a booklet *Environmental Assessment of Afforestation Projects* in August 1988 in which we stressed that the regulations build upon our existing arrangements for consultation with environmental agencies and other authorities over applications for forestry grants. We also emphasised that the need for an environmental assessment would be considered on a case-by-case basis, but that an assessment could normally be expected to be asked for in the following circumstances:

### *Environmental Assessment of Afforestation Projects*

a. for any new planting in a National Nature Reserve or a Site of Special Scientific Interest where such an operation is listed as potentially damaging;

b. in other cases where the planting is expected to have a major environmental impact because of its size, nature or location. We shall look particularly carefully at the need for an environmental assessment where planting is proposed in other areas designated as being of national importance for their environmental value - namely National Parks, National Scenic Areas, Areas of Outstanding Natural Beauty and Environmentally Sensitive Areas. If we are in doubt whether an environmental assessment is needed for proposals in these areas, we shall seek the advice of the appropriate environmental agencies before reaching our decision. Where more than 100 hectares is proposed for planting within such designated areas, an environmental assessment will certainly be required.

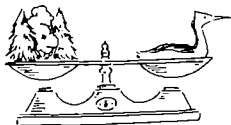
- 37 By the end of the year we had asked for environmental statements to be prepared in respect of 15 applications, all in Scotland. Of these, four were in Sites of Special Scientific Interest, four were in National Scenic Areas or Environmentally Sensitive Areas and two were outside designated areas but of significant extent and much in the public view. The remaining five were in the counties of Caithness or Sutherland.

## FORESTRY AND LAND USE

### *Planting in Caithness and Sutherland*

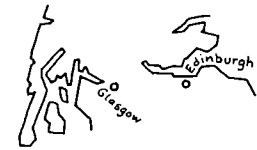
- 38 In a letter to the Chairman of the Nature Conservancy Council in January 1988, which we reproduced at Appendix VII to our 1987-88 report, the Secretary of State for Scotland, the Rt Hon Malcolm Rifkind QC MP, accepted that a substantial part of the peatlands of Caithness and Sutherland should be safeguarded because of their national and international importance for nature conservation. He considered, however, that some further new planting needed to take place in order to contribute to the overall national forestry planting programme, to maintain present employment in forestry and to maximise the opportunities for future investment in the wood-processing industry, and that the evidence indicated that Caithness and Sutherland could accommodate such planting without affecting the nature conservation significance of the area as a whole. He said that he would take a final view in the light of the report of the Highland Regional Council working party which had been set up to advise on an overall land use strategy for the area.

- 39 The working party report was published in January 1989. Whilst acknowledging that the peatlands of Caithness and Sutherland were of vital importance for nature conservation, the working party also took the view that the social and economic effects of forestry were generally beneficial to the area. The report proposed a land use strategy which provided a framework for considering future land use changes. The strategy set out clear guidelines in relation to particular uses, within which individual cases would be decided on their merits. The report identified four categories of area according to their potential for afforestation. These were:



- a. *Unsuitable* - land which is too high, too exposed, too wet or operationally unsuitable for forestry, but where there may be local scope for small-scale proposals.
  - b. *Undesirable* - land which is unsuitable for large-scale forestry because of a combination of factors, including sub-standard public roads, open landscape character, sporting interests, and nature conservation value.
  - c. *Possible* - land which may be suitable for forestry, subject to detailed assessment of crofting, agriculture, sporting, landscape, nature conservation and other interests.
  - d. *Preferable* - land which is considered most likely to be suitable for forestry taking account of technical, environmental and other factors.
- 40 The working party concluded that an additional 39,000 hectares of land needed to be planted in Caithness and Sutherland over the next 20 years in order to create a viable, total forest area of 100,000 hectares. The recommendations of the working party are reproduced at Appendix VII.
- 41 Following consideration of the working party report, the Secretary of State for Scotland endorsed it as a basis for resolving the apparent conflicts in land use in Caithness and Sutherland. The full text of his statement, contained in a written Parliamentary Answer on 21 March 1988, is given at Appendix X.
- 42 We welcome the report and Mr Rifkind's statement, both of which set out a clear and practical way forward in the consideration of applications for afforestation in this area. We are fully committed to working with other land use interests in seeking to achieve an acceptable balance between forestry and nature conservation within the indicative framework set out by the working party.

43 This initiative, which was based on the recommendations of an inter-Departmental working group chaired by the Forestry Commission, was launched by the Secretary of State for Scotland in January 1989. It aims to achieve a major increase in the area of woodlands between Glasgow and Edinburgh. Special priority is to be given to creating amenity and community woodland in order to improve the environment and provide facilities for recreation; there is also considerable scope for woodland with timber production as a major objective.



44 A new company, Central Scotland Woodlands Ltd, has been set up to take the initiative forward. It has a number of Directors drawn from both the public and private sectors, including one from the Forestry Commission. In its first year of operation the Company has been asked to draw up a detailed business plan. Depending on its proposals, up to £50 million (including a substantial contribution from Forestry Commission planting grants) could be committed to tree planting and related work over the next 20 years.

45 This is an ambitious and exciting project which we had a large hand in preparing and which we shall do all we can to encourage.

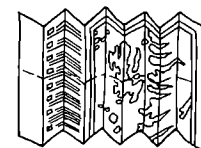
46 The Secretary of State for Scotland has accepted the recommendations of an inter-Departmental working group chaired by the Forestry Commission that local authorities in Scotland might prepare indicative strategies for forestry as part of their structure plans. Mr Rifkind's views were announced in letters he issued in February 1989 in response to the Countryside Commission for Scotland's report *Forestry in Scotland* and the Convention of Scottish Local Authorities' report *Forestry in Scotland: Planning the Way Ahead* which both advocated the adoption of such a system. The full texts of the letters are reproduced at Appendices VIII and IX.

*Indicative Forestry Strategies*

47 The Secretary of State indicated that the Government did not wish to impose an obligation on all local authorities to prepare such strategies and was prepared to leave this matter for each local authority to decide, bearing in mind the considerable variation in the importance of forestry from one area to another. The establishment of Regional Forestry Working Parties, as recommended by COSLA, was not considered to be the most effective means of preparing strategies. Instead, the Secretary of State recommended that, where local authorities wish to prepare strategies, they should do so in close co-operation with the Forestry Commission, the forestry industry and the statutory agencies.

48 Mr Rifkind also drew attention to the indicative nature of forestry strategies, which he felt should avoid attempting to identify precise land allocations. He commended the approach taken by Strathclyde Regional Council in its forestry strategy in identifying three categories of land for forestry development: 'Preferred' areas where forestry would be positively promoted, 'Potential' areas with only limited sensitivity in relation to new planting, and 'Sensitive' areas where the impact on the environment would require careful consideration before planting applications could be approved.

49 The Secretary of State welcomed the initiative we had taken in commissioning forestry capability maps for Scotland which identify the potential of land for forestry development, and drew attention to the need for the further evaluation of other issues, such as landscape and nature conservation. With the Scottish Development Department, we are reviewing the need for further detailed guidance from Government on the preparation of forestry strategies.



50 The Ministerial announcement made on 16 March 1988 about planting in the English uplands, which we set out in full at Appendix IX to our last report, indicated that further guidance would be given to the Commission on the application of the policy. This was contained in a letter of 13 October 1988 to the Commission's Chairman from the then Minister of Agriculture, Fisheries and Food, the Rt Hon John MacGregor MP, which is

*Afforestation in the  
English Uplands*

reproduced at Appendix VI to this present report. The effect of the new policy is to introduce a general presumption against large-scale, predominantly conifer afforestation on unimproved land in the English uplands. Mr MacGregor's letter defines what is meant by such terms as 'uplands' and 'predominantly conifer' and is now being followed by us in considering grant applications from private owners as well as our own plans for new planting in the areas concerned.

- 51 It is too early to say what effects the policy will have on levels of new planting in the uplands of England. However, in the four years before the announcement new planting with conifers had averaged less than 650 hectares a year in the whole of England, of which some two-thirds was in upland areas.

## BROADLEAVES POLICY REVIEW



- 52 In the Government's broadleaves policy statement of July 1985 an undertaking was given that the operation and effectiveness of the new measures announced would be reviewed 'after some three years'. The new policy effectively began with the introduction of the Broadleaved Woodland Grant Scheme in October 1985. We therefore started the review in October 1988 to allow three full years to be covered. As a first step we assembled statistical and survey data for broadleaved woodland for the three-year periods before and after the new policy initiatives. This information was published in February 1989 in a report entitled *Broadleaves Policy - Progress 1985-1988* and made available to a wide range of individuals and organisations who were asked to comment by the late spring. Our aim will be to report to Forestry Ministers on the progress achieved in meeting the policy aims, and on any further initiatives which seem to be required, once we have analysed the comments received and have consulted other Government Departments and appropriate non-government organisations.

## NEW FOREST REVIEW

- 53 We have referred in recent reports to the review that we initiated in 1986 to examine the measures which already exist to safeguard the New Forest and to identify whether further measures may be needed to maintain its unique character. The New Forest Review Group produced a comprehensive draft report which was put out for consultation in October 1987. The large number of responses from individuals and from local and national bodies with an interest in the New Forest were considered by the Group during the year and their report was submitted to us towards the end of 1988 and published shortly thereafter. We have since been in the process of examining the Group's recommendations in detail in discussion with other Government Departments, following which we will present our advice to Ministers. We should like to take the opportunity to thank the Chairman and members of the Review Group for their valuable work.

## PARLIAMENTARY COMMITTEE ENQUIRIES

*House of Commons  
Agriculture Committee*

- 54 The House of Commons Agriculture Committee began their enquiry into Land Use and Forestry in October 1988 when the Director General was invited to give oral evidence. We also provided the Committee with supplementary written evidence from time to time throughout the year and were pleased to act as hosts when the Committee visited the flow country of Caithness and Sutherland in December 1988. A number of Government departments and agencies and other bodies with interests in the countryside also provided written and oral evidence during the year. We look forward with interest to the outcome of this comprehensive enquiry.

- 55 The House of Commons Environment Committee published a report\* in May 1988 following up their earlier examination into the effects of air pollution. The Committee noted that the Forestry Commission stood alone “in its refusal to accept a nexus between air pollution and tree damage” and expressed their concern over the health of Britain’s trees. The Government’s response\*\*, which was published in December 1988, dealt with this point in the following terms:

“So far as the relationship between air pollution and tree health is concerned, it is not correct to state that “the Forestry Commission stands alone in its refusal to accept a nexus between air pollution and tree damage”. As shown in its evidence to the Committee, the Commission accepts this connection for many situations found in continental Europe and elsewhere. However, so far as trees in Britain are concerned, the position of the Forestry Commission is similar to that recently arrived at by the Terrestrial Effects Review Group set up by DOE. In its report published on 15 September 1988, the Review Group recorded its concern over the increasing crown density thinning of some tree species as revealed by the surveys but noted that there was as yet no direct proof of pollution related forest decline in Britain. The Commission agrees, as the Review Group notes, that pollution levels in some parts of the country might be expected to cause stress. The Government accordingly accepts the Committee’s recommendation that research should continue. In particular, tree surveys and exposure studies, especially on mature trees, will be maintained. In addition, as recommended by the Terrestrial Effects Review Group, attempts will be made to develop more specific diagnostic tests for pollution damage.”



- 56 The House of Lords Select Committee on Science and Technology published the report<sup>o</sup> of their enquiry into agriculture and food research on 22 December 1988. The select committee commented favourably on the work of the Forestry Research Co-ordination Committee but also concluded that insufficient research had been carried out in support of forestry. They considered that research into the production of timber should be increased to cover new areas including broadleaved species and marketing. They also suggested that a tightening-up of the organisational arrangements for forestry research was necessary and recommended the appointment of a Chief Scientist. The Government’s response was awaited at the end of the year under report.

*House of Lords Science and  
Technology Committee*

- 57 The EC Commission published proposals in November 1988 for a forestry strategy and action programme. These envisaged forestry playing a greater role in the context of the reform of the Common Agricultural Policy, the development of rural areas in the Community, environmental improvement, and social and structural policies. The proposals were based on the EC Commission’s view that there is a need for the expansion of forestry in the Community, which is only some 50 per cent self-sufficient in wood. At the end of the year, negotiations were well advanced in a Working Group of officials from Member States at which the Forestry Commission led the UK delegation.

## FORESTRY IN EUROPE

*Forestry Strategy and  
Action Programme*

- 58 We have referred in recent reports to the negotiations that have been taking place in a Working Group in Brussels on possible amendments to the EC Plant Health Directive. The remaining issues were resolved towards the end of the year which will enable us to complete the revision of our domestic plant health legislation (see paragraph 135).

*Plant Health*

\*First Report from the House of Commons Environment Committee: Session 1987-88, HC 270-I, HMSO, £11.30 net.

\*\*The Government’s reply to the First Report from the Environment Committee: Cmnd 552, HMSO, £3.00 net.

<sup>o</sup>First Report from the House of Lords Select Committee on Science and Technology: Session 1988-89, HL Paper 13-I, HMSO, £5.70 net.



- 59 Over one million people visited our exhibit at the Glasgow Garden Festival, the *Magical Forest*, which proved to be one of the most popular at the Festival and won two awards: a special award for the most innovative exhibit and a gold medal for overall quality. Popular features of the exhibit for visitors were an underground 'badger sett', a bridge over a miniature forest and an interpretive description of the inner workings of an oak tree. A 10-foot wooden sculpture entitled the *Ancient Forester* which drew attention to the exhibit is now permanently sited as part of our sculpture trail at Grizedale Forest in the Lake District. The exhibit's audio-visual presentation *Under Heaven* also won an award.

## AWARDS

- 60 We are pleased to record that the work of the Commission and its staff was recognised in terms of a number of awards during the year, besides those mentioned in the previous paragraph:



a. The MBE was awarded to Mr Rex Whitta, Head Ranger in Thetford Forest, while Mr Eric Masters, Senior Ranger at Wareham Forest, Mr Peter Brown, a Forest Craftsman in the New Forest and Mr Emrys Hughes, a Forest Craftsman in Llanrwst Forest District, received BEMs.

b. The Balfour-Browne Trophy for deer management was won by Mr Fred Courtier of our East England Conservancy.

c. Mr Duncan Gillies from our Mid Scotland Conservancy was the winner of the National Tree Felling Contest at Ae near Dumfries; Mr David Grieve, from our South Scotland Conservancy, was placed second.

d. A Certificate of Merit was received from the Association for the Protection of Rural Scotland for our Engineering Division's work on roads, paths and bridges in the north of Scotland.

e. The Automobile Association Campsite of the Year Award went (for the third time in eight years) to a Commission campsite at Beddgelert in the Snowdonia National Park.



f. First prize was given in the European Signs Award to our Public Information Division's Design Branch for the new threshold signs to Forest Parks.

g. Our magazine *Forest Life* and our staff newspaper were awarded prizes in the British Association of Industrial Editors' national and Scottish competitions.

h. A Special Certificate was awarded to staff of our Llanwynno Forest District under the Prince of Wales Award Scheme for assistance in an Archaeological Trust project at Penarth.

## COMMISSION APPOINTMENTS AND STAFFING

### *Commissioners*

- 61 Mr Michael Strang Steel was appointed as a part-time Commissioner on 1 October 1988 in succession to Captain Derick Forbes.
- 62 Mr Ronald Hancock was appointed as a part-time Commissioner on 1 November 1988 in succession to Mr James Forbes.

### *Senior Staff*

- 63 Mr Michael Dinning, Conservator East England, retired on 14 March 1989. He was succeeded by Mr Norman Dannatt who was formerly Assistant Conservator Operations in the East England Conservancy.

64 On 31 March 1989 the Commission employed 2,086 non-industrial staff compared with 2,137 the previous year. The number of industrial staff fell from 3,374 to 3,032 during the same period as the result of further improvements in efficiency and the greater employment of contractors whose numbers, including some 1,500 working in our woods for purchasers of standing timber, are now equivalent to about 2,700 jobs annually.

*Employment*

65 Arrangements exist to keep all our employees informed on matters of concern to them, with information being disseminated at all levels. The usual system of Government Whitley Councils at national and regional levels is supplemented by meetings with the Trade Unions on specific issues as needed, and by other meetings to ensure that staff are given the opportunity to comment on and be involved in the decision-making process. A broadly similar arrangement for industrial employees is provided through the Commission's Industrial and Trade Council at national level and a network of Joint Consultative Committees at Conservancy and Forest District levels.

*Employee  
Participation*

66 Although the Disabled Persons (Employment) Act 1944 is not binding on the Crown, the Commission, along with other Government Departments, has undertaken to accept the same responsibility as other employers consistent with the principle of recruitment by fair and open competition. The basic policy followed is that disablement of itself is no bar to recruitment to, or advancement within, the Commission. The test applied is the ability to do the job, and we are very concerned to ensure that every opportunity is taken to employ disabled people. The physically-demanding nature of much of forestry work restricts the scope for employment of some disabled persons on forest operations, but within this limitation our policy is to provide for equal opportunities for the disabled.

*Disabled Persons*





FORESTRY  
ENTERPRISE



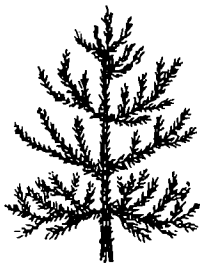
# FORESTRY ENTERPRISE

## SILVICULTURAL OPERATIONS

*Seed* 67 Broadleaved seed crops were generally very light this year, ash being the only major species of which a good collection was made. Acorns were imported from Holland and northern France, and beech seed was imported from Yugoslavia. Conifer seed crops were also light. The only species collected were Scots and lodgepole pine, but neither of these were in sufficient quantity to maintain stocks.

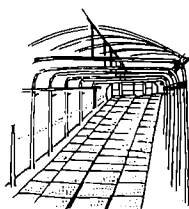
68 The market for broadleaved seed, particularly that for British provenances, remained buoyant. Sales of Sitka spruce seed were depressed as a result of the current uncertainty in the nursery trade regarding future demand for plants. Sales of both Scots and Corsican pine seed were above expectations, possibly anticipating the need to provide plants for restocking following the October 1987 storm in south-east England. Export sales, of a variety of species, increased.

### *Nurseries*



69 The major feature of the nursery year related to action set in train to implement a decision we took early in 1988 to re-organise and rationalise plant production within the Commission. Traditionally, most of the plants we use have been grown in a number of small and medium-sized nurseries managed as part of the Forest District in which they were situated, with any shortages being covered by purchases from the private nursery trade. This policy has been reviewed and, while we are satisfied that it remains economic for the Commission to grow the bulk of its own planting stock, detailed appraisal has shown that there are opportunities both for improving plant quality and reducing costs if production is concentrated in a few large, well-equipped nurseries, all forming part of a single, integrated enterprise concerned solely with plant and seed supply.

70 It was decided that three of our existing nurseries would be retained - Delamere in Cheshire, Wykeham in North Yorkshire and Newton in Morayshire - together with the polyhouse unit at Santon Downham in Suffolk. These were the ones we considered best suited, in terms of soil, climate and existing investment, for future plant production using modern horticultural techniques. A general manager, designated Head of Plant and Seed Supply Branch and responsible to the Head of Silviculture Division, was appointed in May 1988. A programme for closing the other nurseries was also announced. Tulliallan closed in March 1989. Fleet and Bareagle will close in March 1990 and Dornoch in March 1991. Responsibility for the management of all nurseries was formally transferred to the Plant and Seed Supply Branch at the end of the year under review.



71 There was an expansion of production capacity at both Delamere and Wykeham nurseries during the year to compensate for the losses which will result from the closures elsewhere. An additional 52 hectares of agricultural land were purchased at Delamere, and at Wykeham 12 hectares of adjoining plantation were cleared and converted to nursery use. There has also been substantial investment in better facilities at the retained nurseries. We completed the improvements to the irrigation systems at Delamere and Wykeham which had been started in 1987-88. Integrated cold store and grading facilities were also constructed at Delamere with a capacity for 3 million plants; these facilities were brought into use in October 1988 and proved to be a considerable asset to nursery management over the lifting season. Planning for a similar unit at Wykeham had reached an advanced stage by the end of the year. In the polyhouses at Santon Downham, a gantry irrigation system was installed covering almost half the production area, with the aim of improving uniformity of growth.

### *New Planting and Restocking*

72 The mild spring in 1988 followed by the unusually mild winter of 1988-89 ensured that our new planting programme was achieved as planned, while the restocking programme was exceeded.

73 The area of new planting, at 4,105 hectares, was 17 per cent less than the previous year. The area restocked was 8,475 hectares, 4 per cent up on last year, continuing the rising trend noted in our last report. Altogether, we planted 1,052 hectares of broadleaves.

74 A new lightweight scarifier, pulled by a standard four-wheel drive forest tractor, was introduced in our West England Conservancy and proved very effective in cultivating freely-drained lowland restocking sites. Developments in the cultivation of wet sites continued with trials of a new Swedish machine, the Donaren, a development of the Sinkkila which has been used in Commission forests for the last five years.

#### *Cultivation Developments*

75 Over recent years, we have sought ways to improve the aerial application of fertilisers to forest trees through more accurate systems of helicopter navigation. This year saw the introduction of a system which accurately guided the helicopter and provided a track printout which was delivered by the operator to the forest manager within hours of flight completion. This new system operated effectively on 90 per cent of the programme area, resulting in a much more even application of fertiliser.

#### *Fertilising*



## FOREST PROTECTION

76 In our last report we mentioned that a *Code of Practice for the Use of Pesticides in Forestry* had been prepared and issued for consultation. A second draft of this code was circulated widely for comment in the course of the year and responses received from many sources, representing forestry, environment and safety interests. A further revision, taking account of these comments and of the Control of Substances Hazardous to Health Regulations 1988, was published in March 1989 as a 'provisional code' for the use of the forest industry. It is intended to undertake another review when parallel guidance has been issued by the Agriculture Departments. Copies of the present provisional code are available from our Research Publications Section at Alice Holt Lodge.

#### *Pesticide Regulations*

77 There was a greatly reduced need for control spraying in 1988. A total of 784 hectares of plantations was sprayed against pine beauty moth in North Scotland Conservancy (compared with 2,265 hectares the previous year). Part of the area was treated with Fenitrothion and the remainder with a virus preparation. Another virus preparation was used to control pine sawfly on an area of 1,169 hectares in the same Conservancy.

#### *Pest Control Programme*



78 Because of the absence of extended periods of dry weather, fire danger was generally very low. The total area of plantations burnt was 107 hectares, the second lowest figure in the last 20 years.

#### *Fires*

## ESTATE MANAGEMENT

79 During the year, 1,851 hectares of plantable land were acquired, including 31 hectares of land under trees. The average price of land for planting was £410 per hectare, compared with last year's average of £673. This difference largely reflects the higher proportion of acquisitions made in North Scotland Conservancy. By the second half of the year, the quantity of land suitable for planting coming on to the market had declined sharply, and there were scarcely any opportunities to purchase.

#### *Land Acquisition*

80 Our programme of land disposal continued during the year with sales being completed of some 180 blocks of forest land totalling 4,328 hectares. Most of the areas sold were under 25 hectares. In addition to forest properties, we sold some 250 houses and 3,347 hectares of other land which were surplus to our requirements. The aggregate receipts for the year were £12.4 million. The total cash receipts since the present disposals programme started in 1981 amount to £123.3 million, of which £119.7 million had been surrendered to the Exchequer (Consolidated Fund) by 31 March 1989.

#### *Sale of Plantations and Other Properties*

81 Details of the net area of land disposed of during the year are given at Table 7 of Appendix XII, while details of forest land sold during the year and average prices received are shown at Table 8.

- 82 The policy governing the Commission's disposals programme was restated by the Government in November 1984, when the original programme begun in 1981 was extended to 31 March 1989. Forestry Ministers were reviewing the policy at the end of the year and we shall give details of the outcome in our next report.\*

*Management of Property*

- 83 We spent £1.7 million on the construction and improvement of buildings during the year, which saw the virtual completion of the provision of new office accommodation needed for the three-tier management structure that we introduced in 1985. A major part of our building expenditure this year was devoted to the nursery rationalisation programme described in paragraphs 69-71.



- 84 We continue to exploit mineral resources on our land whenever we can, and during the year sand and gravel extraction started from the extensive deposits at Eversley Common in the Commission's Bramshill Forest. The total income from mineral workings for the year exceeded £593,000, an increase of 13 per cent over 1987-88.

- 85 Our rental income for the year, including agricultural, sporting and other rents, was £3.1 million. The Commission's property holding is detailed in Table 13 of Appendix XII.

*Commercial Recreation*



- 86 The term 'commercial recreation' encompasses our activities in managing forest cabins, holiday houses and caravan and campsites for letting to the general public. Our aims are to enhance visitor enjoyment of our forests through the provision of overnight accommodation and to achieve a commercial rate of return on capital employed.

- 87 Average occupancy levels at our four forest cabin sites increased by 3 per cent to 62 per cent - the highest level since 1980-81 - and all of our holiday houses and cottages equalled or improved upon their previous best occupancy figures due to vigorous but selective marketing. Our programme of cabin refurbishment and upgrading has been completed at Strathyre and is continuing at Keldy and Deerpark. Campsite occupancy also increased, by one per cent. We continued to improve campsite facilities, and 12 of our 32 sites now have electrical hook-ups.

**HARVESTING AND  
MARKETING**

*Market Demand*

- 88 The demand for timber for construction purposes has generally been strong. As expected, however, there were signs towards the end of the year under review of some restraint in the building, home improvements and furniture sectors, largely brought about by higher interest rates.

- 89 Despite a healthy growth in the market for sawn softwood, sales of sawlogs continued to be a little patchy as a result of the glut caused by the October 1987 storm in south-east England. The market effects of this were felt as far afield as the West Country and the Welsh borders. Elsewhere, demand held up well so that total sales and average prices were virtually unchanged from the previous year. Once again, demand for small roundwood by the pulp and particleboard industries was strong.

*Forestry Commission  
Operations*

- 90 Set out in the table below are the results of our 1988-89 harvesting and marketing operations and those for the previous four years. These figures have been adjusted to take account of work in progress so that comparisons can be made with the Accounts of the Forestry Enterprise (Note 10(a) on page 59). The financial figures in the table are expressed on a common basis (£'89) to enable realistic comparisons to be made.

\*A statement on the future programme of sales was made by the Secretary of State for Scotland on 16 June 1989.

	<i>Unit</i>	1984-85	1985-86	1986-87	1987-88	1988-89
	Million cubic metres					
<i>Total Removals</i>		2.86	3.11	3.32	3.38	3.64
By sale standing ... ..	"	0.93	1.09	1.23	1.24	1.37
By Forestry Commission harvesting (adjusted for change in work in progress) ... ..	"	1.93	2.02	2.09	2.14	2.27
	£('89) million					
<i>Income</i> ... ..		56.95	65.64	73.26	76.17	73.98
Forest costs (expenditure, excluding administrative expenses) ... ..	"	28.89	31.80	30.24	31.32	31.34
Gross surplus ... ..	"	28.06	33.84	43.02	44.85	42.64
Administrative costs ... ..	"	12.98	12.92	13.16	12.31	11.62
Net surplus ... ..	"	15.08	20.92	29.86	32.54	31.02
<i>Income per cubic metre</i> ... ..	£('89)	19.91	21.11	22.07	22.53	20.32
Forest costs per cubic metre ... ..	"	10.10	10.23	9.11	9.27	8.61
Gross surplus per cubic metre ... ..	"	9.81	10.88	12.96	13.26	11.71
Administrative costs per cubic metre ... ..	"	4.54	4.15	3.96	3.64	3.19
Net surplus per cubic metre ... ..	"	5.27	6.73	9.00	9.62	8.52

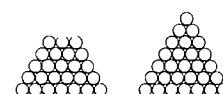
The features of our operations in each of the main sectors are set out in more detail in the following paragraphs.

91 The total volume of sawlogs dispatched from our own harvesting operations was 1,086,000 cubic metres (measured overbark), some one per cent lower than last year. A further 65,000 cubic metres of pine were harvested from woodlands blown down in the 1987 storm, and held in wet storage (see paragraphs 96-98). The Log Price Index, which is an indication of forward prices, rose from 222.0 at 31 March 1988 to 228.0 at 30 September 1988 and ended the year at 242.6.

#### *Conifer Sawlog Sales*

92 Total sales of conifer small roundwood rose by 12 per cent compared with 1987-88. Exports of small roundwood declined further as demand from domestic industries increased. There was a significant increase in exports from ports in south-east England as areas affected by the 1987 storm were cleared. For the country as a whole, however, exports from all sources totalled 267,000 tonnes in 1988, compared with some 396,000 tonnes in 1987.

#### *Conifer Small Roundwood Sales*



93 There was keen competition for standing timber in Scotland, but the demand was depressed in parts of England and Wales as a consequence of the 1987 storm. The total volume sold standing from Commission forests rose during the year by 9.2 per cent, to 1,366,000 cubic metres. This represented 37 per cent of all Commission wood harvested. At the end of the year, the Standing Sale Index stood at 614.7 compared with 622.5 at 31 March 1988.

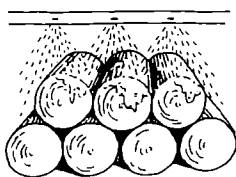
#### *Standing Sales*

94 The volume produced by our own harvesting operations was 2,275,000 cubic metres. This was made up of 500,000 cubic metres from thinnings and 1,775,000 cubic metres from clear felling, of which some 400,000 cubic metres came from windblown areas in south-east England. Mechanised harvesting systems accounted for 240,000 cubic metres, 11 per cent of the total programme compared with some 6.5 per cent in the previous year. We had 14 harvesters and processors in use by the end of the year, and a further six machines will be added in the coming year.

#### *Harvesting*

- 95 There has been a substantial move in Scandinavia away from the use of bed harvesters to grapple harvesters, to the extent that the latter now account for 80 per cent of all harvester sales. This development has been reflected in the increase in the number and different makes of grapple harvesters now on the market. Many of these new-generation machines have largely overcome the shortcomings of earlier models. Their robustness, debranching quality and length-measuring accuracy increasingly satisfy the requirements of the British sawlog and small roundwood markets. Improvements which have been made to grapple harvester heads allow them to be fitted to more commonly-available base machines, for example excavators, which are significantly cheaper than the purpose-built Scandinavian base units. The numbers of contractors using mechanised harvesting systems in this country have increased significantly. While some are operating low capacity agricultural-based machines or secondhand purpose-built Scandinavian models, we estimate that 25 new processors or harvesters were used by contractors in Commission forests during 1988.

#### *Thetford Log Store*



- 96 Work continues on the clearance of timber blown down in the 1987 storm, as described in paragraphs 17 and 18. The glut of timber arising from the storm caused a substantial fall in prices, however, which persisted through the year. In order to maintain the momentum of the clearance work and to avoid weakening the market even further, it was decided to set up a temporary 'wet store' for sawlogs at a site at Lynford in Thetford Forest. The method involved the storage of logs under water sprinklers in order to keep the timber fresh by preventing fungal and insect attack. This is a well-established technique used for the management of wood stocks in Sweden, and has also been used as an emergency method of log storage following severe storm damage in several European countries, most notably in West Germany where 1.4 million cubic metres of pine were stored for two years after a gale in November 1972.
- 97 The Thetford site covers four hectares and has a total capacity for around 75,000 cubic metres of logs. It adjoins a water-filled gravel pit, which provides water for sprinkling and facilitates drainage. Log storage began in March 1988, and at the end of the year under report the site was almost full. Emphasis was placed on the importance of storing only clean logs freshly sawn from the roots and, while this requirement could not be fully met, it is estimated that less than 5 per cent of the logs contained significant blue stain on delivery to the store.
- 98 Although most of the timber in the log store is Corsican pine and Scots pine, the opportunity has also been taken to test the potential of the method for storing a range of other conifer and broadleaved species. Logs will be removed from the store at six-monthly intervals for sawing tests. The first samples of logs of Corsican pine, Sitka spruce and beech were removed in February 1989, and the logs were found to saw easily and accurately and to be almost wholly free of staining.

## ENGINEERING

### *Mechanical Engineering*

- 99 As mentioned in paragraph 94, there has been a significant increase in the volume of timber harvested by the Commission using mechanised systems. Among the range of additional equipment purchased during the year were an OSA double-grip harvester and a Valmet single-grip harvester for use in the windblown area in the Weald Forest District, where previously there had been no Commission harvesting labour-force. Mechanical back-up was provided from our local workshops, which had to adapt quickly to the demands of maintaining the harvesters and their supporting forwarders. The servicing of the more sophisticated machines now in use requires a high level of technical and diagnostic skills.
- 100 With the large-capacity machinery now employed in the Commission's harvesting and civil engineering operations, it is essential that machine utilisation is kept as high as possible. A good deal of progress has been made in improving the overall availability of such machinery, in spite of its sophisticated construction and, in the case of Scandinavian machines, delays in getting spares. In 1984-85 the average availability was 85 per cent. Improved training of our mechanics and the introduction of an incentive bonus scheme in our workshops resulted in an increase to 92 per cent availability in 1988-89. At the same

time, the cost of providing, maintaining and repairing our total fleet of machines and vehicles, which has a current gross replacement cost of over £60 million, reduced in real terms from £21.1 million in 1984-85 to £16.4 million in 1988-89.

101 We are finding it increasingly difficult to recruit and retain suitable mechanics, particularly in our East England and West England Conservancies where alternative job prospects offer higher remuneration. We are trying to enhance our ability to keep mechanics by developing an education and training scheme for mechanical engineering in forestry. This will be a national scheme of qualifications which will parallel the existing scheme for forest workers, and will include YTS trainees, skilled forest mechanics, foremen and junior supervisors.

102 The mild winter allowed road construction to be carried on throughout the year, and 121 kilometres of new roads were completed and 227 kilometres of existing roads upgraded. Eight new road bridges were also built and four were re-constructed. Reviews of our road network have been completed in several Conservancies and the others are well advanced. This will enable future construction and maintenance work to be concentrated on those roads identified as part of the long-term road network.

103 The Commission's engineers have built up a wealth of experience in the construction of forest roads. The road pavement width of 3.2 metres is similar to Department of Transport standards for rural roads and the general geometry of forestry roads closely matches that of the smaller public highways. However, forest vehicles and machines, with their special tyres and wheel configuration needed for a sure grip on steep slopes, have an important influence on forest road design and construction. A crucial design requirement is that the roads should cater for timber extraction vehicles entering at right angles from the adjoining forest. Design specifications have been developed by our engineers over a long period, and because of the special features of our road work, they have been asked to provide advice to a number of other organisations.

104 Most of our civil engineering work has traditionally been done with our own staff and machinery, but because of the dispersed and intermittent nature of the work programmes, particularly in England, we have for some time been making extensive use of hired civil engineering plant. A more recent innovation in three of our Conservancies has been to contract out complete road-building programmes. Contracts for forest road-building to carry lorries weighing up to 38 tonnes, within tight costs and performance standards, are a new venture for most companies in the civil engineering industry, and we have had a somewhat mixed experience. However, it is clear that there can be considerable advantage in contract road-building as it can be timed to take best advantage of seasonal weather conditions. We intend to pursue this approach for a proportion of our civil engineering work in future.

105 As mentioned earlier (paragraph 60), the design and construction of roads and bridges in three forests in our North Scotland Conservancy received a certificate of merit in the award scheme run by the Association for the Protection of Rural Scotland (APRS). In making the award the Association said:

“The Engineering Division of the Forestry Commission is to be congratulated on its sympathetic approach to the installation of roads and bridges in these three very sensitive areas. Its use of sympathetic materials is particularly noteworthy. In view of the obloquy which has been heaped on certain forest developments over the last few years, it was most refreshing to find such good work being done within the forest areas visited. The unobtrusiveness of the roads and bridges, as compared with some of the awful hill tracks which the APRS has commented on in the past, was most encouraging.”

106 At 6.3 per 100 industrial employees, the incidence of reportable accidents (ie those causing incapacity for more than three days) was almost the same as the year before (6.2). This gives us no cause for satisfaction, however, and we shall continue to try hard to achieve the downward trend recorded in previous years.

## Civil Engineering



## HEALTH AND SAFETY

107 Considerable work was undertaken during the year in monitoring the health and safety of workers exposed to the insecticides lindane and permethrin, which are used to treat trees before planting on restocking sites. The results of blood sampling for lindane showed that the working system we have developed for planting treated trees is robust and meets the most demanding safety standards. A similar assessment of the working system used for applying insecticides to young trees was under way at the end of the year. Our Work Study Branch, in conjunction with the Application Hazards Unit of the Ministry of Agriculture, Fisheries and Food, has begun to investigate the possibility of reducing the amount of protective clothing needed when working with plants which have had reduced quantities of permethrin applied by the Electrodyn process.



## INFORMATION TECHNOLOGY

108 Among other health and safety work carried out during the year have been the continuing studies aimed at improving the effectiveness of clothing worn by chain saw users from the point of view of its protective qualities, durability and comfort; the introduction of a requirement for the Commission's wildlife rangers to wear hearing protectors whenever they use firearms; and the dissemination of advice to staff about the risks of contracting Lyme Disease through tick bites, including the precautions to be taken.

109 The main emphasis of our work on computer systems during the year has been on the consolidation and enhancement of the major management systems introduced since 1984. In order to carry the growing volume of data and to improve connections to some of our more remote locations, we also upgraded our telecommunications network to a wholly private circuit during the first half of the year.

110 One new computer system that we did introduce was a facility to increase our capacity for evaluating landscape and forest design options (see paragraph 31). We also began a pilot trial of automated office systems in our Public Information Division and extended this to the Conservancy office in Glasgow towards the end of the year.

111 Since we embarked on our present programme of computerisation in 1984, there have been many changes, not least in computer technology. We are therefore undertaking a major review of our information systems strategy to ensure that we have identified all the opportunities for supporting our objectives and to establish a framework best suited to the integration of future computer systems.

## WALES: REORGANISATION OF FOREST DISTRICTS

112 A major reorganisation of our Forest Districts in Wales was planned during the year aimed at reducing costs and improving efficiency. Through a series of amalgamations and boundary changes, the number of Forest Districts was reduced from 14 to 8 with effect from 1 April 1989. The maps at Appendix XIII illustrate how this was achieved.



FORESTRY  
AUTHORITY



# FORESTRY AUTHORITY

## LEGISLATION

*Felling Licensing* 113 We have introduced Regulations\* which exempt from the need to obtain a licence any felling of trees carried out in accordance with a plan of operations approved by the Commission under the Woodland Grant Scheme. This provision, which came into force on 28 June 1988, brought the new scheme into line with the statutory arrangements already applying to our other grant schemes.

*Spruce Wood Order* 114 A further amendment\*\* was made to our Restriction on Movement of Spruce Wood Order 1982. The 1982 Order, as amended in 1985 and 1986, imposes licensing controls over the movement of spruce wood with the object of preventing the spread of *Dendroctonus micans* (the Great Spruce Bark Beetle). The new Order, which came into force on 28 June 1988, extends the controlled area to include the remaining parts of the counties of Dyfed and Gwynedd not covered in the previous Order, and the county of West Glamorgan.



*Environmental Assessment* 115 Parliament gave its approval, by resolution of both Houses, to the Environmental Assessment (Afforestation) Regulations 1988 which were made by Forestry Ministers on 12 July 1988 and came into force on 15 July 1988<sup>0</sup>. These Regulations implement, in relation to initial afforestation, EC Council Directive 85/337/EEC on the assessment of the effects of certain projects on the environment.

116 Under the Regulations, anyone who submits an application to the Forestry Commission for grant-aid for new forestry planting may be required to undertake a formal assessment of the effects that the proposed planting would be expected to have on the environment before a decision is taken on whether to approve grant-aid. Our more detailed comments on the implementation of these Regulations are to be found at paragraphs 36 and 37.

## PRIVATE PLANTING

117 A total of 29,942 hectares of private planting was grant-aided under our schemes in 1988-89 (compared with 28,675 the previous year) of which 25,108 hectares comprised new planting (23,821 hectares in 1987-88). The level of broadleaved planting was marginally greater - 4,936 hectares in 1988-89, as against 4,822 hectares in 1987-88. Fuller information on grant-aided planting is to be found at Table 2 of Appendix XII.

118 It needs to be borne in mind that most of the planting for which we paid grants during the year was either undertaken before the changes to the forestry taxation and grant arrangements introduced by the March 1988 Budget took effect, or with the benefit of the transitional tax provisions for existing occupiers of commercial woodlands announced in that Budget. Because of the relatively long lead-time involved in planning planting schemes, together with the interval between planting taking place and grants being claimed and paid, indications of the effect that the new support arrangements had on planting levels in the year following the change will not be known until information on the areas for which grants are paid in 1989-90 becomes available.

## FORESTRY RESEARCH CO-ORDINATION COMMITTEE

      
F R C C  
    

119 The Forestry Research Co-ordination Committee (FRCC) was particularly active during the year in the area of farm forestry. Constituent bodies agreed to sponsor research on a number of important aspects of the subject as a special topic under arrangements administered by the Natural Environment Research Council.

\*The Forestry (Exceptions from Restriction of Felling) (Amendment) Regulations 1988 (SI 1988/970).

\*\*The Restriction on Movement of Spruce Wood (Amendment) Order 1988 (SI 1988/971).

<sup>0</sup>The Environmental Assessment (Afforestation) Regulations 1988 (SI 1988/1207).

120 Two expert review groups reported during the year, one on planning and economics and the other on the physiology of tree growth in stands. The first group emphasised the need for more basic research on forestry economics, and the Forestry Commission and the Economic and Social Research Council are considering the best means of establishing a core research programme. The group on physiology recommended the establishment of one or more integrated forest experiments in order to test key treatments applied under field conditions. This is now under consideration.

## RESEARCH

121 We publish a report on Forest Research each autumn which gives a full account of the work carried out or commissioned by our Research Division and other Divisions with responsibilities for research in their own fields. The paragraphs below represent a small selection of items of general interest.

122 We conducted two surveys of tree health in 1988. The main survey was a continuation of those we have been undertaking since 1984 into the health of key forest species in Britain. The other was a grid survey required under the EC Regulation on atmospheric pollution which involves a smaller sample, but includes more species, and is intended to enable direct comparisons to be made with results from other European countries. Both surveys used the criterion of crown density to assess tree health, although the connection between crown density and various causal agents such as disease, drought and atmospheric pollution is not yet fully understood by scientists.

### *Tree Health Surveys*

123 The main survey showed that the crown density of beech had improved during the year, while that of Norway spruce and oak had remained about the same and that of Sitka spruce and Scots pine had declined. The EC survey revealed widely varying changes in the crown density of broadleaves, with sycamore improving, beech remaining approximately the same, and ash and birch deteriorating. The results indicated a slight decline in the crown densities of most conifers; Sitka spruce, Scots pine, Japanese larch and Douglas fir all showed some deterioration, although lodgepole pine had improved considerably.

124 Although crown density is widely used as an indicator of tree health in studies on the possible effects of atmospheric pollution, recent work in Britain and elsewhere has indicated that the interpretation of this index is extremely difficult. For instance, some crown thinning is to be expected as a result of normal fluctuations in environmental conditions. We also know that factors such as climate, insects, fungi and the increasing age of trees can combine with atmospheric pollution to affect the crown density of trees, but the relative importance of these factors in determining the overall condition of trees can change under different conditions. Further experimental and analytical work is in progress to establish the critical factors or combination of factors.

125 The EC survey is designed to allow comparison with other EC countries although there are still many differences in the actual methods used by the survey teams in the various countries. This, together with the problems associated with comparing different species growing under very different conditions, means that the value of international comparisons is limited. However, although British trees appear from this survey to have some of the thinnest crowns in Europe, there are few trees showing serious decline. While such comparisons are of some interest, the more complete and detailed survey that we have been carrying out over the last five years is expected to provide a more reliable guide in reaching eventual conclusions about the health of Britain's trees.

126 It has been our policy since the early 1960s to treat conifer stumps immediately after felling against *Heterobasidion annosum* (*Fomes annosus*), the principal cause of butt rot of conifers in Britain. The treatment presently employed is to paint the stumps with a 20 per cent solution of urea, although the biological control agent *Peniophora gigantea* is used on pure pine crops. We initiated a full review of this policy in 1986, drawing on the results of a programme of research stretching back more than 20 years. A major part of the review consisted of an economic appraisal of the costs and benefits derived from the stump treatment of Sitka spruce. A model of disease development was devised and used to

### *Stump Treatment*



estimate losses which could be expected to have occurred over two rotations in the absence of protection. As a consequence of the review, the policy of mandatory stump treatment was reaffirmed early in 1989.

- Seeds* 127 Many conifer seeds require pre-chilling under moist conditions for several weeks at temperatures just below freezing point in order to stimulate germination. Recent research has indicated that Noble fir seed, now commonly used by Christmas tree growers, can be seriously damaged by initial water uptake during the moist pre-chilling. This species often exhibits a low percentage of germination and it is clearly important to ensure careful treatment to maximise the growth of seedlings in the nursery.



- 128 The separation of live and dead seeds of Corsican pine using the Swedish imbibition, dehydration and separation (IDS) technique has proved its efficacy. Refinements of this technique offer considerable improvements in performance both in precision sowing and in raising stock in containers, especially for pines, as a result of reduced wastage and more uniform stock quality.

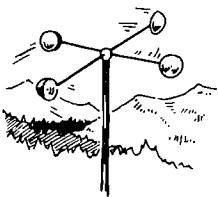
- Nursery Herbicides* 129 Trials of standard nursery herbicides applied to seedbeds at low dose rates, but repeated twice during the growing season, have proved highly successful. Weed control has been excellent and crop damage very slight or non-existent. Development of this repeat low-dose technique should lead to a reduction in overall herbicide use, as well as having obvious safety advantages.

- Poplars* 130 There has been a renewed interest in the planting of poplars. Trials of improved clones selected and bred in Belgium have been established to test their performance in Britain. Parallel trials conducted under contract to the Department of Energy are showing that high biomass yields can be achieved through short-rotation coppice systems. This programme is mainly directed at the use of the product as a fuel. Alternative end uses of poplar including pulp, fibreboard and sawn timber are also under active consideration.

- Grey Squirrels* 131 There is continuing concern about the damage that grey squirrels can inflict on a range of broadleaved trees. The use of baited hoppers has proved to be an effective counter-measure, and we have now developed hoppers with a door which only squirrels can enter. This is of particular importance in eliminating risks to common dormice and other small mammals and the danger of secondary poisoning of predators feeding on small woodland rodents. Squirrels, with their invariably inquisitive nature, have not been deterred from finding and taking the bait.



- Windthrow Hazards* 132 Windthrow hazard classification has been in use throughout the Commission for over ten years and has proved to be an extremely useful management tool. We recognised at its inception that information on some elements of the classification was limited, and it was designed to allow improvements to be made when further data became available.



- 133 As part of this work, a series of forest monitoring areas has been identified on a range of geologies and topographic site types. Wind speeds are being automatically recorded to enable tree damage to be linked to specific events. The wind recordings in these remote areas are proving to be of considerable interest to groups studying wind-powered energy.

- Native Pinewoods* 134 Nearly all the remnant native Scots pinewoods have now been tested for their biochemical characteristics, and the results will be used to define the boundaries of genes for the purpose of schemes put forward under the new native pinewood grant arrangements described in paragraph 10. Woodlands in parts of north-west Scotland are particularly valuable as their genotypes are rare amongst the more general Caledonian pine populations.

## PLANT HEALTH

- Plant Health Controls* 135 We mentioned in our last report that a number of issues remained to be resolved within the EC Plant Health Standing Committee on changes to the EC Plant Health Directive; as a consequence, it had not yet proved possible to introduce our planned new Order to

supersede the Import and Export of Trees, Wood and Bark (Health) (Great Britain) Order 1980. The remaining points were agreed by the Standing Committee towards the end of the year under report and plans were well advanced to bring forward the new legislation early in 1989-90.\* This will also incorporate and bring up to date the Tree Pests Order 1980, which provides powers to introduce controls to prevent the spread of harmful forest tree pests and diseases within Great Britain.

136 The situation remains much the same as recorded in our last report. Some local authorities, particularly in areas where the disease has not had such a devastating effect, continue to pursue active control measures including sanitation felling and restrictions on the movement of elm wood through licences issued by the Commission. The planting of alternative species continues to be encouraged in areas of high amenity value where local elm populations can be expected to succumb eventually to the disease. This will ensure a continuity of tree cover, especially in parklands and other open urban areas.

*Dutch Elm Disease*

137 We have continued to pursue a vigorous campaign against *Dendroctonus micans* (the Great Spruce Bark Beetle). Surveys carried out in 1988 in the control areas confirmed the pattern of previous years. The natural rate of spread of the pest remains at about five kilometres a year, with fresh attacks being sporadic and light in nature. An isolated attack was discovered at Delamere Forest in Cheshire, some 15 miles from previous infestations, but concentrated surveys of the surrounding area failed to reveal any other infested trees. All spruce trees in the immediate area were nevertheless felled as a precaution.

*Dendroctonus micans*

138 During the year we introduced legislation to amend the Scheduled Area in which controls apply to include the remaining parts of Wales, a move we foreshadowed in our last report. This has enabled us to concentrate our resources on preventing the spread of the pest to the east and north, where its potential for damage is greatest.

139 We have continued to monitor the movement of spruce wood in other ways, such as the inspection of sawmills. During the year an infringement of the licensing regulations led to a successful prosecution against a company which had moved an unlicensed load of spruce wood from an infested stand.

140 The approved mill scheme remains an integral part of our control strategy. Under the scheme, spruce wood from a stand classified as infested may only be moved to specified 'approved' mills capable of removing and treating or properly disposing of wood and bark residues. At the end of the year there were 59 such mills in the Scheduled Area.

141 Our programme of setting up pheremone traps at selected locations around the country including ports, timber yards and ladderpole manufacturers' premises was maintained throughout the beetle flight season from April to September. These traps, baited to attract specific forest tree pests, provide a useful back-up monitoring system to support our Plant Health Inspectors. Their use at ports is of assistance in discovering beetles in consignments of wood and wood products. The only significant catch during the year was a single *Ips typographus* (the Eight-toothed Spruce Bark Beetle) at Goole, but it proved impossible to identify its means of importation.

*Pheremone Traps for Exotic Bark Beetles*



142 Our Plant Health Inspectors continued to monitor timber imports around the country, the landing of which is notified to them by HM Customs and Excise. A number of breaches of our strict landing conditions were discovered, including the presence of live conifer bark beetles of types not present in this country. Vigorous action was taken to eliminate any possibility of their spread, including the burning of the associated timber, and representations made to the appropriate authorities in the countries of origin to prevent recurrences. A number of cases involved wood dunnage used to prevent the movement of cargoes in ships' holds which is regarded as carrying a high risk in plant health terms. We gratefully acknowledge the help of those people who bring such cases to our attention.

*Import Controls*

\*The Plant Health (Forestry) (Great Britain) Order 1989 (SI 1989/823), which came into force on 8 June 1989.

## EDUCATION AND TRAINING

- Training Activity* 143 The amount of training carried out by or on our behalf, as measured in training days, increased by some 20 per cent over the previous year. Almost all of the increase was created by greater demands for training in the operation of computers and the use of pesticides. Work on extending our machine operator training centre at Ae near Dumfries was substantially completed during the year. This will provide much needed additional accommodation for the instruction of supervisors, operators and mechanics in the use and maintenance of the new generation of complex machines.



- Computer User Training* 144 Many of the Commission's management and accounting systems have been computerised using a distributed network of terminals at over 100 locations linked by British Telecom lines to our Edinburgh Headquarters. This comprehensive system is used by a large number of staff, and our management training centres at Headquarters and at Ae are equipped with a range of computer terminals and microcomputers to enable them to respond to the numerous training demands. The Headquarters' training team concentrate on providing computer awareness training for staff with little knowledge of information technology. About 400 staff have undertaken these courses, which have developed in sophistication as skills levels have increased. In parallel with this programme, there is a range of courses available at the Ae centre in specific computerised management systems for managers and supervisors. The number of computerised management systems is expected to increase, and training in their use will form an important part of our future training effort.

- Use of Pesticides* 145 The most significant development in the field of technical training has been in the use of pesticides, arising from the requirements of the Control of Pesticides Regulations 1986. Various new skills and procedures have had to be taught both to supervisors and operators, with the additional need at operator level to introduce examination and certification arrangements. By the end of the year 780 employees had received training and taken the appropriate tests leading to certification. The overall pass rate was an encouraging 88 per cent.

## PUBLIC RELATIONS

- Press Briefing* 146 Media interest in forestry matters continued at a high level during the year, although the emphasis shifted somewhat from debate about individual planting applications to a more general interest in the impact of forestry in the environment and broader land use issues. Our policy of active press relations included briefings given to individual journalists and a number of press visits to forests throughout the year, including one attended by the Minister of Agriculture, Fisheries and Food at our Bedgebury Forest to mark the first anniversary of the October 1987 storm, at which he also accepted a gift of trees from Canada.



- 147 The press also attended celebrations of the 250th anniversary of the first plantings of larch at Dunkeld in Scotland; the opening of our otter haven on Skye; the return of the only breeding pair of Red-backed Shrikes at our Thetford Forest birdwatching trail; a visit to Delamere nursery to see the success of a new way of producing high-quality Sitka spruce stock by vegetative propagation; and the occasion of the first deliveries of Sitka spruce timber to the new pulp mill at Irvine. Events to promote Forest Parks took place with a Galloway Forest Park Fun Week and the attendance of the press at the opening of the new Tummel Forest Park. One of our Forest District Managers also became a regular contributor of features on forestry to one of Scotland's national newspapers.

148 Our press office also handled a number of important announcements on initiatives affecting forestry, including statements on the environmental assessment of afforestation projects; the new grants proposed to encourage the planting of native pinewoods; and forests and global warming. We also co-operated closely with the Scottish Office in publishing announcements by the Secretary of State for Scotland on the Central Scotland Woodlands Initiative and the Government's endorsement of the Highland Regional Council's working party report on the future pattern of land use in the flow country of Caithness and Sutherland.

149 In the course of the year, we began the practice of issuing press notices announcing and explaining our decisions on disputed grant applications referred to us by the Regional Advisory Committees. We believe that this has contributed greatly to an understanding of the Commission's role and its consultation procedures. We also introduced a new form of press briefing, *Forestry Information*, designed to provide important background statistics and facts for major stories of press interest, and to complement our existing news and feature releases.

150 Our Public Information Division continue to handle a large number of enquiries from the public on forestry matters, especially from schools. In response to this we published a new teacher's pack for the 8 to 11 year-old age group, after detailed consultations with teachers on the integration of forestry into the primary school curriculum. The pack, under the title of *The Forest Adventure*, was sponsored by the National Westminster Bank and includes detailed teacher briefing and activity sheets, posters and wallcharts for pupils. We distributed three further editions of our new magazine, *Forest Life*, aimed at stimulating public interest in forestry affairs, and were delighted that it received an award (see paragraph 60). We also fulfilled the undertaking, mentioned in our last report, to publish guidance on the standards of environmental protection required from all applicants under the new Woodland Grant Scheme (paragraphs 24-26). Details of these and other new publications produced during the year may be found at Appendix XI.

151 Overseas interest in British forestry practice has been maintained. Our Public Information Division organised 18 visits from overseas government and forestry industry representatives during the year, covering subjects as diverse as new planting, silviculture and research, harvesting and the wood-processing industries through to conservation and the use of computers in budgeting and planning. The Commission also hosted an international conference on the use of computers for the planning and control of forest operations which included a detailed look at the Commission's own work in this area.

#### *Publications and Public Enquiries*

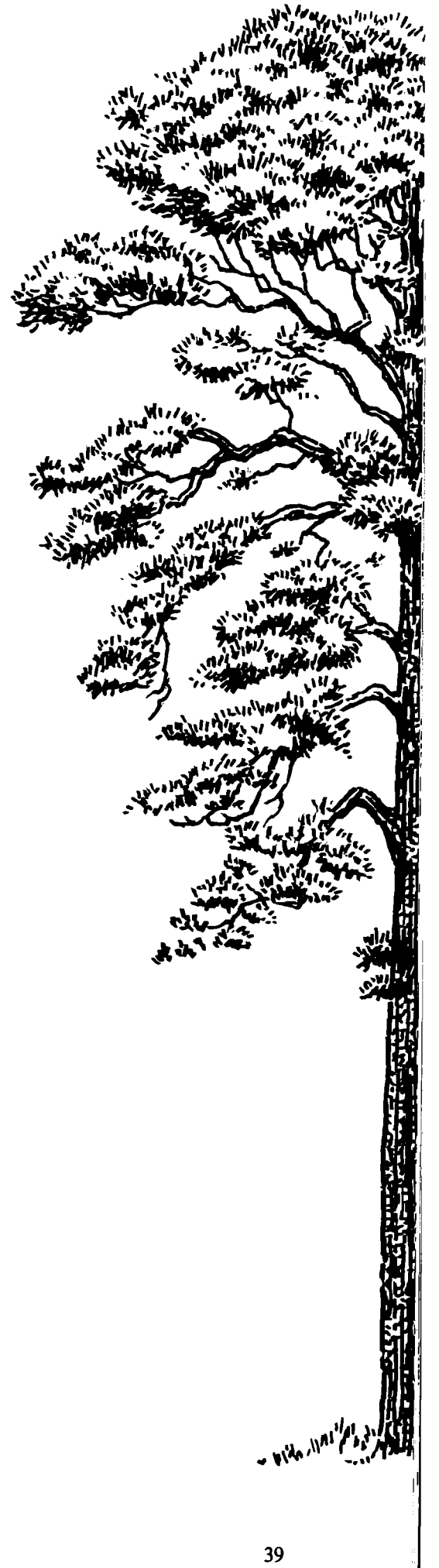


#### *Overseas Visitors*









# FINANCE

## FORESTRY FUND RECEIPTS AND PAYMENTS

- 152 The Grant-in-Aid voted by Parliament forms the Commission's agreed cash limit. For 1988-89 the amount voted was £60.3 million of which £56.5 million was taken into the Forestry Fund, leaving £3.8 million to be handed back to the Exchequer. The actual net call on Exchequer funds (excluding surrenderable disposals receipts) was £53.5 million (£48.1 million in 1987-88), leaving a balance of £3.0 million in the Forestry Fund which will also be returned to the Exchequer.
- 153 Receipts from the Commission's activities amounted to £99.8 million against £99.0 million in 1987-88. In addition, cash received from the disposal of land, buildings and plantations amounted to £12.4 million during the year which, together with £2.9 million brought forward from 1987-88, meant that a total of £15.3 million was due to be surrendered to the Consolidated Fund. Of this, £11.7 million had been paid by 31 March 1989, leaving a balance of £3.6 million to be surrendered during 1989-90.
- 154 Payments, excluding amounts paid or due to the Consolidated Fund, totalled £153.2 million. These were £6.2 million (4 per cent) above the 1987-88 total of £147.0 million. Those in respect of staff remuneration, pensions, purchase of materials, land acquisitions and capital items rose by £4.4 million, private woodland and other grants rose by £0.9 million and VAT remittances to Customs and Excise also increased by £0.9 million.
- 155 The statement of Forestry Fund Receipts and Payments, including notes thereon, appears on pages 48 and 49.

## FORESTRY ENTERPRISE

### *1988-89 Accounts*

#### *Net Operating Surplus*

- 156 A new Operating Account was introduced in 1987-88, the start of the current triennium, which aims to identify more clearly the annual surplus earned by the Commission including that arising from the increase in the value of the growing stock of plantations.
- 157 For the year ended 31 March 1989, the overall net operating surplus arising from Plantations, Forest Recreation and Amenity, and Other Activities was £62.6 million (1987-88 £59.5 million).
- 158 For Plantations, the increase in the value of the growing stock of £73.3 million, together with income (mainly from the sale of timber) of £75.2 million, exceeded the net expenditure of £87.3 million by £61.2 million. After taking into account a surplus of £0.8 million on the sale of properties, the net operating surplus from plantations was £62.0 million (1987-88 £59.0 million).
- 159 On Forest Recreation and Amenity, the net expenditure was £8.1 million which was met from the subsidy for this activity (1987-88 £8.5 million). Other activities - Campsites and Cabins, Agency and Miscellaneous - had an income of £4.9 million. After deducting expenditure of £4.3 million, these earned a net operating surplus of £0.6 million (1987-88 £0.5 million).
- Grant-in-Aid* 160 The net Grant-in-Aid applied to the Forestry Enterprise in 1988-89 was £5.9 million (1987-88 £2.6 million). This was after deducting from the net call on Exchequer funds of £30.9 million (1987-88 £27.8 million) receipts from the disposals programme of £12.4 million (1987-88 £13.1 million) and planting/restocking and forest recreation subsidies of £12.6 million (1987-88 £12.1 million).

- 161 Owing to the comparative immaturity of our plantations, the operations of the Enterprise are not yet self-financing, as can be seen by the requirement for continued Grant-in-Aid. However, the growing stock of timber continues to increase in value, and financial performance is measured by comparing changes in the value of the crop against actual net cash expenditure. This is assessed by revaluing the plantations on a three-yearly basis - the triennium. The next complete revaluation of plantations takes place at the end of the current triennium in 1990. *Plantations*
- 162 During the triennium the performance each year is judged from a comparison of the actual income and expenditure with the performance standards which were set at the beginning of the triennium. Favourable variances indicate that the target rate of return of 3 per cent has been exceeded. Adverse variances mean that the return is below the 3 per cent target, not that it is negative.
- 163 In 1988-89, income realised was below standard by £3.5 million whereas expenditure showed a favourable variance, being lower than the standard by £6.2 million, thus giving a net overall improvement of £2.7 million. However, this improved performance when measured against standards reflects changes in the underlying working methods and programmes, introduced as a result of the October 1987 storm, and a revised recording system for timber volumes. These changes may in turn have a greater than usual effect on the plantation revaluation at the end of the triennium. Subject to this, the net overall improvement of £7.1 million over the first two years of the triennium - comprising £2.7 million in 1988-89 and £4.4 million in 1987-88 - indicates that, at this stage, financial performance is better than the target 3 per cent return.
- 164 The real rate of return on capital invested in cabins and campsites was 11.2 per cent. This may be compared with 7.6 per cent in the previous year and a target rate of return in real terms of 5 per cent. The improved performance was due to an 8 per cent increase in income, which was again helped by good summer weather, and by holding expenditure to the same level as the previous year. *Commercial Recreation  
(Campsites and  
Forest Cabins)*
- 165 The Accounts show that Agency work incurred a deficit of £0.1 million, whereas the joint management scheme at Lake Vyrnwy had an operating surplus of £0.1 million. *Other Commercial Activities*
- 166 These reflect the situation where new planting and restocking is projected to earn less than the target rate of return of 3 per cent in real terms. Such investments are undertaken primarily for social reasons. The planting subsidies of £4.5 million shown in the Operating Account comprise £1.4 million for new planting and £3.1 million for restocking; the year before the total was £3.6 million - £1.5 million for new planting and £2.1 million for restocking. The increase of £0.9 million in the level of subsidy mainly arose on the increased proportion of restocking particularly in North England. *Subsidies  
Planting Subsidies for  
1988-89*
- 167 Over the current triennium (1987-1990) the projected real rates of return for new planting and restocking are 2.5 and 2.7 per cent respectively. These returns take into account the application of the broadleaves policy. In the absence of such a policy the rates of return would increase to 2.8 per cent for new planting and 3.0 per cent for restocking.
- 168 This represents the net cost of providing recreational and amenity facilities for which commercial objectives cannot be set. The subsidy of £8.1 million claimed for 1988-89 was £0.4 million lower than that claimed in 1987-88. The annual amount set for this year of the triennium was £7.9 million (£7.0 million in £('87)). The difference arises from the conservation and amenity measures we have taken to meet the growing demand for recreation in our forests. *Forest Recreation and  
Amenity Subsidy*

*Accounts* 169 The accounts for the Forestry Enterprise appear on pages 50 to 64.

## FORESTRY AUTHORITY SERVICES

- 170 Of the total net call on Exchequer Funds of £53.5 million in 1988-89, £22.6 million was spent on Forestry Authority services - an increase of £2.3 million over the previous year. The increased expenditure mainly arose as a result of the greater area on which grants were paid to private woodland owners; additional costs associated with the measures needed to introduce the new Woodland Grant Scheme and the Farm Woodland Scheme; higher expenditure incurred on the presentation of Government forestry policies, including our successful exhibit at the Glasgow Garden Festival; and an increase in expenditure on various aspects of our research programmes.
- 171 The statement of expenditure on Forestry Authority services, together with notes, appears on pages 65 to 66.

## SALIENT FACTS

- 172 A table of salient facts is provided on the following page. This gives details of key financial and physical achievements in the last five years, as well as a number of performance measurements.

DAVID MONTGOMERY, *Chairman*  
G J FRANCIS, *Deputy Chairman and  
Director General*  
R T BRADLEY  
I D COUTTS  
D L FOOT  
R P HANCOCK  
G O HUTCHISON  
J D POLLOCK  
D T J RUTHERFORD  
F M STRANG STEEL  
C R WOOSNAM

P J CLARKE, *Secretary*  
FORESTRY COMMISSION  
231 Corstorphine Road  
Edinburgh EH12 7AT

# FORESTRY AUTHORITY AND FORESTRY ENTERPRISE

## SALIENT FACTS

		Year ended 31 March				
		1985	1986	1987	1988	1989
<b>Forestry Authority</b>						
Grant-in-Aid	£('89) million	17.6	19.1	20.6	21.8	22.6
Area planted by private sector on which grants were paid						
New planting	thousands hectares	16.0	19.0	19.1	23.8	25.1
Restocking	thousands hectares	3.1	4.3	4.5	4.9	4.8
Private woodlands grants and administration costs	£('89) million	9.0	10.6	11.9	12.9	13.5
Area covered by grant schemes						
Consultation and administration costs of grant schemes	£('89) per hectare managed	3.4	4.0	4.7	3.9	4.5
Research	£('89) million	6.6	6.7	7.4	8.0	7.9
<b>Forestry Enterprise</b>						
Grant-in-Aid	£('89) million	47.9	40.4	37.3	29.8	30.9
Proceeds from sales of properties and plantations	£('89) million	26.7	19.7	16.7	14.3	12.6
Sales of timber	£('89) million	56.9	65.6	73.3	76.2	74.0
Sales of timber	Millions cubic metres	2.9	3.1	3.3	3.4	3.6
Gross surplus (income less direct costs) from sales of timber	£('89) per cubic metre	9.8	10.9	13.0	13.3	11.7
Net surplus (gross surplus less administration costs)	£('89) per cubic metre	5.3	6.7	9.0	9.6	8.5
Total area managed	thousands hectares	1181	1166	1156	1149	1144
Forest land	thousands hectares	935	928	926	919	915
New planting	thousands hectares	5.1	4.3	5.3	5.0	4.1
Forest cost	£('89) per hectare	1123	800	980	822	783
Restocking	thousands hectares	5.9	7.3	8.0	8.2	8.2
Forest cost	£('89) per hectare	1012	1075	961	937	874
Forest recreation and amenity net expenditure	£('89) million	5.6	6.7	7.5	9.1	8.1
Commercial recreation (return on assets employed)	%	8.4	5.7	5.4	7.6	11.2
<b>Forestry Authority and Forestry Enterprise</b>						
Staff at 31 March	Numbers	6273	5967	5798	5511	5118



FINANCIAL  
STATEMENTS  
AND  
ACCOUNTS  
1988—89



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## FOREWORD

### 1. CONSTITUTIONAL STATUS

- (a) The Forestry Commission was established in 1919. Under legislation now consolidated mainly in the Forestry Act 1967 it is charged with the general duties of promoting the interests of forestry, the establishment and maintenance of adequate reserves of growing trees and the production and supply of timber. Since 1985, the Commission has also had a statutory duty to seek to achieve a reasonable balance, in carrying out its functions, between the needs of forestry and the environment.
- (b) The Commission has the legal status of and functions as a Government Department. It reports directly to Forestry Ministers, namely the Minister of Agriculture, Fisheries and Food, the Secretary of State for Scotland and the Secretary of State for Wales, to whom it is responsible for advice on forestry policy and for the implementation of that policy. It is, however, different from the usual Departments of State in that there is a statutorily-appointed Chairman and Board of Commissioners with prescribed duties and powers.

### 2. FUNCTIONS AND OBJECTIVES

The Commission fulfils two distinct roles:-

- (a) As the Forestry Authority it acts as adviser on Government forestry policy and undertakes functions such as research, technical advice, plant health, the control of tree felling and the administration of grant aid for the private sector.
- (b) As the Forestry Enterprise it acts as a trading body primarily responsible for the management of its own forests but with other functions such as the protection and enhancement of the environment and the provision of recreational facilities.

### 3. ACCOUNTS

The Forestry Commission produces the following accounts and financial statement which are audited by the Comptroller and Auditor General:-

- (a) the Appropriation Account, which, in accordance with the Appropriation and Exchequer and Audit Department Acts, sets out the funds voted by Parliament for the Forestry Commission as a whole, and the amounts withdrawn therefrom into the Forestry Fund;
- (b) Statement of Forestry Fund Receipts and Payments;
- (c) accounts for the Forestry Enterprise in a format approved by the Treasury.

Additionally, the Forestry Commission produces an unaudited statement detailing the net expenditure on Forestry Authority Services and the consequential amount of Grant-in-Aid appropriated for the Forestry Authority.

The Appropriation Account is published separately along with such accounts for other Government Departments. The other three accounts or statements are published in the Forestry Commission Annual Report.

### 4. ACCOUNTING PRINCIPLES

The Appropriation Account and Statement of Forestry Fund Receipts and Payments are prepared on a cash basis. The Statement of Expenditure on Forestry Authority Services and the Forestry Enterprise Balance Sheet and Accounts are prepared on an accruals basis, modified in the latter to include the expectation value of cash flows from forest plantations.

The Accounting policies adopted in the Forestry Enterprise accounts in relation to the valuation of machinery, plant and equipment and stocks of consumable materials and supplies are also followed in completing the Statement of Expenditure on Forestry Authority Services.

### 5. MARKET VALUE OF PROPERTIES INCLUDING PLANTATIONS

#### *Non-Afforested Land and Buildings*

These properties were revalued as at 31 March 1987, generally on an open market value basis. The valuation of £72.9 million in the Enterprise Accounts reflects changes during 1987/88 and 1988/89 and has been revalued using a general price index.

#### *Plantations*

The Plantations (land, timber and roads) were revalued on an expectation value basis as at 31 March 1987. An assessment is also made of their market value at the end of each financial year.

The market value assessment is carried out on the basis of the Forestry Estate being sold in an orderly manner as between a willing seller and a willing buyer in full accordance with public accountability and assuming its existing use. It is further assumed that no restraints exist, as they do in practice, from title, statute and environmental considerations. The assessment takes due account of prices realised in the Commission's woodland sales with such prices reflecting the financial and other criteria adopted by purchasers. The expectation value represents the future value of plantations in real terms, discounted at the Commission's target rate of return of 3 per cent to the present time. It is for this reason that the two values can be expected to differ.

Taking account of disposals and acquisitions, the market value at 31 March 1989 is estimated to be £1,450 million. This is £505 million lower than the expectation value of £1,955 million shown in the Forestry Enterprise Accounts.

**FORESTRY AUTHORITY AND FORESTRY ENTERPRISE  
STATEMENT OF FORESTRY FUND RECEIPTS AND PAYMENTS  
FOR THE YEAR ENDED 31 MARCH 1989**

<i>Receipts</i>	<b>£ thousand</b>	<i>Previous Year £ thousand</i>
Sales of timber ... ..	<b>84,308</b>	83,418
Miscellaneous ... ..	<b>15,204</b>	15,322
Disposal of land, buildings and plantations - by exchanges	<b>249</b>	217
	<b>99,761</b>	98,957
 Grant-in-Aid		
Forestry Enterprise ...	<b>33,942</b>	30,976
Forestry Authority ...	<b>22,558</b>	20,314
	<b>56,500</b>	51,290
 Disposal of land, buildings and plantations - cash received payable to the Consolidated Fund ... ..	<b>12,410</b>	13,117
	<b>168,671</b>	163,364
 Balance brought forward at 1 April 1988 ...	<b>6,093</b>	4,337
	<b>174,764</b>	167,701
 <i>Payments</i>		
Salaries, wages and related expenses ... ..	<b>60,617</b>	59,326
Pensions and gratuities to retired staff ... ..	<b>16,659</b>	15,139
Materials, contract services and general expenses	<b>47,864</b>	45,840
Acquisition of land, buildings and plantations and construction of buildings ... ..	<b>3,023</b>	3,210
Plant, machinery and equipment ... ..	<b>7,930</b>	8,207
Grants to private woodland owners (£9,735,452), universities, institutions etc ... ..	<b>10,508</b>	9,609
Remittances of VAT to Customs and Excise	<b>6,586</b>	5,701
	<b>153,187</b>	147,032
 Payments to the Consolidated Fund		
— cash received from disposal of land, buildings and plantations, including £2,877,029 brought forward from 1987-88 ... ..	<b>11,644</b>	13,285
— excess cash balance brought forward from 1987-88	<b>3,216</b>	1,291
	<b>168,047</b>	161,608
 Balance carried forward at 31 March 1989 to be surrendered to the Consolidated Fund during 1989-90 ... ..	<b>6,717</b>	6,093
	<b>174,764</b>	167,701

The notes on page 49 form part of this statement.

*G J Francis*  
Accounting Officer  
12 October 1989

I certify that I have examined the above financial statement in accordance with S44(3) of the Forestry Act 1967 and the National Audit Office auditing standards.

In my opinion the financial statement properly presents the receipts and payments of the Forestry Fund for the year ended 31 March 1989 and complies with S44(2) of the Forestry Act 1967.

I have no observations to make on this financial statement.

*John Bourn*  
Comptroller and Auditor General

1 December 1989  
National Audit Office

## NOTES

### General

1. Expenditure incurred by the Forestry Commissioners in the exercise of their powers in the performance of their duties is financed from the Forestry Fund which was constituted under Section 8 of the Forestry Act 1919. All sums received by the Commissioners in 1988-89 were paid into this Fund.
2. Receipts and payments are shown inclusive of VAT where applicable.

### Grant-in-Aid

3. The Grant-in-Aid, which also forms the agreed cash limit, is determined for each year on the basis of Supply Estimates prepared in advance setting out the expected receipts and payments calculated at estimated outturn prices. Pursuant to Section 42(4) of the Forestry Act 1967, capital sums received from sales of land etc are paid into the Forestry Fund although they do not affect the calculation of the Grant-in-Aid. However such receipts are surrendered from the Forestry Fund to the Consolidated Fund as directed by Ministers under Section 41(4A) together with the excess cash balance held at the end of each financial year.

### Receipts

4. The Grant-in-Aid of the Forestry Fund voted by Parliament for 1988-89 was £60,270,000 of which £56,500,000 was drawn into the Forestry Fund leaving £3,770,000 to be surrendered from the Vote to the Consolidated Fund.
5. Timber receipts were £890,000 higher than in 1987-88.
6. Miscellaneous receipts were £118,000 less than in 1987-88. This was mainly due to reductions in Silviculture income of £307,000, Administrative and Miscellaneous receipts of £496,000 and receipts from the disposal of surplus vehicles, machinery and equipment of £59,000, which were partly offset by increases in receipts for Estates £328,000, Agency Work £190,000, Commercial Recreation £128,000 and Forest Recreation £78,000.

### Payments

7. Salaries, wages and related expenses were £1,291,000 (2 per cent) more than in 1987-88. Increased rates of pay and allowances were largely offset by reduced numbers of employees.
8. Pensions and gratuities to retired staff increased by £1,520,000 (10 per cent) reflecting increasing numbers of pensioners and higher average pensions. In addition, payments of lump sums, death benefits and early retirements increased.
9. Materials, contract services and general expenses increased by £2,024,000 (4 per cent) due mainly to price increases and to the greater use of contractors.
10. Acquisition of land and plantations and construction of buildings were £187,000 less than in 1987-88. Purchases of new land for planting reflected the scarcity of land coming onto the market.
11. Payments for purchase of vehicles, plant, machinery and office equipment fell by £277,000 compared with 1987-88. This was due mainly to computer and office equipment purchases which were £302,000 lower than in 1987-88.
12. Grants totalling £10,508,000 in 1988-89 were £899,000 more than in 1987-88. This largely reflects an increase in grants paid to private woodland owners, which in 1988-89 were £9,735,000.
13. Remittances of VAT to Customs and Excise increased by £885,000 in line with related payments and receipts.

### Balance Carried Forward at 31 March 1989

14. The balance amounting to £6,716,647 carried forward at 31 March 1989 will be paid into the Consolidated Fund in 1989-90 in accordance with the Ministerial direction given under Section 41(4A) of the Forestry Act 1967. It comprises £3,643,198 relating to the unremitted balance of disposal proceeds received in 1988-89 and £3,073,449 in respect of the excess cash balance remaining at 31 March 1989. Disposal receipts from sale of properties and plantations received in 1988-89 and payable to the Consolidated Fund totalled £12,410,198 which together with £2,877,029 brought forward from 1987-88 was available for surrender to the Consolidated Fund. As at 31 March 1989, £11,644,029 had been paid over leaving a balance of £3,643,198 to be surrendered.

## FORESTRY ENTERPRISE ACCOUNTING POLICIES

### 1. General

The key factor in accounting for forestry is the determination of satisfactory performance indicators for a crop whose typical rotation cycle can span 50 years for coniferous trees and more than 100 years for broadleaved trees. Traditional measures of profitability can be established only when the Forestry Enterprise has a cycle of production which is financially self-perpetuating. At that stage revenue would be sufficient to re-establish the area harvested, maintain the woodlands and provide a return on funds invested. Because of the relative immaturity of its plantations the Enterprise is unlikely to achieve this until beyond the turn of the century.

### 2. Form of Accounts

A form of accounts, based on the expectation value concept, has been in use since 1972 with 5 yearly reviews of asset values, subsidies and performance. With effect from 1 April 1987, such reviews will be carried out at 3 yearly intervals (triennia) and a new form of Operating Account has been introduced which aims to identify more clearly the annual surplus earned through the increase in the value of plantations. The principal aims of the accounts are:-

- (a) to establish, at the start of each review period, an asset valuation capable of earning a rate of return equivalent to the maximum that could be earned in northern Europe on good sites close to markets;
- (b) to measure performance against the target rate of return in (a) above by comparison of changes in the value of the growing crop with actual expenditure and income incurred;
- (c) to compare actual expenditure and income incurred against standards;
- (d) to show subsidies on new investments and other expenditure not capable of achieving the target rate of return;
- (e) to show as the Forestry Subsidy the effect of the difference between the target rate of return and that set for other public sector bodies.

### 3. Target rate of return

The Commission is set a target rate of return of 3 per cent in real terms on its forest estate assets and any new investment therein. The target rate of return on its commercial recreation assets is 5 per cent which is the required rate of return for public sector trading bodies.

### 4. Investment valuation

At the end of each review period plantations and other tangible fixed assets are revalued by professionally qualified staff employed by the Forestry Commission.

During the review period, the valuation of plantations and associated other tangible fixed assets is updated annually using a general price index since no industry index is available. The commercial recreation assets are updated by professionally determined in-house indices. All such revaluation surpluses and deficits are taken to the Revaluation Reserve.

Apart from acquisitions and disposals, there are physical changes in the crop arising from growth and removal of timber. These changes, which currently enhance the value of the plantations, are reflected in the Operating Account by the entry termed 'Growth in Standard Value of Plantations', which is calculated from the alteration in the net present value of future standard cash flows as the crop moves one year nearer to maturity.

### 5. Subsidies

Subsidies are dealt with as follows:

- (a) planting and restocking subsidies - the extent to which investment in both new planting and restocking is estimated to be incapable of earning the target rate of return;
- (b) forest recreation and amenity subsidy - the net cost of the provision of recreational facilities for which commercial objectives cannot be set;
- (c) forestry subsidy - the difference between the target rate of return and that set for public sector trading bodies is identified in a note to the accounts and is a measure of the opportunity cost of new investment in forestry.

### 6. Measurement of Performance

#### Plantations

The Commission's plantations are comparatively immature and its operations are thus not yet self-financing. However, the crop continues to grow in value, and financial performance is measured by comparing changes in the value of the crop against actual expenditure and income. Revaluations of the plantations are carried out on a three-year cycle and in order to provide interim measurements a standard value is assessed annually based on the reduction in the amounts and timings of future cash flows built into the opening valuation.

During the review period, the difference between the growth in standard value of plantations and the actual expenditure and income, which represents the net operating surplus in the Operating Account, is also analysed in a Note to the accounts.

## Accounting Policies (continued)

### Commercial Recreation

Operational performance is measured by expressing the net operating surplus included in the Operating Account as a percentage return in real terms on assets employed, which is then compared with the target rate of 5 per cent.

### 7. Accounting Concepts

Since the measurements of performance are against target rates of return in real terms, the accounting records of the Forestry Commission are maintained on a modified current cost basis. Income and expenditure is adjusted using the GDP price deflator and the accounts are prepared accordingly. Gearing adjustments are not made because there is no external borrowing, and no adjustment is made to reflect the impact of price changes on the financing of monetary working capital since it is considered to be immaterial. Supplementary historical cost statements are not prepared because in the opinion of the Commissioners this would be an unnecessarily costly exercise.

Without limiting the information given, the accounts meet the requirements of the Companies Act 1985 and of the Statements of Standard Accountancy Practice where relevant. The inclusion within the Growth in Standard Value of Plantations entry in the Operating Account of an element for unrealised surpluses, arising from the reduction in the period over which future income cash flows are discounted, is a departure from normal accounting conventions, but is in line with Section 228(2) of the Companies Act 1985 to enable the financial statements to give a true and fair view.

### 8. Depreciation

Depreciation is provided on all tangible fixed assets except plantations, freehold and leasehold land at rates calculated to write off the valuation, less estimated residual values, of each asset evenly over its expected useful life as follows:-

Freehold buildings	—	over 20 to 80 years
Leasehold buildings	—	over the lease term
Plant and machinery	—	over 3 to 16 years
Office equipment	—	over 2 to 20 years

### 9. Stocks

Finished goods and work in progress are valued as follows:-

- (a) timber at the cost of production;
- (b) seed at the lower of cost of collection or net realisable value;
- (c) plants and livestock at net realisable value;
- (d) consumable materials and supplies at current replacement cost.

Cost of production and collection comprises labour and attributable administrative expenses based on the normal level of activity. Net realisable value is based on estimated selling prices less further costs expected to be incurred to completion and disposal.

### 10. Provision for bad and doubtful debts

Specific provisions for bad and doubtful debts are set aside on the basis of a review at each year end.

### 11. Research

The research expenditure of the Forestry Commission is identified in total in the Forestry Authority accounts. The expenditure is subsequently attributed to the Forestry Authority and the Forestry Enterprise in the ratio of 50:50 on the basis of assessed workloads, with the Enterprise share being charged to the Plantations activity in the Operating account as part of forest costs.

### 12. Government funding

Government funding to the Forestry Commission to meet its current excess of payments over retainable receipts is by means of an annual Grant-in-Aid. The Forestry Enterprise share of this funding is credited in the accounts as follows:-

Operating account	—	planting and restocking subsidies, being the extent to which new investment in planting and restocking is estimated to fall short of the target rate of return.
	—	forest recreation and amenity subsidy, being the net cost of the provision of recreational facilities for which commercial objectives cannot be set.

Grant-in-Aid account — the balance representing the funding of all other activities of the Forestry Enterprise.

Receipts from disposal of land, buildings and plantations are not retained but surrendered to the Consolidated Fund. These receipts nevertheless represent a reduction in the call upon Government funding and appropriate adjustments are made to the Capital Account.

### 13. Superannuation scheme

Legislation relating to the superannuation of the Forestry Commissioners and Commission staff is to be found in Part II to Schedule 1 of the Forestry Act 1967 as amended by the Superannuation Act 1972. The superannuation benefits and contributions payable are identical to those of the Principal Civil Service Pension Scheme, except that such benefits are paid out of the Forestry Fund and not the Civil Service Superannuation Vote.

Accounting Policies (continued)

The provision for superannuation reflects the liabilities of the Forestry Commission and is revalued by the Government Actuary at the beginning of each triennium. During the triennium the provision is increased by:-

- (a) contributions received from employees;
- (b) notional employers' contributions based on funding rates set by the Government Actuary;
- (c) a revaluation adjustment based on a general price index;
- (d) notional return on assets of 3 per cent.

Superannuation benefits are met on a Pay as You Go basis and benefits paid in the year are charged against the provision. The provision is not specifically invested but since part of the forestry assets is deemed to represent the investment of the scheme, the provision is credited with a notional return of 3 per cent on those assets by an appropriation out of the Net Operating Surplus for the year.

**FORESTRY ENTERPRISE  
OPERATING ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 1989**

	<i>Notes</i>	<b>Plantations £million</b>	<b>Forest Recreation and Amenity £ million</b>	<b>Other Activities £ million</b>	<b>Total £ million</b>	<i>Previous Year £ million</i>
<b>Income</b>	10a & b	<u>75.2</u>	<u>1.2</u>	<u>4.9</u>	<u>81.3</u>	<u>78.1</u>
<b>Expenditure</b>						
Forest costs ... ..		<u>67.2</u>	<u>5.3</u>	<u>3.5</u>	<u>76.0</u>	<u>73.9</u>
Administrative expenses	13	<u>24.6</u>	<u>4.0</u>	<u>0.8</u>	<u>29.4</u>	<u>28.3</u>
		<u>91.8</u>	<u>9.3</u>	<u>4.3</u>	<u>105.4</u>	<u>102.2</u>
Less subsidies	11	<u>4.5</u>	<u>8.1</u>	<u>—</u>	<u>12.6</u>	<u>12.1</u>
		<u>87.3</u>	<u>1.2</u>	<u>4.3</u>	<u>92.8</u>	<u>90.1</u>
<b>Surplus/(Deficit) of Income over Expenditure</b>		<u>(12.1)</u>	<u>—</u>	<u>0.6</u>	<u>(11.5)</u>	<u>(12.0)</u>
Growth in standard value of plantations	10a	<u>73.3</u>	<u>—</u>	<u>—</u>	<u>73.3</u>	<u>70.3</u>
Surplus on sale of properties	12	<u>0.8</u>	<u>—</u>	<u>—</u>	<u>0.8</u>	<u>1.2</u>
<b>Net Operating Surplus for the Year</b>	10a & b	<u><u>62.0</u></u>	<u><u>—</u></u>	<u><u>0.6</u></u>	<u><u>62.6</u></u>	<u><u>59.5</u></u>
<b>Appropriated to</b>						
Provision for Superannuation (Note 6)					<u>8.0</u>	<u>7.5</u>
Retained surplus for year (Note 9)					<u>54.6</u>	<u>52.0</u>

The statement of accounting policies on pages 50 to 52 and the notes on pages 56 to 64 form part of these accounts.

**FORESTRY ENTERPRISE  
BALANCE SHEET  
AS AT 31 MARCH 1989**

	<i>Notes</i>	<b>£ million</b>	<i>Previous Year £ million</i>
<b>FIXED ASSETS</b>			
Plantations ...	1a	<b>1,955.4</b>	1,756.1
Other tangible assets	1c	<b>99.2</b>	97.2
		<b>2,054.6</b>	1,853.3
<b>CURRENT ASSETS</b>			
Stocks ... ..	2	<b>10.5</b>	11.2
Debtors ... ..	3	<b>12.4</b>	12.3
Cash at banks and in hand	4	<b>7.7</b>	7.2
		<b>30.6</b>	30.7
<b>CREDITORS</b> — amounts falling due within one year	5	<b>12.3</b>	12.4
<b>NET CURRENT ASSETS</b>		<b>18.3</b>	18.3
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,072.9</b>	1,871.6
<b>PROVISION FOR SUPERANNUATION</b>	6	<b>283.0</b>	261.2
<b>CAPITAL AND RESERVES</b>			
Capital		<b>1,483.5</b>	1,483.5
Cumulative movements in the current triennium			
Grant-in-aid ...	7	<b>8.5</b>	2.6
Revaluation Reserve	8	<b>191.3</b>	72.3
Retained Surplus	9	<b>106.6</b>	52.0
		<b>306.4</b>	126.9
		<b>2,072.9</b>	1,871.6

The statement of accounting policies on pages 50 to 52 and the notes on pages 56 to 64 form part of these accounts.

*G J Francis*  
Accounting Officer  
12 October 1989

I certify that I have examined the financial statements on pages 50 to 64 in accordance with the provisions of Section 5 of the Exchequer and Audit Departments Act 1921 and the National Audit Office auditing standards.

Subject to the uncertainty as to the valuation of plantations at 31 March 1988 referred to in Note 1b, in my opinion the financial statements give under the principles embodied in the Statement of Accounting Policies, a true and fair view of the state of affairs of the Forestry Enterprise activities of the Forestry Commission at 31 March 1989 and of its results and source and application of funds for the year then ended and have been properly prepared in accordance with Section 5 of the Exchequer and Audit Departments Act 1921 and directions made thereunder.

I have no observations to make upon these financial statements.

*John Bourn*  
Comptroller and Auditor General

1 December 1989  
National Audit Office



**FORESTRY ENTERPRISE**  
**STATEMENT OF SOURCE AND APPLICATION OF FUNDS**  
**FOR THE YEAR ENDED 31 MARCH 1989**

	<i>Notes</i>	<b>£ million</b>	<i>Previous year £ million</i>
<b>SOURCE OF FUNDS</b>			
Net operating surplus for the year		<b>62.6</b>	59.5
Adjustment for items not involving the movement of funds:-			
Depreciation ... ..	1c	<b>7.3</b>	7.0
Employers notional superannuation contributions ... ..	6	<b>9.7</b>	9.6
Book value of land newly planted in year included in forest costs		<b>2.1</b>	2.2
Planting, Restocking and Forest Recreation and Amenity Subsidies	11	<b>(12.6)</b>	(12.1)
Growth in standard value of plantations	10a	<b>(73.3)</b>	(70.3)
Surplus on sale of properties ...	12	<b>(2.2)</b>	(2.6)
Deficit on disposal of other tangible fixed assets ... ..		<b>0.2</b>	—
Capitalisation of forest recreation and amenity buildings ... ..		<b>(0.1)</b>	0.1
		<b>(68.9)</b>	(66.1)
Total funds absorbed by operations		<b>(6.3)</b>	(6.6)
Funds from other sources:-			
Grant-in-Aid ... ..	7	<b>33.9</b>	31.0
Proceeds from sale of properties	12	<b>12.6</b>	13.4
Proceeds from sale of other tangible fixed assets ... ..		<b>1.0</b>	0.7
Employees superannuation contributions	6	<b>0.9</b>	0.9
		<b>48.4</b>	46.0
		<b>42.1</b>	39.4
<b>APPLICATION OF FUNDS</b>			
Purchase of other tangible fixed assets ...	1c	<b>9.7</b>	10.4
Purchase of freehold rights of properties ...		<b>0.3</b>	0.1
Monies surrenderable to Consolidated Fund	7	<b>15.4</b>	16.3
Superannuation payments ... ..	6	<b>16.7</b>	15.1
		<b>42.1</b>	41.9
<b>DECREASE IN WORKING CAPITAL</b>		<b>—</b>	(2.5)
Components of increase/(decrease) in working capital			
Stocks ... ..	2	<b>(0.7)</b>	1.8
Debtors ... ..	3	<b>0.1</b>	(2.1)
Creditors ... ..	5	<b>0.1</b>	(3.9)
Cash at banks and in hand	4	<b>0.5</b>	1.7
		<b>—</b>	(2.5)

The statement of accounting policies on pages 50 to 52 and the notes on pages 56 to 64 form part of these accounts.

**FORESTRY ENTERPRISE  
NOTES TO THE ACCOUNTS**

**1. FIXED ASSETS**

	<b>£ million</b>	<i>Previous year £ million</i>
<i>(a) Plantations (Land, Roads and Timber)</i>		
Valuation:		
At 1 April 1988 - 898, 509 hectares	<b>1,756.1</b>	1,611.7
Revaluation to current prices ...	<b>133.1</b>	80.2
	<b>1,889.2</b>	1,691.9
Acquisitions ... ..	—	—
Disposals (at book value) ...	<b>(7.1)</b>	(6.1)
Growth in value for year (Note 10a)	<b>73.3</b>	70.3
	<b>1,955.4</b>	1,756.1

*(b) Valuation of Plantations*

The Commission revalued its plantations at 31 March 1987 on an expectation value basis making various assumptions about future expenditures and incomes and discounting these at the target rate of 3 per cent. The Comptroller and Auditor General qualified his certificate to the Commission's 1986-87 Accounts on the grounds of uncertainties in the valuation of plantations at 31 March 1987. In consultation with the National Audit Office, the Commission has now established a basis for the next valuation that is to be carried out in 1990 which will resolve these particular uncertainties.

*(c) Other Tangible Assets*

	<b>Land and Buildings £ million</b>	<b>Machinery Plant and Equipment £ million</b>	<b>Total £ million</b>
Valuation:			
At 1 April 1988 ...	<b>72.6</b>	<b>59.5</b>	<b>132.1</b>
Additions ... ..	<b>2.8</b>	<b>6.9</b>	<b>9.7</b>
Disposals and transfers	<b>(5.5)</b>	<b>(5.9)</b>	<b>(11.4)</b>
Revaluation to current prices	<b>3.0</b>	<b>4.1</b>	<b>7.1</b>
	<b>72.9</b>	<b>64.6</b>	<b>137.5</b>
Depreciation:			
At 1 April 1988 ...	—	<b>34.9</b>	<b>34.9</b>
Provided during year	<b>1.4</b>	<b>5.9</b>	<b>7.3</b>
Disposals and transfers	—	<b>(5.0)</b>	<b>(5.0)</b>
Revaluation to current prices	<b>(1.4)</b>	<b>2.5</b>	<b>1.1</b>
	—	<b>38.3</b>	<b>38.3</b>
Net book value:			
At 31 March 1989 ... ..	<b>72.9</b>	<b>26.3</b>	<b>99.2</b>
At 31 March 1988 ... ..	<b>72.6</b>	<b>24.6</b>	<b>97.2</b>

*(d) Analysis of Land and Buildings (Other Tangible Assets)*

	<b>£ million</b>	<i>Previous year £ million</i>
Forest estate ...	<b>52.9</b>	52.4
Surplus estate ...	<b>15.4</b>	16.0
Commercial recreation	<b>4.6</b>	4.2
	<b>72.9</b>	72.6

*(e) The basis of valuation of plantations and other tangible fixed assets and the updating of these valuations to current prices is described in Accounting Policies.*

**2. STOCKS**

	<b>£ million</b>	<i>Previous Year £ million</i>
Timber ... ..	6.1	6.2
Plants and seed ... ..	2.1	2.9
Consumable materials, supplies and livestock	2.3	2.1
	<b>10.5</b>	11.2

**3. DEBTORS**

	<b>£ million</b>	<i>Previous Year £ million</i>
Trade debtors	10.6	10.4
Other debtors	1.8	1.9
	<b>12.4</b>	12.3

Other debtors include amounts falling due after more than one year of £1.2 million (£1.2 million at 31 March 1988)

**4. CASH AT BANKS AND IN HAND**

	<b>£ million</b>	<i>Previous Year £ million</i>
Balance of Forestry Fund with Paymaster General	7.5	7.1
Cash at commercial banks and in hand ...	0.2	0.1
	<b>7.7</b>	7.2

**5. CREDITORS: amounts falling due within one year**

	<b>£ million</b>	<i>Previous Year £ million</i>
Payments received on account ...	0.3	0.3
Trade creditors ... ..	2.8	2.9
Other creditors including taxation and social security costs ... ..	2.6	3.1
Consolidated Fund surrender:-		
Balance of proceeds from disposal of properties and plantations in 1988-89 ...	3.6	2.9
Excess cash balance ... ..	3.0	3.2
	<b>6.6</b>	6.1
	<b>12.3</b>	12.4

**6. PROVISION FOR SUPERANNUATION**

	<b>£ million</b>	<i>Previous Year £ million</i>
Balance at 1 April 1988 ... ..	<b>261.2</b>	246.0
Revaluation to current prices (Note 8)	<b>19.9</b>	12.3
	<b>281.1</b>	258.3
Contributions received from staff ... ..	<b>0.9</b>	0.9
Notional employers' contribution ... ..	<b>9.7</b>	9.6
Notional return on assets (Accounting Policy 13)	<b>8.0</b>	7.5
	<b>299.7</b>	276.3
Payments made during the year	<b>16.7</b>	15.1
Balance at 31 March 1989	<b>283.0</b>	261.2

**7. GRANT-IN-AID**

	<b>£ million</b>	<i>Previous Year £ million</i>
Grant-in-Aid in year to 31 March 1988	<b>2.6</b>	—
<u>Grant-in-Aid in year to 31 March 1989</u>		
Grant-in-Aid transferred into the Forestry Fund ...	<b>56.5</b>	51.3
less: Appropriated for the Forestry Authority ...	<b>22.6</b>	20.3
	<b>33.9</b>	31.0
less: Excess cash balance to be surrendered in 1989-90	<b>3.0</b>	3.2
Grant-in-Aid appropriated for the Forestry Enterprise	<b>30.9</b>	27.8
less: Receipts from disposal of land, buildings and plantations surrenderable to Consolidated Fund Planting, Restocking and Forest Recreation and Amenity Subsidies (Note 11) ... ..	<b>12.4</b>	13.1
	<b>12.6</b>	12.1
	<b>25.0</b>	25.2
Net addition in year to 31 March 1989 for Forestry Enterprise ... ..	<b>5.9</b>	2.6
Cumulative Grant-in-Aid in the current triennium	<b>8.5</b>	2.6

**8. REVALUATION RESERVE**

	<b>£ million</b>	<i>Previous Year £ million</i>
Balance at 31 March 1988	<b>72.3</b>	—
<u>Revaluation surplus year to 31 March 1989</u>		
Plantations ...	<b>133.1</b>	80.2
Other tangible assets	<b>5.9</b>	5.5
	<b>139.0</b>	85.7
Adjustments arising from resurvey and reclassification of properties ...	<b>(0.1)</b>	1.1
	<b>138.9</b>	84.6
less: allocated to Provision for Superannuation (Note 6) ...	<b>19.9</b>	12.3
Revaluation surplus year to 31 March 1989	<b>119.0</b>	72.3
Cumulative revaluation reserve in the current triennium ... ..	<b>191.3</b>	72.3

## 9. RETAINED SURPLUS

	£ million
Retained surplus for year ended 31 March 1988	52.0
Retained surplus for year ended 31 March 1989	54.6
	<hr/>
Cumulative Retained surplus in the current triennium	106.6
	<hr/> <hr/>

## 10. MEASUREMENT OF PERFORMANCE

## (a) Plantations: Comparison of Actual Income and Expenditure Against Growth in Standard Values

	Notes	Growth in Standard Values £ million	Actual Income and Expenditure £ million	Net Operating Surplus £ million	<i>Net Operating Surplus Previous Year £ million</i>
Income					
Establishment and Maintenance		1.0	1.2	0.2	0.4
Harvesting and Marketing	(i)	77.7	74.0	(3.7)	2.0
		<hr/> 78.7	<hr/> 75.2	<hr/> (3.5)	<hr/> 2.4
Forest costs and administrative expenses					
Establishment and Maintenance	(ii)	52.2	48.9	3.3	—
Harvesting and Marketing	(iii)	45.8	42.9	2.9	2.0
		<hr/> 98.0	<hr/> 91.8	<hr/> 6.2	<hr/> 2.0
less: Subsidies		4.5	4.5	—	—
		<hr/> 93.5	<hr/> 87.3	<hr/> 6.2	<hr/> 2.0
Surplus/(deficit) of income over expenditure		(14.8)	(12.1)	2.7	4.4
Notional return on assets for the year	(iv)	(58.5)	—	58.5	53.4
Surplus on sale of properties	(v)	—	0.8	0.8	1.2
Net Totals Plantations		<hr/> (73.3)	<hr/> 11.3	<hr/> 62.0	<hr/> 59.0
Notes		(vi)		(vii)	

(i) The decrease in actual income compared with standard is due to the glut of timber on the market and the consequent fall in timber prices following the major storm of October 1987 in Southern England. While the main effect on price was in the area affected by the storm the purchase of this timber by customers from other parts of Britain also caused prices elsewhere to fall though to a lesser extent.

(ii) Silvicultural costs have been reduced due to the increased efficiency of forest operations. Improved techniques in upgrading roads have also resulted in significant savings on the actual costs compared with standards.

(iii) Continuing improvement in productivity and cost reductions due to increasing mechanisation and use of contractors have resulted in a 4 per cent reduction in the unit cost of harvesting. Also administrative costs attributed to Harvesting and Marketing show an 11 per cent improvement compared with standard.

(iv) The notional return on assets for the year represents the increase in the standard valuation of plantations which arises from the one year reduction in the period over which future cash flows are discounted at 3 per cent and is an unrealised surplus.

(v) The surplus on sale of properties entry represents the excess over book value and costs on the disposal of £10.4 million of plantations and associated forest estate properties (Note 12).

(vi) The 'standard' cash flow calculations are based on average unit costs and prices set at the start of the triennium and take account of improvements in productivity expected during the triennium. The underlying basis of these averages can vary because of changes in working methods or in programme mix. Although such changes to unit cost and prices will be reflected in the plantation revaluation at the end of each triennium, no adjustment is made to the standard values in the intervening years.

(vii) The net operating surplus is the difference between actual income and expenditure and the estimated 'standard' cash flows (updated for inflation) which were built into the plantation revaluation at the start of the triennium.

Notes to the Accounts (continued)

Normally operational changes do not significantly affect standard values. However, in 1988-89, the average costs and prices of Harvesting and Marketing were influenced by the following factors which may have a greater than usual effect on the measurement of performance during the triennium and on the plantation revaluation at the end of the triennium.

- a. The October 1987 storm in Southern England resulted in some programmes having to be undertaken in East (England) Conservancy for which no standards had been set. The storm also affected programmes in other Conservancies where the proportions of clear felling to thinning were adjusted.
- b. A new system of recording the volume of timber felled was introduced in April 1988, which results in slightly higher volumes compared with the system in use when the standard average unit costs were set.

(b) Other Activities: Operating Surplus by Activity

	Campsites and Cabins £ million	Agency £ million	Misc £ million	Total £ million	Previous Year £ million
Income ...	2.5	2.3	0.1	4.9	4.8
Expenditure	1.9	2.4	—	4.3	4.3
Operating surplus/(deficit) for year	0.6	(0.1)	0.1	0.6	0.5
Notes	(viii)		(ix)		
Operating Surplus for previous year	0.4	—	0.1	0.5	—

(viii) The real rate of return on capital invested in cabin and campsites was 11.2 per cent compared with 7.6 per cent last year and a target rate in real terms of 5 per cent. The improvement was due to an 8 per cent increase in income whilst expenditure was held to the same level as the previous year.

(ix) The miscellaneous entry represents the income received from the Severn Trent Water Authority in respect of the Commission's equal share in the surplus on the joint management scheme at Lake Vyrnwy in Wales.

(c) Expenditure in the Operating Account includes

	£ million	Previous Year £ million
Hire of Plant and Equipment	0.9	1.3
Research ... ..	3.9	3.7

11. PLANTING, RESTOCKING AND FOREST RECREATION AND AMENITY SUBSIDIES

	Planting				Restocking				Forest Recreation and Amenity	Total Subsidies
	Area Planted (hectares)	Subsidy per hectare	Subsidy	Implied Real Rate of Return	Area Planted (hectares)	Subsidy per hectare	Subsidy	Implied Real Rate of Return		
<b>ENGLAND</b>		£	£000	%		£	£000	%	£000	£000
Conservancy										
North	115	534	61	2.4	1,775	938	1,665	2.2	918	2,644
East	7	3,112	22	1.0	641	903	579	2.5	2,206	2,807
West	8	2,557	21	0.9	479	713	341	2.7	1,383	1,745
	130	800	104	2.0	2,895	893	2,585	2.4	4,507	7,196
<b>WALES</b>										
Conservancy	61	109	7	2.6	1,736	74	129	2.9	1,241	1,377
<b>SCOTLAND</b>										
Conservancy										
North	1,964	423	832	2.4	1,275	(37)	(47)	3.0	710	1,495
Mid	1,030	83	85	2.9	1,261	(283)	(357)	3.2	899	627
South	920	402	370	2.3	1,308	635	830	2.2	706	1,906
	3,914	329	1,287	2.5	3,844	111	426	2.8	2,315	4,028
<b>GREAT BRITAIN</b>	4,105	341	1,398	2.5	8,475	371	3,140	2.7	8,063	12,601

(a) Planting and Restocking subsidies represent the capitalised extent to which new or reinvestment will not earn the target rate of return of 3 per cent and they are brought into the accounts to maintain the Plantation valuation at a level which will earn the target rate. The subsidies are determined from individual models created in each Forest District for planned investments in the triennium 1987/88-1989/90 with the anticipated future expenditure and income being discounted at 3 per cent and the net sum expressed as the subsidy. The implied return on the investment is the interest rate at which the future expenditure and income when discounted nets to zero. The individual subsidies and implied rates of return are weighted to provide Conservancy averages for portrayal in the table above.

(b) The projected rates of return for 1987-90 are affected by the Broadleaves Policy. In the absence of such a policy, the rate of return would increase from 2.5 per cent to 2.8 per cent for new planting and from 2.7 per cent to 3.0 per cent for restocking.

(c) The Planting subsidies for East England and West England refer to small areas of broadleaved planting. The bracketed entries under Restocking identify the capitalised surplus per hectare that is expected to be earned in excess of 3 per cent from investments in the Conservancies concerned. These surpluses are deducted from the subsidies claimed for investments which fall below the target rate of return.

(d) Forest recreation and amenity subsidy represents the net cost of the provision of recreational facilities for the public such as visitor centres, forest walks, nature trails, together with the conservation of wildlife and small scale amenity planting from which no commercial rate of return can be expected.

## 12. SURPLUS ON SALE OF PROPERTIES

	<b>Plantations and associated properties £ million</b>	<i>Previous Year £ million</i>
Proceeds	<b>12.6</b>	13.4
Less: Book value	<b>10.4</b>	10.8
	<b>2.2</b>	2.6
Less: Disposal costs	<b>0.6</b>	0.6
	<b>1.6</b>	2.0
Less: Attributable administrative expenses ... ..	<b>0.8</b>	0.8
	<b>0.8</b>	1.2

## Notes to the Accounts (continued)

## 13. ADMINISTRATIVE EXPENSES

	<b>£ million</b>	<i>Previous Year £ million</i>
Salaries and national insurance ... ..	<b>25.1</b>	23.0
Travelling, subsistence and staff transfer expenses	<b>5.0</b>	5.2
Notional Employers Superannuation Contributions	<b>5.0</b>	4.6
Accommodation and estate expenses ... ..	<b>0.6</b>	1.1
Office expenses ... ..	<b>3.2</b>	3.3
Other net expenses (including Auditors' remuneration of £67,000) ... ..	<b>3.5</b>	3.2
	<hr/> <b>42.4</b>	<hr/> 40.4
less attributed to Forestry Authority	<b>8.6</b>	7.8
	<hr/> <b>33.8</b>	<hr/> 32.6
Forestry Enterprise		
Attributed to:		
Operating Account		
Plantations ... ..	<b>24.6</b>	23.8
Forest recreation and amenity ... ..	<b>4.0</b>	3.7
Other activities ... ..	<b>0.8</b>	0.8
Distributed activities included in forest costs	<b>3.6</b>	3.5
	<hr/> <b>33.0</b>	<hr/> 31.8
Sale of properties (Note 12)	<b>0.8</b>	0.8
	<hr/> <b>33.8</b>	<hr/> 32.6

Distributed activities consists of the internally-provided services of vehicles, machinery and equipment and plant supply, for which charges are made to forest operations throughout the year on the basis of utilisation. The charges made include the associated administrative expenses which are thus included in the Operating Account as forest costs. The administrative expenses element of these charges is identified here for notation and comparative purposes only.

The total administrative expenses of £42.4 million (£40.4 million in 1987-88) were incurred as follows:-

	<b>£ million</b>	<i>Previous Year £ million</i>
Forest Districts ... ..	<b>21.4</b>	19.9
Conservancy Offices ... ..	<b>7.6</b>	7.5
Headquarters ... ..	<b>13.7</b>	12.7
Net forest and surplus estate expenses	<b>(0.3)</b>	0.3
	<hr/> <b>42.4</b>	<hr/> 40.4

The costs of non-industrial staff employed at Research institutions are not included in the above figures but form part of the net Research expenditure in the Forestry Authority Services Statement of Expenditure with a subsequent reallocation of 50 per cent to the Operating Account and included in forest costs.



**14. STAFF COSTS AND NUMBERS**

As many of the Commission's staff divide their time between Forestry Enterprise and Forestry Authority duties, it is considered more appropriate to provide the statutory information on staff costs and numbers for the Commission as a whole.

(a) Total staff costs for the Forestry Enterprise and Forestry Authority comprise:

	<b>£ million</b>	<i>Previous Year £ million</i>
Salaries ... ..	25.6	23.1
Wages ... ..	25.9	27.1
Social security costs	3.7	3.5
Superannuation costs	9.5	9.6
	<hr/>	<hr/>
	64.7	63.3
Travel and subsistence	4.0	3.9
	<hr/>	<hr/>
	68.7	67.2

Approximately 82 per cent (previous year 82 per cent) of this total relates to Forestry Enterprise operations.

(b) The average number of employees during the year was as follows:-

	<b>Number</b>	<i>Previous Year Number</i>
Industrial Staff ...	3,199	3,502
Non-Industrial Staff	2,103	2,146
	<hr/>	<hr/>
	5,302	5,648

(c) Included in staff costs at (a) above is the remuneration of the Commissioners which comprises (excluding pension contributions):

	<b>£ thousands</b>	<i>Previous Year £ thousands</i>
Chairman ... ..	26	24
Highest paid Commissioner	48	44
Other Commissioners ...	144	135
	<hr/>	<hr/>
Total emoluments of Commissioners	218	203
Travel and subsistence of Commissioners ... ..	47	36

The emoluments of the other Commissioners fell within the following ranges:

	<b>Number</b>	<i>Previous Year Number</i>
£ nil to £5,000 ...	6	6
£30,001 to £35,000 ...	—	1
£35,001 to £40,000 ...	3	2

The Commissioners remuneration is in accordance with Civil Service pay rates.

**15. CAPITAL COMMITMENTS**

Future capital expenditure on Other Tangible Fixed Assets in 1989-90 authorised by the Commission amounts to £11.1 million (£10.7 million for 1988-89).

**16. CONTINGENT LIABILITIES**

Contingent liabilities exist at 31 March 1989 for damages caused by the Commission to other persons' property and for compensation for personal injury to Commission employees amounting to an estimated sum of £0.4 million (£0.5 million at 31 March 1988).

**17. FORESTRY SUBSIDY**

The Forestry Subsidy represents the opportunity cost of investment in forestry. Since 1 April 1982 it has been presented as the capitalised sum on new investment, in a similar way to the planting and restocking subsidies. It is assessed as the difference between the net present values of income and expenditure, discounted on the one hand at the target rate of 3 per cent and on the other at the public sector discount rate in force at 31 March 1989 of 5 per cent. Details of the calculations are set out below.

	<b>£ million</b>
Planting and restocking subsidies to achieve the public sector discount rate of 5 per cent    ...    ...    ...    ...    ...	<b>19.2</b>
Planting and restocking subsidies to achieve the target rate of return of 3 per cent    ...    ...    ...    ...    ...	<b>4.5</b>
	<hr/>
Forestry subsidy on new investment in 1988-89	<b>14.7</b>
	<hr/> <hr/>

**FORESTRY AUTHORITY SERVICES  
STATEMENT OF EXPENDITURE  
FOR THE YEAR ENDED 31 MARCH 1989**

	£000	<i>Previous Year £000</i>
<b>Grants and Advisory Services to Private Woodland Owners</b>		
Current Schemes ... ..		
Woodland Grant Scheme ... ..	525	—
Woodland Grant Scheme in association with the Farm Woodland Scheme ... ..	104	—
Schemes closed to new applications		
Forestry Grant Scheme ... ..	5,862	5,294
Broadleaved Woodland Grant Scheme ... ..	1,809	2,154
Dedication Schemes (including legal expenses)	1,418	1,469
Other Grants ... ..	17	38
Total Grants to private woodland owners	9,735	8,955
Survey of Private Sector Costs ... ..	170	118
Administrative Expenses: Consultation ... ..	747	727
Other management costs	2,892	2,278
	13,544	12,078
Less Sundry Income	70	71
	13,474	12,007
<b>Special Services</b>		
Licensing of Felling: Consultation ... ..	143	170
Other management costs ... ..	319	353
Illegal Felling (including legal and investigation expenses)	137	158
Information, Shows and Publications	1,913	1,556
General administration: Forestry training ... ..	58	81
Plant Health ... ..	623	600
Other management costs including EEC and other regulatory duties	1,947	1,872
	5,140	4,790
<b>Research</b>		
Silviculture ... ..	2,378	2,221
Arboreta ... ..	397	336
Genetics ... ..	914	785
Physiology ... ..	417	346
Seed Research ... ..	146	122
Site Studies ... ..	971	880
Wildlife and Conservation ... ..	584	511
Pathology ... ..	573	566
Entomology ... ..	636	572
Mensuration ... ..	315	319
Wood Utilisation ... ..	242	276
Statistics ... ..	71	235
Communications ... ..	222	300
Total ... ..	7,866	7,469
Less Attribution to Forestry Enterprise Operating Account	3,933	3,734
	3,933	3,735
<b>Change in assets</b>		
Decrease — Current Assets	(40)	(244)
Increase — Fixed Assets	51	26
Net increase	11	(218)
<b>Amount of Grant-in-Aid appropriated for the Forestry Authority</b>	<b>22,558</b>	<b>20,314</b>

## NOTES

1. The above statement includes £8.6 million (1987-88 £7.8 million) of the Commission's total administrative expenses attributed to Forestry Authority Services. Details of the expenditure are shown in Note 13 of the Forestry Enterprise Accounts.

### Grants and Advisory Services to Private Woodland Owners

2. In overall terms grant payments have increased by £780,000. Payments of grants for approved planting under the new schemes are relatively low as the Woodland Grant Scheme, which was foreshadowed by the Chancellor in his March 1988 Budget, was only opened to applications at the end of June 1988 and the Farm Woodland Scheme on 1 October 1988. Accordingly, the grants paid during 1988-89 were largely for approved planting under the closed schemes. Grants paid under the new Woodland Grant Scheme amounted to £525,000, and under that Scheme in association with the Farm Woodlands Scheme £104,000.

3. Administrative expenses of £2,892,000 in 1988-89 represent an increase of £614,000 (27 per cent) over 1987-88. This is largely a consequence of the measures necessary to introduce the new grant schemes.

### Special Services

4. Expenditure on special services shows an overall increase of some £350,000. Information, shows and publications increased by £357,000 (23 per cent) over 1987-88. This reflects the increased cost of presenting Government forestry policies, and expenditure on our successful exhibit at the Glasgow Garden Festival.

### Research

5. For the current triennium, 50 per cent of the net cost of Research is charged to the Forestry Enterprise. This element is included in the Operating Account under forest costs (Plantations).

6. Total expenditure on research in 1988-89 increased by £397,000 (5 per cent) over 1987-88. This represents increases in certain activities of £677,000 offset by decreases in others of some £280,000.

7. The increase in research expenditure reflects an overall increase in Salaries of 9 per cent following the introduction of the new pay structure for IPCS grades. In addition increased expenditure arose due to storm damage at the Bedgebury Arboretum, to the expansion of the programmes on vegetative propagation, on physiology of roots, on wildlife and conservation, on site studies, and on seed research.

8. The reduction shown in Statistics reflects a change in the attribution of costs from this activity to Forest Surveys and Work Study whose costs are included in the Commission's general administrative expenses. Similarly the apparent decrease in the cost of communications has resulted from a change in the attribution of these costs to other Research activities, particularly Wildlife and Conservation and Pathology

APPENDICES





# APPENDICES

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# APPENDIX I

## Statutory and Other Committees Appointed by the Forestry Commission: Membership at 31 March 1989

### National Committees

#### *England*

Mr I.D. Coutts (*Chairman*), Mr R.T. Bradley, Professor G.R. Dickson, Mr R.P. Hancock, Mr G.O. Hutchison, Mr W.E. Lane, Mr I. Mercer. *Secretary to the Committee*: Miss M. O'Hare. The Committee had no meetings during the year.

#### *Scotland*

Mr F.M. Strang Steel (*Chairman*), Dr Jean Balfour, Mr R.T. Bradley, Mr J.D. Pollock, Sheriff S. Scott Robinson, Mr H.A. Waterson. *Secretary to the Committee*: Mr B.D. Inglis. The Committee had no meetings during the year.

#### *Wales*

Mr C.R. Woosnam (*Chairman*), Mr R.T. Bradley, Mr M.A. McLaggan, Mr J.F. Morgan. *Secretary to the Committee*: Mr M. Wheeler. The Committee had no meetings during the year.

### Regional Advisory Committees

#### ENGLAND

##### *North Conservancy*

Professor G.R. Dickson (*Chairman*), Mr J. Browne-Swinburne, Mr T.R. Fetherstonhaugh, Professor B. Hackett, Mr T.N. Hammond, Lady Elizabeth Kirk, Mr W.W. Metcalfe, Mr R.E. Shapland, Mr P. Townson. *Secretary to the Committee*: Mr J. McGough. The Committee met in June 1988 and January 1989.

##### *East Conservancy*

Mr W.E. Lane (*Chairman*), Major G.K. Agnew, Mr T.R. Cook, Mr P.H. Peck, Mr J.K. Royston, Mr C. Stratton, Mr J.T. Todd, Mr L. Woodham, Councillor Mrs M.P. Wright. *Secretary to the Committee*: Mr R.C. Herbert. The Committee met in October 1988.

##### *West Conservancy*

Mr I. Mercer (*Chairman*), Major D.J.C. Davenport, Mr C.A. Eade, Mr A. East, Mr A. Fooks, Mr D.W. Hildred, Mr W.A. Isaac, Mr R. Jarman, Mr J.H.B. Workman. *Secretary to the Committee*: Mr R.B. Urquhart. The Committee met in May and October 1988.

#### SCOTLAND

##### *North Conservancy*

Sheriff S. Scott Robinson (*Chairman*), Mr E.J. Brodie, Mr B.E. Crabtree, Mr J. Evans, Mr A.D.M. Farquharson, Professor C. Gimingham, Councillor N.J.O. Graham, Mr W.W. McAskill, Mr M. Pottinger. *Secretary to the Committee*: Mr K. Roscoe. The Committee met in May and October 1988.

##### *Mid Conservancy*

Dr Jean Balfour (*Chairman*), Mr B.S. Brookes, Mr P.M. Fairweather, Mr J.D. Hutchison, Mr C.R. Langton, Mr J. McNaughton, Mr G. Morton, Mr P.S. Murray, Councillor T. Rae. *Secretary to the Committee*: Mr W.J. Anderson. The Committee met in June and November 1988.

##### *South Conservancy*

Mr H.A. Waterson (*Chairman*), Mr W.S. Brack, Mr D.B. Crawford, Mr T. Croft, Mr D.F. Hewitt, Mr D.I. Liddell-Grainger, Mr R.A. McClymont, Councillor D.R. Robinson, The Earl of Rosebery. *Secretary to the Committee*: Mr W.G. Williamson. The Committee met in May and October 1988.

#### WALES

Mr M.A. McLaggan (*Chairman*), Mr J.R. Lloyd Jones, Mr S.K. Neale, Colonel P.C. Ormrod, Mrs D.M. Raikes, Mrs R.A. Rooney, Councillor D.W.L. Rowlands, Mr J.W. Sutton, Mr W.R. Williams. *Secretary to the Committee*: Mr M. Wheeler. The Committee met in September 1988 and March 1989.

## Home Grown Timber Advisory Committee

Mr J.D.W. Janes (*Chairman*)  
Mr A.F. Bloomfield  
Dr J. Brazier  
The Hon James Bruce  
Mr T.A. Bruce Jones  
Mr N.F. Cairncross\*  
Mr A. Christie-Miller  
Mr J.R. Cordiner  
Mr W. Elliot\*  
Dr G.K. Elliott  
The Hon James Galbraith  
Lord Gibson-Watt  
Professor C.H. Gimingham \*

Mr R.D. Gordon  
Mr H.C. Griffith  
Mr B.W. Haycox  
Mr P.L. Herring  
Mr J.H. Hose \*  
Mr O.H. Russell  
Mr G.B. Little  
Mr A.F. MacPherson \*  
Mr A.W. Mills \*  
Dr C.D. Pigott \*  
Mr C.W. Wardle  
Mr G. Waugh

\*Independent members

*Secretary:* Mr B.A. Robertson

With the exception of the independent members the membership was drawn from nominations received from the following bodies: Timber Growers United Kingdom, British Timber Merchants' Association (England and Wales), United Kingdom Softwood Sawmillers' Association, British Coal, Timber Trade Federation, UK and Ireland Particleboard Association, British Paper & Board Industry Federation, Timber Research and Development Association Ltd.

The Committee met in June, September and December 1988 and March 1989. The Annual Report of the Committee is at Appendix II.

## Technical Sub-Committee of the Home Grown Timber Advisory Committee

Dr J.D. Brazier (*Chairman*)  
Mr D.B. Crawford  
Colonel P.C. Ormrod  
Mr M.T. Rogers  
Mr A. East  
Mr M.D. Oxnard  
Mr J.A. Kissock  
Mr A.H. Smith  
Dr G.K. Elliott  
Mr K. Fennell  
Mr K.R. McDiarmid  
Mr G.B. Little  
Mr P.J. Lambert  
Mr S.K. Neale

} Timber Growers United Kingdom  
} British Timber Merchants' Association (England and Wales)  
} United Kingdom Softwood Sawmillers' Association  
Institute of Chartered Foresters  
Association of Professional Foresters  
Royal Institution of Chartered Surveyors  
Association of United Kingdom Wood Pulp Producers  
British Coal  
Transport and General Workers' Union

*Secretary:* Mr D.A. Thompson

The Sub-Committee met in April, July and October 1988 and January 1989.

## Supply and Demand Sub-Committee of the Home Grown Timber Advisory Committee

Mr N.F. Cairncross (*Chairman*)  
Mr D.B. Crawford  
Mr W.A. Willis  
Mr G. Waugh  
Mr P.S. Murray  
Mr A.F. Bloomfield  
Mr P.T.G. Beadle  
Mr P.J. Lambert

} Timber Growers United Kingdom  
} British Timber Merchants' Association (England and Wales)  
} United Kingdom Softwood Sawmillers' Association  
} UK and Ireland Particleboard Association  
} Association of United Kingdom Wood Pulp Producers  
} British Coal

*Secretary:* Miss P.J. Clark

The Sub-Committee met in May and November 1988.

## Advisory Committee on Forest Research

Dr J.P. Dempster (*Chairman*)  
Professor E.C. Cocking  
Professor R.M. Cormack  
Dr M.P. Denne  
Professor D. Henderson

Professor J.M. Hirst  
Professor H.G. Miller  
Dr W.E.S. Mutch  
Dr M.B. Usher

*Secretary:* Mr D.A. Burdekin

The Committee met in November 1988.

## Forestry Research Coordination Committee

Mr R.T. Bradley ( <i>Chairman</i> )		Forestry Commission
Mr A.J. Grayson		Forestry Commission
Dr T. Hegarty	}	Agriculture Departments
Dr D. White		
Mr J.M. Baker	}	Department of the Environment
Mr J. Peters		
Dr J.C. Bowman	}	Natural Environment Research Council
Dr P.B. Tinker		
Dr J.P. Dempster		Forestry Commission Research Advisory Committee
Dr J. Blackwood		Nature Conservancy Council
Dr W.E.S. Mutch		Forestry Universities
Professor T. Swinburne		Agricultural and Food Research Council
Dr G.K. Elliott		Institute of Wood Science
Mrs C. Hadjimatheou		Economic and Social Research Council

*Secretary:* Mr D.A. Burdekin

The Committee met in April, June, September and December 1988 and March 1989.

## Forestry Training Council

Mr D.A. Mithen (*Chairman*)

### *Employer Members*

Mr H.J. Brewis	Timber Growers United Kingdom
Mr D.A. Bardy	Forestry Commission
Mr A.G. Phillips	Association of Professional Foresters

### *Employee Members*

Mr A.W. Mills	}	Transport and General Workers' Union
Mr S.K. Neale		
Mr T.E. Radford		National Union of Civil and Public Servants

### *Education and Training Members*

Mr R.M. Boothroyd	Craft/Diploma Courses (England and Wales)
Mr W.J. Hedley	Craft/Diploma Courses (Scotland)
Dr J.C. Hetherington	Degree Level Courses

### *Forestry Society etc. Members*

Mr G. Little	British Timber Merchants' Association (England and Wales)
Mr R. Callander	United Kingdom Softwood Sawmillers Association
Mr W.H. Gregory	Institute of Chartered Foresters
Mr J. Brown	Royal Scottish Forestry Society
Mr E.H.M. Harris	Royal Forestry Society of England, Wales and Northern Ireland
Dr P.G. Biddle	Standing Committee for Arboricultural Education

*Technical Secretary:* Mr G. Robertson

The Committee met in April and October 1988. The Annual Report of the Council is at Appendix III.

## Forestry Safety Council

Mr J.W.L. Zehetmayr ( <i>Chairman</i> )		
Mr N.G. Halsey	}	Timber Growers United Kingdom
Mr K.J. Ramsay		
Mr G. Little	}	British Timber Merchants' Association (England and Wales)
Mr R. Callander		United Kingdom Softwood Sawmillers' Association
Mr J.H. Hose	}	Transport and General Workers' Union
Mr A.W. Mills		
Mr P.B. Munn		General, Municipal, Boilermakers and Allied Trades Union
Mr G. Robertson		Forestry Training Council
Mr C.W. Simmonds		Forestry Commission
Mr J.B. Teasdale		Forestry Commission Safety Officer

*Secretary:* Miss M.M. Lewis

The Council met in April and October 1988. The Annual Report of the Council is at Appendix IV.

## APPENDIX II

### Home Grown Timber Advisory Committee

### Annual Report for the Year Ended 31 March 1989

The Committee held four meetings during the year, in June, September and December 1988 and March 1989.

The Chancellor of the Exchequer's 1988 Budget was a significant landmark for forestry. It led to fundamental changes in the taxation regime for woodland owners, the closure of the Forestry Grant Scheme and the Broadleaved Woodland Grant Scheme and the introduction of a new Woodland Grant Scheme with higher rates of grant to compensate for the loss of the tax incentives. The Committee considered the new measures in depth and, while the clear reaffirmation of the Government's commitment to the expansion of forestry and the provision of transitional tax reliefs for existing occupiers of commercial woodlands were greatly welcomed, doubts were expressed whether the momentum of planting by private investors would be maintained. The Committee considered the progress of the Woodland Grant Scheme - which was launched on 21 June 1988 - on the basis of reports of applications received. However, while the levels of applications in the first few months of the scheme's operation were encouraging, it was too early to reach any conclusions on the extent to which the new scheme would attain the Government's planting aims.

In March, the Committee commented upon the progress of the Farm Woodland Scheme as reported to Parliament. Applications for planting under the scheme from its introduction in October 1988 to the end of January 1989 had amounted to some 4 300 hectares in Great Britain. The Committee regarded this figure as somewhat disappointing, and it was suggested that the uptake would be increased if some of the restraints could be removed, particularly the ceiling of 40 hectares per ownership, which would be more equitable if applied to each holding. A self-policing regime for areas of less than five hectares, with a proportion of checks after planting, was also suggested as this would enable planting to proceed without prior application; the Committee felt that any initiative of this kind which reduced delays in the approval of applications would encourage greater participation in the scheme.

At their meeting in June, the Committee recorded their grave concern at the statement made jointly on 16 March 1988 by the Secretary of State for the Environment and the Minister of Agriculture, Fisheries and Food that there would in future be a presumption against large-scale conifer afforestation in the uplands of England. The Committee considered that the previous policy, whereby each case was considered on its merits, provided sufficient control over unsatisfactory developments, and that the statement was unnecessary because conifer afforestation had in any case largely ceased in the English uplands. The Chairman wrote to the Forestry Commission Chairman to convey these views, stressing that the Commission's consultation procedures would have effectively achieved the environmental safeguards sought.

The effect of the October 1987 storm in south-east England continued to be of concern to the Committee. While expressing satisfaction with the Government's decision in June 1988 that special supplements would be available for restocking storm-damaged woodlands on top of the Commission's normal planting grants, the Committee were disappointed that the decision had taken so long to be reached and that the recommendation for a transport subsidy had not been accepted. The Committee monitored reports on the progress of clearance of the storm damage and recommended that the Forest Windblow Action Committee should be kept in being for as long as the demand for its services was evident. A recommendation was also made at the March 1989 meeting concerning the interpretation of the provisions of the Woodland Grant Scheme relating to the aggregation of small areas, to be replaced following storm damage, for the purpose of assessing grant rates. The Committee were also concerned that not all of the woodland owners eligible for the special replanting supplements might be aware of their entitlements and recommended that the period of receipt of applications should be extended beyond the original time limit of 31 March 1989. The Forestry Commission agreed to an extension to 30 June 1989. At the end of the year it was still considering the associated proposal about the separate treatment of small areas of windblow for grant assessment purposes.

A consultation report, containing factual information on the progress of the Government's broadleaves policy over the three years since the introduction of the Broadleaved Woodland Grant Scheme in October 1985, was prepared by the Forestry Commission and widely distributed in March 1989 as part of a review of the operation and effectiveness of the policy aims and measures. The report was still being considered by Committee members at the end of the year, but preliminary observations made at the March meeting suggested that too much emphasis had been placed upon environmental factors with insufficient attention being paid to the high costs of growing broadleaves of good timber quality. Measures to control squirrel damage to trees was also thought to have been ineffective and the Commission was urged to give greater encouragement to the formation of squirrel control groups.

Following the passage of the Single European Act in 1986, several initiatives affecting forestry were put forward by the European Commission. These included a Directive on Environmental Assessment, a proposed Forestry Strategy and Action Programme, a draft Directive on Habitats, Flora and Fauna and a proposed plant health strategy. All of these were considered by the Committee during the year. The provisions relating to the environmental assessment of afforestation projects, which were introduced in Great Britain by the Environmental Assessment (Afforestation) Regulations 1988 (SI 1988/1207), were a cause of concern in terms of the extra time and cost that they might cause for grant applicants. The Committee were assured, however, that such assessments would be required in only a relatively small number of cases, and Timber Growers UK offered to assist the Forestry Commission in producing a model format for the guidance of applicants. The seven draft Regulations and a draft Decision comprising the proposed EC Forestry Action Programme were drawn to the Committee's attention at their September meeting. The Committee felt that the proposals would generally be of greater benefit to the Mediterranean countries, although the possibility of Community funding being available to defray some of the expenditure on afforestation grants made under the Woodland Grant Scheme and the Farm Woodland Scheme was welcomed. The draft Directive on Habitats, Flora and Fauna was published in September 1988 and discussed by the Committee, who were concerned that its adoption could lead to further widespread conservation designations which could have serious implications for forestry. In the event, the Council of Ministers rejected the arrangements envisaged in the Directive, which was being looked at afresh by the European Commission at the end of the period under report. Finally, the Committee recorded their anxiety over the European Commission's

proposals for a new plant health regime which would place responsibility for checks on forest plants, wood and wood products on the country of origin rather than on importing countries when the single market was introduced in 1992. It was considered important that the existing controls should be maintained in the UK until any new regime had been shown to provide equivalent safeguards.

As has been their practice for a number of years, the Committee discussed in March a paper reviewing the work of the Forestry Commission's Research Division. They expressed their warm appreciation, on his forthcoming retirement in April 1989, of the notable contribution which Mr Arnold Grayson had made as Director of Research. The Committee were impressed at how rapidly and effectively the Research Division had responded to the needs in new and developing fields of research, such as air pollution, water quality and global climatic change. As regards the effects of afforestation on water quality, the Committee were greatly concerned over the failure of the Welsh Water Authority to make public the results of its 1984 study into this subject in over 100 catchment areas in Wales, especially since the Authority had published restrictive guidelines purporting to be based upon this evidence. The Chairman accordingly wrote to the Chairman of the Forestry Commission asking him to seek to have the information made public.

Other issues considered by the Committee included the report of the Highland Regional Council Working Party on land-use in Caithness and Sutherland, which was published in January 1989. The Committee welcomed the report as constructive and demonstrating that competing interests could be reconciled, and they hoped that it would be endorsed by the Government. (The report's recommendations were accepted by the Secretary of State in an announcement in Parliament on 21 March 1989.) The Committee also welcomed the terms of the Secretary of State's responses in January 1989 to the Reports on forestry from the Countryside Commission for Scotland and the Convention of Scottish Local Authorities, which had called, among other things, for indicative forestry strategies to be incorporated in future structure plans. The Committee considered that such strategy statements were to be encouraged provided that they were truly indicative and not mandatory and had been framed after full consultation with the Forestry Commission and private forestry interests, as had been the case with the strategy published by Strathclyde Regional Council which had been commended by the Secretary of State.

In March, the Committee considered a report compiled by the Supply and Demand Sub-Committee on *The Wood Supply and Demand in Great Britain in 1988 with Prospects for 1989*. Highlights of the report were the continuing strength of the pulp and paper and the particleboard markets. Areas of concern centred on the adequacy of future supplies of roundwood, import penetration by Chile and Portugal, mainly in pallet wood, and the fall in demand for mining timber.

Throughout the year the Technical Sub-Committee considered a wide range of topics on which the Committee were kept fully informed. Among the subjects discussed were the recently introduced pesticides legislation, sawing accuracy in British softwood sawmills, the control of degrade by water-spraying of windblown pine from the October 1987 storm, and the harmonisation of timber standards in Europe. Of particular interest to the Committee was the paper written for the Technical Sub-Committee by Dr T R Nisbet of the Forestry Commission on *Conifer Afforestation and Surface Water Acidification*. His conclusion was that there was no definite evidence of any acidification of surface water during the period from planting to canopy closure and that evidence of an effect after this stage was inconclusive.

At their December meeting, the Committee agreed that a small working group, headed by the Chairman of the Committee, should look at the memberships of both the Sub-Committees and make recommendations for the composition of these bodies in future taking account of recent changes in the coverage of the representative organisations. A report would be made to the main Committee in the summer of 1989.

The Committee are greatly indebted to the Sub-Committees for the high standard of advice they continue to provide, and would like, once more, to express their thanks for this valuable support.

# APPENDIX III

## Forestry Training Council

### Annual Report for the Year Ended 31 March 1989

Meetings of the full Council took place on 21 April 1988 and 27 October 1988 and of the Management Committee on 7 September 1988, 9 December 1988 and 9 March 1989. In addition, the Training and Education Sub-Committee and Grant Awards Committee met at various times during the year.

Training statistics have been collated and are shown in Tables 1 and 2. It is significant to note in Table 2 the marked increase in supervisory and management training, particularly in the private sector.

**TABLE 1**

*Attendance on Courses for Recognised Craft, Supervisory and Managerial Qualifications during 1987/88 and 1988/89*

Courses	Grade and Type	1987/88		1988/89	
		Number of Courses	Number of Students	Number of Courses	Number of Students
City and Guilds Phase I	Basic Craft (Young Workers) Day and Block Release	4	54	3	67
City and Guilds Phase II	Craft (Adult Workers) Block Release	2	43	3	51
SCOTVEC National Certificate I	Basic Craft Block Release	4	37	2	14
SCOTVEC National Certificate II	Craft Block Release	2	22	4	20
Totals for Craft Courses		12	156	12	152
SCOTVEC National Certificate	Management level (Year 1)	1	21	1	23
	3-Year Sandwich (Year 2)	1	19	1	21
	(Year 3)	1	18	1	20
City and Guilds Stage III	Supervisory level Block Release	2	38	2	30
City and Guilds Stage IV	Management level Block Release	2	28	2	26
BTEC	Management level (Year 1)	1	27	1	22
BTEC	National Diploma (Year 2)	1	22	1	26
	3-Year Sandwich (Year 3)	1	22	1	23
ICF/CFEB National	Revision	2	21	1	21
Totals for Supervisory/Management Courses		12	216	11	212

**TABLE 2**

*Attendance on Short Courses for Forest Workers, Supervisors and Managers during 1987/88 and 1988/89*

Level	Source of Participants	1987/88		1988/89	
		Trainee Course Days	Trainee Course Days	Trainee Course Days	Trainee Course Days
Craft	Private Forestry	20,058*	20,431*		
	Forestry Commission	5,655	7,366		
	Totals	25,713	27,797		
Supervisory and Managerial	Private Forestry	429	3,127		
	Forestry Commission	4,833	6,952		
	Totals	5,262	10,079		

\*Includes training given under the 2-year Youth Training Scheme in Forestry.

A Register of Approved Instructors was published by the Council in order to inform potential clients of those who teach forestry skills and who had met the assessment criteria laid down by the Council. The register is seen as an important step forward in ensuring an enhanced and consistent national standard in forestry skills training.

Work began on defining the competencies required at the various levels within the framework of the National Council for Vocational Qualifications (NCVQ) and this has necessitated very close liaison with all concerned to ensure that the outcome and attendant qualifications will meet the foreseeable needs of the industry.

The Youth Training Scheme for Forestry which was introduced in 1987 has proved very successful and a similar scheme has been launched for Mechanical Engineers in Forestry in conjunction with the Forestry Commission, the Training Agency and the Machinery Department at Cumbria College of Agriculture and Forestry.

The work and achievements of the Council have been publicised by means of articles in trade journals and, in addition, a close contact has been maintained with those Colleges which are involved in forestry and woodland training.

The Council continues to be represented on the Forestry Safety Council, Scottish Vocational Education Council, Arboriculture Safety Council, National Examinations Board and the Forestry Advisory Committee of Inverness College and greatly appreciates the help and co-operation it has received from the many individuals and organisations from whom it has sought assistance.

Signed for the Forestry Training Council

D.A. Mithen, *Chairman*

G.K. Robertson, *Technical Secretary*

# APPENDIX IV

## Forestry Safety Council

### Annual Report for the Year Ended 31 March 1989

The Council met on two occasions during the year, on 14 April 1988 at Forestry Commission Headquarters in Edinburgh and on 30 September 1988 in Lichfield. The Safety Guides Sub-Committee also met twice, on 8 September 1988 and 1 March 1989.

The September meeting of the Council coincided with the 7th National Forestry Machinery Demonstration held at Cannock Chase on 28-30 September at which safety guides were on display and indeed taken up in some quantity, while members and officers were available for discussion.

Although no new guides were published, 11 were revised including that on Planting, amounting to a complete rewrite to cover the need for protective clothing, good personal hygiene and safe working methods when handling treated plants.

Following on from the review leading to revised terms of reference published in last year's report, the Council considered at some length the status of its guides. The wish was to promulgate a concise definition which could be used as an introduction to the list of guides which is maintained for information of all concerned. The final text, as agreed at the year's end, is as follows.

"FSC Guides, produced by the Forestry Safety Council, provide guidance to assist employers, self-employed persons and employees to fulfil their general statutory duty under the Health and Safety at Work etc Act 1974 to ensure health and safety in forest operations so far as is reasonably practicable.

They are recognised by the Forestry Commission, the Health and Safety Executive, forest managers' and timber merchants' organisations and the Trade Unions as setting the normal minimum standards of safety in forest operations.

These Guides have no legal status as such but courts have recognised their authority in the past and they could be used when deciding legal liability. Where other standards are applied it is necessary for the persons concerned to be able to show that they have fulfilled their statutory obligations."

Items discussed or reviewed during the year included:

- *Hand Signalling for Winch Work etc.* This matter was explored but no conclusion could be reached owing to a basic conflict between current forest practice and other codes which could lead to serious risk if a change were to be made.
- *Code of Practice for the Use of Pesticides in Forestry.* Comments were made on the second draft and a Provisional Code was published by the Forestry Commission at the year's end.
- *Pesticide Treatment of Plants for Restocking.* The revised planting guide has been issued.
- *British Standards.* Proposed standards noted as of particular concern to forestry were those relating to chain saw design, clothing for protection against chain saws, mesh visors and non-linear hearing protectors.
- *Forestry Commission Accident Statistics.* These are the only figures available in comparable form over a number of years and as such are some measure of effective training and safety measures albeit in a limited sector. The conclusion that there were no significant trends over the period 1973-85 can only indicate the need for continued effort in these fields.
- *Certificate of Competence for Chain Saw Operators.* The Council agreed that guidance was needed to enable forestry employers to draw up simple statements for use by workers.

At the end of the year under report, Messrs Mills, Hose and Halsey left the Council, the first two having served since its inception and the last since 1984. The Council records its thanks for their work over the years.

J.W.L. Zehetmayr, *Chairman*  
Miss M.M. Lewis, *Secretary*



# APPENDIX V

## October 1987 Storm: Financial Assistance for Storm Damaged Woodlands

### **Announcement made by the Minister of Agriculture, Fisheries and Food on 6 June 1988.**

The Rt. Hon. John MacGregor OBE MP, the then Minister of Agriculture, Fisheries and Food, made the following announcement in a Written Answer to a Parliamentary Question about financial assistance for storm damaged woodlands.

“I am replying today to the Select Committee\* and a copy of my response will be placed in the House of Commons Library. Both the Select Committee and the Forest Windblow Action Committee recommended further financial assistance to deal with the rehabilitation of storm damaged woodland. The Action Committee in particular recommended:

- a. a short-term transport subsidy aimed at encouraging the movement of pine and beech wood to more distant markets (supported by the Select Committee);
- b. a supplement to the normal Forestry Commission grants for replanting woodlands damaged in the storm of 16 October 1987.

After careful consideration of these recommendations, I have taken the view that the Action Committee's second proposal would provide a longer-lasting and more direct benefit than a transport subsidy in respect of the woodlands concerned. I recognise that owners whose woodlands suffered storm damage on 16 October 1987 will incur additional costs both in preparing sites for planting and in the planting itself. As an incentive to replant in these circumstances, I therefore intend to make special supplements of £150 per hectare for conifers and of £400 per hectare for broadleaves available over the next five years on top of the Forestry Commission's normal planting grants in respect of restocking in these storm-damaged woodlands. These supplements will be provided for eligible restocking carried out by applicants under the new Woodland Grant Scheme and for those who still qualify under the Commission's old schemes. On mature consideration the Government have concluded that such a supplement is the best way of meeting the Select Committee's concern that we consider whether more support should be available to help repair the damage. The European Commission is being informed under the provisions of article 93 of the treaty of Rome.

I have decided that there is an insufficient case for a transport subsidy. In reaching this conclusion, I have to take account of the fact that the loss of timber value, as opposed to the replanting cost, is insurable. The effect of a subsidy would be to reduce the insurable loss which it is not appropriate for the Government to undertake. Moreover, where there is a local glut after a storm prices will decline in any event and as a result it will be more economic for purchasers of timber to transport it, including over greater distances. Such a subsidy in these circumstances would be unlikely to provide cost-effective benefits.

Full details of the administrative arrangements for the new supplements will be announced by the Forestry Commission as soon as possible, but any owners who have already taken steps to secure the replanting of their storm-damaged woods under the Commission's grant schemes will not be placed at a disadvantage as we have agreed that the supplement may be applied to them retrospectively.

It is estimated that the total cost of the supplements covering the replanting of some 5,000 hectares of conifers and 7,000 hectares of broadleaves, will come to £3.5 million over the five-year period. There will be no addition to the overall provision for public expenditure programmes set out in Cm 288-II.

I hope that full advantage will be taken of these special supplements, so that the much-loved landscapes so sadly affected by the storm can eventually be restored to their former state.”

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\* First Report from the House of Commons Agriculture Committee: Session 1987-88, HC272-I, HMSO, £2.90 net.

# APPENDIX VI

## New Planting in the Uplands of England

### **Announcement made by the Minister of Agriculture, Fisheries and Food on 20 October 1988.**

The Rt. Hon. John MacGregor OBE MP, the then Minister of Agriculture, Fisheries and Food, made the following announcement in a Written Answer to a Parliamentary Question about guidance provided to the Forestry Commission on planting in the uplands of England.

"I have written to the Chairman of the Forestry Commission in the following terms:

"You will recall that in his announcement of 16 March setting out our joint view about future planting in the uplands of England, the Secretary of State for the Environment said that I would be writing to you to give further guidance on the matter. This is now set out in this letter.

As you know, a large proportion of the land in England has been used for agriculture as either arable or improved grassland, and we therefore attach a high value to conserving the habitats provided by the limited remaining area of unimproved land in the uplands.

#### *General Criteria*

Where unimproved land lies above the 800 ft contour, approval should not normally be given for new planting which consists predominantly of conifers, other than for the planting of small areas, as defined below, where it is clear that this would be environmentally acceptable. An exception may also be made for planting on unimproved land between the 800 and 1,000 ft contours if the Commission agrees with the local authority and any other authorities consulted — or, in the absence of such agreement, Ministers so decide — that this would be justified in the interests of improving forest landscaping. More generally, there may be some scope in the uplands for the planting of broadleaves and mixed woodlands. These criteria should apply both to plans for new planting by the Commission and to all future approvals of applications for grants for new planting by the private sector.

#### *Unimproved land*

For the purposes of this letter, unimproved land is defined as land which has not been converted to arable use or, in the case of grassland, has not been cultivated and reseeded within the 10 years prior to the date of this letter, and any future improvement of land now defined as unimproved will not alter that definition.

#### *Predominantly conifers*

Since the establishment of broadleaved woods in the uplands is crucially dependent on planting conifers as nurses, often in the ratio of two conifers to one of broadleaves, the term 'predominantly' should be taken to mean the use of more than two conifers for every broadleaved tree at the initial planting stage.

#### *Exception for small areas*

The term 'small' should normally be taken to mean any area not exceeding 10 hectares. In appropriate circumstances this exception may also cover an area not exceeding 40 hectares where the Commission agrees with the local authority and any other authorities consulted (or Ministers decide) that this would allow the proposed planting to blend sympathetically with the landscape or to ameliorate over-regular or oddly-shaped woodland boundaries.

#### *Planting in the Industrial Pennines*

It is recognised that conifers may also have a role to play in ameliorating the environment of the industrial areas of the Pennines where conditions are not suitable for growing broadleaves. Conifer planting may be permitted in these areas, which for the purposes of this exception should be defined and agreed between Forestry Commission and Department of the Environment officials.

#### *Replanting*

In providing grants for replanting, the Commission should encourage practices which will convert forests of even age into attractive and more varied landscapes with a mixture of types and ages of trees. To encourage the conservation, rehabilitation and regeneration of ancient woodlands, applications for grant-aid for their replanting will be expected to follow the Commission's published *Guidelines for the Management of Broadleaved Woodland*. The Commission should continue to follow similar practices in respect of its own replanting programmes.

#### *Consultation Arrangements*

The Commission should introduce arrangements, where these do not already exist, to consult local authorities in England on all new planting proposals above 800 ft where such proposals would involve the planting of more than 10 hectares predominantly with conifers. Otherwise this letter does not affect the Commission's current arrangements for consulting local authorities and other bodies as appropriate, and individual applications will continue to be considered on their merits under the terms of the general guidance I have given."

# APPENDIX VII

## Extracts from the Report of the Highland Regional Council Working Party on Forestry in Caithness and Sutherland — January 1989

### RECOMMENDATIONS

2.47 The Working Party consider the following recommendations are necessary and desirable:

1. An additional 39,000 hectares of land should be planted with commercial forestry over the next 20 years, to create a viable forestry industry based on 100,000 hectares of forest.
2. Forestry proposals should conform with the Forestry Policy Areas set out in Schedule I and shown on Map 2\* above.
3. Forestry proposals should conform with the Management Guidelines (contained in the documents listed in Appendix II\*) in relation to:
  - (a) Landscape
  - (b) Wildlife
  - (c) Archaeology
  - (d) Recreation and Access
  - (e) Water Supplies and River Systems.
4. In pursuing its programme for additional SSSI notification and associated management agreements the NCC should take account of the Working Party's Findings and this Strategy.
5. In assessing proposals for a change of use from agriculture or crofting, DAFS should take account of the Working Party's Findings and this Strategy.
6. In assessing proposals for forestry the Red Deer Commission should take account of this Strategy and continue to ensure that there are no adverse effects on deer management.
7. There should be a presumption, in areas which are not to be planted, in favour of policies which seek to maintain existing land management practices, such as muirburn, grazing, drainage and peat cutting and enhance the opportunities for improvement and diversification.
8. The Countryside Commission for Scotland and the Highland Regional Council should undertake an appraisal of landscape quality and review of landscape designation in Caithness and Sutherland.
9. Forestry proposals should be planned and planted in such a way as to avoid:
  - (a) blocking the view of important landscape, water and historic features from public roads and tourist viewpoints;
  - (b) breaking prominent open sky-lines;
  - (c) the planting of narrow strips between public roads and rivers and open water;
  - (d) rectilinear boundaries adjacent to public roads which do not integrate with the surrounding topography;
  - (e) creating extensive blocks of coniferous forestry to the detriment of landscape and land use diversity.
10. Highland Regional Council, together with HIDB, CCS, NCC, FC and other appropriate agencies and organisations should investigate ways and means of increasing facilities for recreation, tourism and interpretation based on the area's landscape, wildlife and cultural heritage.
11. In assessing proposals for forestry the Highland Regional Council and other appropriate agencies should take account of the Working Party's Findings and this Strategy and also ensure that landscape, recreational and archaeological interests are safeguarded and enhanced.
12. In assessing proposals for forestry and in the preparation of its own guidelines, the Highland River Purification Board should take account of the Working Party's Findings and this Strategy.
13. The Forestry Commission, as Forestry Authority, should adopt a positive role in regulating private forestry proposals in accordance with this Strategy.

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\* Not reproduced as part of this extract.

14. The Forestry Commission, as Forestry Enterprise, should through new planting and, where appropriate, through land acquisition ensure that overall planting rates are maintained in accordance with this Strategy.

15. Following preparation of this Strategy consultation with the NCC should apply only to existing SSSIs and those areas which the NCC formally indicate its intention to notify (ie Stage 1 and 2 proposed SSSIs).

16. The Secretary of State for Scotland should give further consideration to the following changes in forestry consultation and decision-making procedures in order to facilitate the implementation of the strategy and reduce uncertainty:

- (a) The use of “Expedited Procedures” in appropriate areas including:
  - (i) the submission of “outline” applications
  - (ii) 1 month maximum consultation period for “outline” applications
  - (iii) the greater involvement of the RAC in the determination of disputed cases.
- (b) The Forestry Commission should be enabled to regulate the approval and/or payment of planting grant in order to implement the strategy in the interests of maintaining continuity of employment.
- (c) Approvals under the Woodland Grant Scheme should lapse at the end of a period of two years from the date of approval unless planting has been undertaken.
- (d) Approvals under the Woodland Grant Scheme should be capable of automatic transfer in the event of change of ownership occurring before planting commences, provided the proposals remain unchanged.

### SCHEDULE 1: FORESTRY POLICY AREAS

Forestry Policy Areas	Forestry Policy (see also Schedule 2* below)
<p>1. <span style="border: 1px solid black; padding: 2px;">UNSUITABLE</span> (339,900 ha)</p> <p>Land which is too high, too exposed, too wet or operationally unsuitable for commercial forestry. There is local scope for small scale proposals. Note: This area is larger than that shown on Map 1* as it includes operational factors. Small scattered unplantable areas totalling 44,100 ha are not included in the above figure or shown on Map 2*.</p>	<p>Presumption in favour of SMALL SCALE forestry ie</p> <ol style="list-style-type: none"> <li>1. Proposals within the Farm Woodland (ie up to 40 ha) or appropriate small scale proposals within the Woodland Grant Scheme.</li> <li>2. Re-stocking of and/or amelioration of existing plantations.</li> </ol>
<p>2. <span style="border: 1px solid black; padding: 2px;">UNDESIRABLE</span> (150,600 ha)</p> <p>Land which is unsuitable for large scale commercial forestry because of a combination of factors including substandard public roads open landscape character, sporting interests, and nature conservation value.</p>	<p>Presumption in favour of SMALL SCALE forestry ie</p> <ol style="list-style-type: none"> <li>1. Proposals within the Farm Woodland Scheme (ie up to 40 ha) or equivalent within Woodland Grant Scheme.</li> <li>2. Re-stocking of and/or amelioration of existing plantations.</li> </ol>
<p>3. <span style="border: 1px solid black; padding: 2px;">POSSIBLE</span> (155,700 ha)</p> <p>Land which may be suitable for forestry subject to detailed assessment of crofting, agriculture, sporting, landscape, nature conservation and other interests.</p>	<p>Presumption in favour of a RANGE of forestry ie</p> <ol style="list-style-type: none"> <li>1. Proposals within the Farm Woodland Scheme (ie up to 40 ha).</li> <li>2. Proposals within the Woodland Grant Scheme.</li> <li>3. Re-stocking and/or amelioration of existing plantations.</li> </ol>
<p>4. <span style="border: 1px solid black; padding: 2px;">PREFERABLE</span> (123,800 ha)</p> <p>Land which is considered most likely to be suitable for forestry taking account of technical, environmental and other factors. This area excludes any existing SSSI's of significant size, any Stage 1 SSSI proposal, any Crofting Common Grazing and any agricultural land of Macaulay Land Use Class 3 or better.</p>	<p>Presumption in favour of a RANGE of forestry ie</p> <ol style="list-style-type: none"> <li>1. Proposals within the Farm Woodland Scheme (ie up to 40 ha).</li> <li>2. Proposals within the Woodland Grant Scheme.</li> <li>3. Re-stocking and/or amelioration of existing plantations.</li> </ol>

\*Not reproduced as part of this extract.

## APPENDIX VIII

# Government Response to the Countryside Commission for Scotland's Report "Forestry in Scotland"

**Letter dated 17 February 1989 from the Rt. Hon. Malcolm Rifkind QC MP, Secretary of State for Scotland, to the Chairman of the Countryside Commission for Scotland.**

"I am writing to let you have the Government's considered response to the recommendations contained in your Commission's report *Forestry in Scotland*. Since the wide circulation of the report there has been a great deal of discussion between your staff and officials in the Scottish Development Department and the Forestry Commission. As you know, a number of important changes have also been made to the Government's support arrangements for forestry, and these have been taken into account in our consideration of your recommendations and conclusions.

We are indebted to the Countryside Commission for Scotland for producing this constructive and balanced contribution to the land use debate. We welcome particularly the Commission's recognition of the case for more forestry in Scotland, subject to planting being well designed and sensitively located, and the emphasis placed on the benefits that can accrue from the multiple-use of forest areas. Your Commission in turn will have welcomed the fact that this concept of multiple-purpose forestry is a central feature of the Forestry Commission's recently introduced Woodland Grant Scheme.

As far as the design and location of planting is concerned, we would wish to draw attention to the major efforts made in recent years by the forestry industry to respond to changing perceptions on environmental matters, including landscape and the conservation of flora and fauna. The Government has played its part by giving the Forestry Commission a statutory duty to seek to achieve a reasonable balance between the needs of forestry and the environment. The Woodland Grant Scheme reflects this duty in that it provides for a wide range of management objectives and is designed to ensure that the expansion of forestry takes place in harmony with other land uses and the environment.

We welcome your recommendations for a balanced mixture of agriculture and forestry. A great deal has been happening recently to bring the interests of these major land uses much closer together with, for example, forestry being recognised as a major alternative use of surplus agricultural land; the better integration of forestry and agriculture is being encouraged in a number of ways, not least by the introduction of the Farm Woodland Scheme and the woodland options of Set-Aside. In Scotland we see no incompatibility between an expansion of forestry and the essential agricultural interests such as the maintenance of a thriving hill sheep industry. The Department of Agriculture and Fisheries for Scotland are consulted by the Forestry Commission over most planting proposals, and particular attention is paid to the impact that these might have on farming structures. Your report goes on to suggest that where planting is integrated within existing farm structures there is mutual benefit to agriculture and forestry and that upland landscapes can often be enhanced. We agree, and we hope that many more farmers will come to recognise the benefits of creating woodlands on their land, either through the Farm Woodland Scheme or, if this is not possible, the Woodland Grant Scheme.

You have drawn attention to the possible consequence of "downhill" planting where you fear that unco-ordinated coalescing of small blocks of woodland into larger areas may occur. Under the Farm Woodland Scheme planting is restricted to a maximum of 40 hectares per agricultural unit and planting of a whole farm will not be eligible. The Scheme thus militates against the planting of large contiguous areas and, indeed, positively encourages the adoption of multiple objectives and strongly encourages the planting of broadleaves.

We agree with you that there is considerable scope for tree planting in urban fringe areas and in the countryside around towns. Such planting will substantially improve the environment as well as bring immense benefits to people that live, work and pursue recreational interests in these areas. That is why we have launched the Central Scotland Woodland Initiative. Building on the earlier work stimulated by your Commission through the Central Scotland Countryside Trust, we hope to expand the scale and increase the pace of environmental improvement through tree planting. As you know, we are establishing a company to map out the possibilities and report back to us within a year on a full-scale business proposition for amenity as well as productive woodland in the area between Edinburgh and Glasgow.

Your report rightly acknowledges the important advances that have been made in forest design in recent years and calls for the introduction of plans to take account of scenic, recreation, nature conservation and archaeological interests. The Government agrees that sensitive design and management criteria should be adopted in forestry planting schemes. Applicants for grant under the Woodland Grant Scheme are required to provide adequate information to determine whether a reasonable balance can be achieved with other land use interests.

Increasingly, applicants for planting grant are being asked for more detailed information about the environmental impact of their proposals. Applications in sensitive landscapes or areas of conservation interest will need to be accompanied by proposals for dealing with the environmental effects. In addition, the Forestry Commission may, in certain cases, decide that a planting proposal requires an Environmental Assessment (EA) under the terms of the European Community Directive which came into effect on 15 July 1988. The comments made by your Commission were taken into account in these new arrangements. In considering the need for EA the Forestry Commission will look particularly carefully at planting proposals in National Scenic Areas. Where more than 100 hectares is proposed for planting within a National Scenic Area an EA will certainly be required. Furthermore, if the Forestry Commission is in doubt as to whether an EA is needed in an NSA, it will seek the advice of your Commission before reaching its decision.

Thus, the Forestry Commission will generally require grant applications to contain much clearer and fuller information than hitherto. This information is sent to appropriate statutory authorities for comment, and they in turn are encouraged to seek views from local interests. We consider that these arrangements, which have been developed and refined over the years, allow balanced consideration to be given to the impact of forestry in the landscape, opportunities for recreation and the safeguarding of conservation interests, particularly in sensitive areas. In this context, the Forestry Commission has agreed to modify the consultation arrangements which exist for grant applications so that you will in future be notified of all applications affecting areas of more than 10 hectares within National Scenic Areas instead of 50 hectares and over as at present. This should provide your Commission with the opportunity to comment on a wider range of applications which could have an impact on the landscape of these nationally important areas.

Your paper recommends that new planting should be subject to approval from the Forestry Commission under a form of planting licence. In our view the Forestry Commission's consultation procedures for grant-aid applications have acted as an effective control over new planting schemes for many years. It is true that in 1985 there were two cases of planting without grant approval which attracted a great deal of interest at the time, but there have been no further significant cases of this kind since then. The Forestry Commission's influence over planting schemes has in fact been further strengthened by the new support arrangements for forestry through a grants-only system, which makes it even less likely that any sizeable scheme will go ahead unless the Forestry Commission has approved it. In considering applications, the Forestry Commission will continue to observe its published management guidelines for broadleaved woodland and has introduced similar guidelines for all types of woodland as part of the new scheme. The procedures for dealing with applications for planting grants will thus gain in effectiveness as a means of controlling the environmental impact of forestry. We will, however, keep these arrangements under review.

Against this background, we consider that the existing arrangements, taken with the changes we have recently introduced, will prove an effective form of control and that there is no need, on the basis of present evidence, to supplement or replace them with statutory control in the form of planting licensing.

As you will be aware, we have also introduced a number of important changes designed to improve the effectiveness of the Forestry Commission's Regional Advisory Committees in their role of conciliating over disputed forestry proposals. These changes allow for a broader range of views to be placed before the Committees than previously. The Regional Advisory Committee Chairmen have been encouraged to invite to meetings any persons whom they think might be able to assist in achieving an agreed solution, particularly where a case involves an interest not represented on the Committee. The Forestry Commission will maintain lists of persons who could be asked to serve in this capacity as the occasion arises. The Committee Chairmen, where they think it will help in the conciliation process, have also been given discretion to invite any individual or non-statutory organisation which has submitted views to attend or be represented when the Committee meets the parties to the dispute; and all those who have submitted comments will be notified of the outcome of the case. In addition, it has been acknowledged that the Chairmen should as far as possible be appointed from backgrounds which are unlikely to cause any real or apparent clash of interests when disputed cases come before their Committees.

We welcome in principle your proposals for local authorities to prepare indicative strategies for forestry in their areas. The Government does not, however, wish to impose an obligation on all local authorities to prepare such strategies, especially given the wide variation in the importance of forestry from one area to another, and is prepared to leave this matter for each local authority to decide. We understand that work is already well advanced in a number of local authorities and is likely to be submitted shortly as part of structure plan revisions. We consider that where local authorities wish to prepare indicative forestry strategies they should do so in close co-operation with the Forestry Commission, the forestry industry and statutory agencies but without formally establishing a working party. We understand that Strathclyde Regional Council have recently prepared a forestry strategy in this manner.

In view of our general support for indicative forestry strategies, we see a need for further guidance on their preparation. The Scottish Development Department and the Forestry Commission will be reviewing this matter and will wish to discuss it with your Commission. You will also be aware of the initiative that has been taken by the Forestry Commission in producing forestry capability maps for Scotland. The maps will provide essential information in identifying the physical potential of land for forestry development and will form an important input to the preparation of indicative forestry strategies.

We consider that there is scope for further evaluation of landscape which can be used as a basis for providing local authorities with information on landscape conservation in the wider countryside. We are encouraged by your recent initiative in commissioning consultants to report on the effectiveness of landscape designations in Scotland.

The Government welcomes the constructive ideas in the report for the conservation of Caledonian pine woodlands and is pleased to confirm that the broadleaved rates of grant under the Woodland Grant Scheme will apply to the planting and natural regeneration of native pinewoods. The substantial increase in these grants should go a long way towards achieving the desired aims of safeguarding the important native pinewoods and of extending them in areas considered suitable.

The Government fully endorses the suggestion that opportunities should be taken to encourage the development of skills in tree planting and the management of small woods amongst the farming community. The recent farm woodlands publications (*Farm Woodland Planning* and *Farm Woodland Practice*) and the general encouragement we are giving to applicants to seek advice from the college advisers, Forestry Commission field staff and local FFWAGs will go a long way to achieving this end.

In conclusion, I should like to express once again the Government's gratitude to your Commission for the helpful suggestions in your report. We also greatly welcome the constructive dialogue you have established with the Forestry Commission and other bodies in taking these forward. This is particularly important as forestry enters a new phase following the changes introduced in the last Budget. As I indicated in my statement introducing the new forestry grant arrangements on 23 March 1988, these 'encompass a wide range of management objectives designed not only to provide timber but also to encourage the development of multi-purpose woodland management, to achieve a proper balance between broadleaves and conifers, to enable forestry to play its full part as an alternative use of agricultural land no longer needed for food production, and to ensure that the expansion of forestry takes place in harmony with other land uses and the environment'. These are clearly aims to which you will subscribe, and I know I can look forward to your co-operating with the Forestry Commission in their achievement.

I am writing today in similar terms to the President of the Convention of Scottish Local Authorities giving the Government's response to their report *Forestry in Scotland: Planning the Way Ahead* which included a number of recommendations similar to your own."

## APPENDIX IX

# Government Response to the Convention of Scottish Local Authorities' Report "Forestry in Scotland: Planning the Way Ahead"

**Letter dated 17 February 1989 from the Rt. Hon. Malcolm Rifkind QC MP, Secretary of State for Scotland, to the President of the Convention of Scottish Local Authorities.**

"I am writing to let you have the Government's considered response to the recommendations contained in your report *Forestry in Scotland: Planning the Way Ahead*.

We warmly welcome the Convention's positive and constructive report and its recognition of forestry as a vitally important land use in economic activity in rural Scotland with considerable potential for further expansion. We understand that discussions on the main issues addressed in your report have been taking place between officials and we particularly welcome the constructive dialogue which has been established with the Forestry Commission, the Scottish Office and the Countryside Commission for Scotland on these matters.

We welcome in principle your proposals to include the production of indicative strategies within the context of structure plan preparation and review. The Government does not, however, wish to impose an obligation on all local authorities to prepare such strategies, especially given the wide variation in the importance of forestry from one area to another, is prepared to leave this matter for each local authority to decide. We understand that work is already well advanced in a number of local authorities and is likely to be submitted shortly as part of structure plan revisions. We consider that the formal establishment of Regional Forestry Working Parties with a very large number of representatives from a range of organisations may not prove to be the most effective means of preparing such strategies. The Government considers that where local authorities wish to prepare indicative forestry strategies they should do so in close co-operation with the Forestry Commission, the forestry industry and statutory agencies but without formally establishing a working party. We understand that Strathclyde Regional Council have recently prepared a forestry strategy in this manner.

The Government agrees with your report that strategies, which would include a locational dimension, should be indicative and should not attempt to identify precise land allocations. We consider there is merit in the approach taken by Strathclyde Regional Council in identifying three categories of land for forestry development: "Preferred" areas where forestry might be promoted, "Potential" areas with some sensitivity in relation to forestry development, and "Sensitive" areas where other land uses and environmental aspects will require further consideration before planting applications can be approved.

You will be aware of the initiative that has been taken by the Forestry Commission in producing forestry capability maps for Scotland. These will provide essential information in identifying the potential of land for forestry development and will form an important input to the preparation of indicative forestry strategies. We consider that there is scope for other interested parties to carry out the further evaluation of a range of issues, including landscape and nature conservation. Forestry strategies may need to be reviewed to take account of new information as it evolves over a period of time.

In view of the Government's general support for indicative forestry strategies, we see a need for further guidance on their preparation. The Scottish Development Department and the Forestry Commission will be reviewing this matter and will wish to discuss it with the Convention.

We acknowledge the need for a good standard of rural road infrastructure. We consider that it is a reasonable expectation that local authorities should be willing to commit a proportion of their resources to the maintenance and improvement of the public highways system as a necessary support for forestry and the rural economy. We do not accept that rural industries making normal use of country roads should be required to contribute to their upkeep.

The Government welcomes the recognition of the positive role which planning authorities can play in the consultation arrangements for deciding forestry grant applications. These arrangements, which we keep under review, have been developed and refined over the years to allow for a balanced consideration to be given of the impact of forestry, particularly in sensitive areas. We do not agree with your proposal that both regional and district authorities should be consulted about all planting grant applications. We do, however, accept that there is a need for further adjustment to the consultation arrangements to take account of regional interests identified in indicative strategies while bearing in mind the considerable administrative cost involved. We will seek the Convention's view when the Forestry Commission reviews the effectiveness of these arrangements and any ways in which they might be improved and made more cost-effective.

We recognise the need for further evaluation of the effects of forestry on nature conservation, landscape, archaeology and water systems. You will be aware that applicants for forestry planting grant are now being asked to provide more detailed information about the environmental impact of their proposals. In particularly sensitive landscapes or areas of conservation interest the Forestry Commission may decide that a planting proposal requires an Environmental Assessment under the terms of the European Commission Directive which came into effect in July 1988. In addition, the Forestry Commission has recently published water guidelines, in co-operation with the water industry, and will shortly be publishing similar management guidelines for nature conservation, landscape and archaeology.

We note the recommendations in your report regarding the promotion of forestry. We believe that there is considerable scope for further tree planting in the countryside around towns. Such planting will substantially improve the environment as well as bring immense benefits to people that live, work and pursue recreational interests in these areas. That is why we have launched the Central Scotland Woodland Initiative. Building on the earlier work stimulated by the Countryside Commission through the Central Scotland Countryside Trust, we hope to expand the scale and increase the pace of environmental improvement through tree planting. We are establishing a company to map out the possibilities and report back to us within a year on a full-scale business proposition for amenity as well as commercial woodland in the area between Edinburgh and Glasgow. We have already indicated our intention that local authorities should be represented on the Board of the company.

The Government welcomes the Convention's recommendations concerning forestry and agriculture. A great deal has been happening recently to bring the interests of these major land uses much closer together with, for example, forestry being recognised as a major alternative use of surplus agricultural land; the better integration of forestry and agriculture is being encouraged in a number of ways, not least by the introduction of the Farm Woodland Scheme and the woodland options of Set-Aside. We hope that many more farmers will come to recognise the benefits of creating woodlands on their land, either through the Farm Woodland Scheme, or if this is not possible, the Woodland Grant Scheme. In Scotland we see no incompatibility between an expansion of forestry and the essential agricultural interests such as the maintenance of a thriving hill sheep industry. The Department of Agriculture and Fisheries for Scotland are consulted by the Forestry Commission over most planting proposals, and particular attention is paid to the impact that this might have on farming structures.

Your report supports the Countryside Commission for Scotland's recommendation that new planting should be subject to approval from the Forestry Commission under a form of planting licence. The Forestry Commission's consultation procedures for grant-aid applications have acted as an effective control over new planting schemes for many years, and their influence has in fact been further strengthened by the new support arrangements for forestry through a grants-only system which makes it even less likely that any sizeable scheme will go ahead unless the Forestry Commission has approved it. In considering applications, the Forestry Commission will continue to observe its published management guidelines for broadleaved woodland and has introduced similar guidelines for all types of woodland as part of the new scheme. The procedures for dealing with applications for planting grants will thus gain in effectiveness as a means of controlling the environmental impact of forestry. We will, however, keep these arrangements under review.

Against this background, we consider that the existing arrangements, taken with the changes we have recently introduced, will prove an effective form of control and that there is no need, on the basis of present evidence, to supplement or replace them with statutory control in the form of planting licensing.

As you will be aware, we have also introduced a number of important changes designed to improve the effectiveness of the Forestry Commission's Regional Advisory Committees in their role of conciliating over disputed forestry proposals. These changes allow for a broader range of views to be placed before the Committees than previously. The Regional Advisory Committee Chairmen have been encouraged to invite to meetings any persons whom they think might be able to assist in achieving an agreed solution, particularly where a case involves an interest not represented on the Committee. The Forestry Commission will maintain lists of persons who could be asked to serve in this capacity as the occasion arises. The Committee Chairmen, where they think it will help in the conciliation process, have also been given discretion to invite any individual or non-statutory organisation which has submitted views to attend or be represented when the Committee meets the parties to the dispute; and all those who have submitted comments will be notified of the outcome of the case. In addition, it has been acknowledged that the Chairmen should as far as possible be appointed from backgrounds which are unlikely to cause any real or apparent clash of interests when disputed cases come before their Committees.

I should like to conclude by expressing once again the Government's thanks to your Convention for its helpful report. We greatly welcome the report's positive support for forestry in Scotland and its useful recommendations on the role of forestry in the countryside. An important aim of the new grant arrangements is to ensure that the expansion of forestry takes place in harmony with other land uses and the environment. I am sure that your Convention will support us in this endeavour and I look forward to your continuing to work with the Forestry Commission and the Scottish Development Department in taking this forward.

I am writing today in similar terms to the Chairman of the Countryside Commission for Scotland giving the Government's response to their report *Forestry in Scotland* which included a number of similar recommendations to your own."



# APPENDIX X

## Government Response to the Report of the Highland Regional Council Working Party on Forestry in Caithness and Sutherland.

### Announcement made by the Secretary of State for Scotland on 20 March 1989.

The Rt. Hon. Malcolm Rifkind QC MP, Secretary of State for Scotland, made the following announcement in a Written Answer to a Parliamentary Question about the report of the Highland Regional Council Working Party on forestry in Caithness and Sutherland.

“I welcome this report as a basis for resolving the apparent conflicts in land use in Caithness and Sutherland. I intend to act on those recommendations directed at my departments, and hope that the other agencies involved will also respond positively.

The report was agreed unanimously and I pay tribute to all the working party members for adopting a reasonable and reasoned approach. I think there are three significant elements in the report. First, the proposed land use strategy, which provides a policy framework for considering all land use changes including conservation and forestry. Secondly, the agreement on the scientific interests of the peatlands, and the need to conserve the areas of highest value. Thirdly, the need to establish a viable forest industry by planting a further 40,000 hectares to secure long-term employment in the area.

The proposed land use strategy is a sound basis for both safeguarding the prime peatlands and managing the change of sufficient land to create a viable forest. It is an entirely appropriate mechanism consistent with the principles of our planning system. Proposals to change land use are initiated by its owners. Only when there is a public interest in the proposed change should there be any involvement with Government and statutory agencies. An indicative strategy sets out clear presumptions for or against particular uses, but leaves individual cases to be decided on their merits. By endorsing this strategy, I am providing a clear indication to private sector interests of the likely attitude of public authorities towards any proposed change in land use, and more particularly, commercial forestry, including those which come to me for ultimate decision.

As regards the specific recommendations which fall within my responsibilities, I am responding positively as follows:

a. Forestry

Recommendations 1, 2, 3, 9, 13, 14 and 16 all relate to forestry. The Forestry Commission will have due regard to these. The detailed changes in Forestry Commission procedures proposed in recommendation 16 will be examined carefully, with other agencies as appropriate.

b. Agriculture

DAFS will have due regard to the strategy in carrying out its duties and, in particular, will examine carefully any proposals which will allow tree planting on areas presently in agricultural or crofting use (recommendation 5).

c. NCC

I am happy to accept recommendation 15 that consultation with the NCC should in future take place only where tree planting is proposed on existing or potential SSSIs. I look to NCC to keep the other public agencies advised of their designation programme.

It is proper to record that the proposed strategy does not totally remove the potential for conflict between conservation and forestry. There are residual problems and concerns. I am, however, greatly heartened by the attitude of the working party members and I believe that if they work within the framework and in the spirit of the agreed report, then we can resolve particular cases in a reasonable and sensitive manner. To emphasise this I am writing today advising them of my response and encouraging them to adopt the strategy and publish their views on specific recommendations relevant to their functions and duties.

Finally, I again express my gratitude to the working party members for their efforts. I hope that they will continue to co-operate in the manner achieved during the lengthy deliberations of the working party.”

# APPENDIX XI

## New Publications

### *Reports*

68th Annual Report and Accounts of the Forestry Commission 1987-88 (£9.75).

Report on Forest Research 1988 (£9.95).

### *Bulletins*

No. 75 The Silviculture and Yield of Wild Cherry, by S.N. Pryor (£2.30).

No. 76 Silvicultural Principles for Upland Restocking, by P.M. Tabbush (£3.50).

No. 77 British Softwoods: Properties and Uses, by T. Harding (£5.50).

No. 78 Natural Regeneration of Broadleaves, by J. Evans (£3.00).

No. 79 Forest Health Surveys 1987. Part 2: Analysis and Interpretation, by J.L. Innes and R.C. Boswell (£6.00).

No. 80 Farm Woodland Planning, edited by H. Insley (£6.95).

### *Handbook*

No. 3 Farm Woodland Practice, edited by B.G. Hibberd (£7.50).

### *Occasional Paper*

No. 16 Forestry Section Proceedings (British Association for the Advancement of Science, Sept 1986), edited by G.C. Barnes (£7.50).

No. 17 Farming and Forestry (Proceedings of a Conference, Sept 1986), edited by G.R. Hatfield (£15.00).

No. 18 Design of the Census of Woodlands and Trees 1979-82, by K. Rennolls (£5.00).

No. 19 The Green Spruce Aphid and Sitka Spruce Provenances in Britain, by C.I. Carter and J.F.A. Nichols (50p).

In addition, the following free publications were produced:

Forestry Review (a popular version of the Annual Report).

Forest Life (Issues 3 and 5).

Forests and Water Guidelines.

Forestry Facts and Figures 1987-1988.

Larch — A Tree for all Seasons.

Forest Adventure Teachers' Resource Pack — one free to all schools — otherwise £6.50.

Forestry Facts series:

1. Forestry Policy since 1919.
2. The Forestry Commission.
3. Timber Production in Britain.
4. Forestry in the Environment.
5. Forestry and Rural Employment.
6. Grants for Woodland Planting.

Environment leaflets:

1. Forest and Archaeology.
2. Forests and Water.
3. Forests and Landscape.
4. Forests and Conservation.

# APPENDIX XII

## Statistical Tables

### Forestry Authority

#### AREA OF LAND MANAGED UNDER FORESTRY COMMISSION GRANT SCHEMES POSITION AT 31 MARCH 1989

Table 1

Area in hectares

	England		Wales		Scotland		Great Britain	
	Num-ber	Area	Num-ber	Area	Num-ber	Area	Num-ber	Area
Basis I and II Dedication Schemes	1,671	151,018	325	22,388	893	183,457	2,889	356,863
Basis III Dedication Schemes	279	15,326	58	6,482	415	67,110	752	88,918
Forestry Grant Schemes	3,085	53,606	672	12,758	2,468	206,746	6,225	273,110
Broadleaved Woodland Grant Schemes	5,148	37,994	675	2,608	1,239	6,407	7,062	47,009
Woodland Grant Schemes	1,907	19,799	282	2,839	634	19,761	2,823	42,399
Woodland Grant Schemes associated with the Farm Woodland Scheme	326	1,824	8	76	64	504	398	2,404

- Note:
1. The areas shown are the gross areas managed under the schemes as at 31 March 1989 and include existing woodlands, areas awaiting planting and areas to be left unplanted.
  2. The Basis I and II Dedication Schemes were closed to new applications in June 1972 and the Basis III Dedication Scheme in July 1981. The Forestry Grant Scheme and the Broadleaved Woodland Grant Scheme were closed to new applications from 15 March 1988 and have been superseded by the Woodland Grant Scheme which was opened to applications on 21 June 1988.
  3. The Farm Woodland Scheme was introduced on 1 October 1988. It is administered by the Agriculture Departments, but eligibility for entry to the Scheme depends on planting proposals being approved by the Forestry Commission for grant-aid under the Woodland Grant Scheme. Such cases are distinguished from other Woodland Grant Schemes in this table.

AREA OF PLANTING BY PRIVATE WOODLAND OWNERS FOR WHICH GRANTS  
WERE PAID IN THE YEAR ENDED 31 MARCH 1989

**Table 2**

Hectares

Country	England			Wales			Scotland			Great Britain		
	New Planting	Re-stocking	Total	New Planting	Re-stocking	Total	New Planting	Re-stocking	Total	New Planting	Re-stocking	Total
<b>In Dedication Schemes</b>												
Conifer	4	416	420	0	45	45	540	540	1,080	544	1,001	1,545
Broadleaved	20	197	217	0	19	19	7	46	53	27	262	289
<b>Total</b>	<b>24</b>	<b>613</b>	<b>637</b>	<b>0</b>	<b>64</b>	<b>64</b>	<b>547</b>	<b>586</b>	<b>1,133</b>	<b>571</b>	<b>1,263</b>	<b>1,834</b>
<b>In Forestry Grant Scheme</b>												
Conifer	730	481	1,211	708	105	813	20,245	1,000	21,245	21,683	1,586	23,269
Broadleaved	162	270	432	54	12	66	934	115	1,049	1,150	397	1,547
<b>Total</b>	<b>892</b>	<b>751</b>	<b>1,643</b>	<b>762</b>	<b>117</b>	<b>879</b>	<b>21,179</b>	<b>1,115</b>	<b>22,294</b>	<b>22,833</b>	<b>1,983</b>	<b>24,816</b>
<b>In Broadleaved Woodland Grant Scheme</b>												
Conifer	—	—	—	—	—	—	—	—	—	—	—	—
Broadleaved	574	820	1,394	144	67	211	542	391	933	1,260	1,278	2,538
<b>Total</b>	<b>574</b>	<b>820</b>	<b>1,394</b>	<b>144</b>	<b>67</b>	<b>211</b>	<b>542</b>	<b>391</b>	<b>933</b>	<b>1,260</b>	<b>1,278</b>	<b>2,538</b>
<b>In Woodland Grant Scheme</b>												
Conifer	14	19	33	2	2	4	96	51	147	112	72	184
Broadleaved	134	127	261	15	6	21	57	105	162	206	238	444
<b>Total</b>	<b>148</b>	<b>146</b>	<b>294</b>	<b>17</b>	<b>8</b>	<b>25</b>	<b>153</b>	<b>156</b>	<b>309</b>	<b>318</b>	<b>310</b>	<b>628</b>
<b>Total</b>												
Conifer	748	916	1,664	710	152	862	20,881	1,591	22,472	22,339	2,659	24,998
Broadleaved	890	1,414	2,304	213	104	317	1,540	657	2,197	2,643	2,175	4,818
<b>Total</b>	<b>1,638</b>	<b>2,330</b>	<b>3,968</b>	<b>923</b>	<b>256</b>	<b>1,179</b>	<b>22,421</b>	<b>2,248</b>	<b>24,669</b>	<b>24,982</b>	<b>4,834</b>	<b>29,816</b>

In addition, the following areas of new planting were grant-aided under the Woodland Grant Scheme in association with the Farm Woodland Scheme.

Conifer	7	—	7	0	—	0	1	—	1	8	—	8
Broadleaved	107	—	107	0	—	0	11	—	11	118	—	118
<b>Total</b>	<b>114</b>	<b>—</b>	<b>114</b>	<b>0</b>	<b>—</b>	<b>0</b>	<b>12</b>	<b>—</b>	<b>12</b>	<b>126</b>	<b>—</b>	<b>126</b>

Note: 1. Restocking includes new natural regeneration.

2. It is estimated that the following areas were planted without grant aid:

	<i>New Planting</i>	<i>Restocking</i>
England	136	96
Wales	22	1
Scotland	38	4
Great Britain	<u>196</u>	<u>101</u>

These figures were compiled from a large number of local estimates of small areas of planting.

AREA OF PLANTING BY PRIVATE WOODLAND OWNERS FOR WHICH GRANTS WERE PAID IN  
THE 10-YEAR PERIOD 1 APRIL 1979 TO 31 MARCH 1989

**Table 3**

Hectares

Year ended 31 March	England			Wales			Scotland			Great Britain		
	New Planting	Re-stocking	Total	New Planting	Re-stocking	Total	New Planting	Re-stocking	Total	New Planting	Re-stocking	Total
1980 ... ..	814	1,731	2,545	556	112	668	6,932	1,022	7,954	8,302	2,865	11,167
1981 ... ..	905	1,930	2,835	561	142	703	6,934	927	7,861	8,400	2,999	11,399
1982 ... ..	795	1,888	2,683	1,004	223	1,227	10,663	1,339	12,002	12,462	3,450	15,912
1983 ... ..	1,514	1,994	3,508	911	156	1,067	10,086	968	11,054	12,511	3,118	15,629
1984 ... ..	1,480	1,935	3,415	1,064	113	1,177	14,129	1,019	15,148	16,673	3,067	19,740
1985 ... ..	976	1,767	2,743	918	122	1,040	14,135	1,177	15,312	16,029	3,066	19,095
1986 ... ..	984	2,346	3,330	743	434	1,177	17,292	1,559	18,851	19,019	4,339	23,358
1987 ... ..	1,219	2,644	3,863	708	280	988	17,220	1,547	18,767	19,147	4,471	23,618
1988 ... ..	1,679	2,718	4,397	945	476	1,421	21,197	1,660	22,857	23,821	4,854	28,675
1989 ... ..	1,638	2,330	3,968	923	256	1,179	22,421	2,248	24,669	24,982	4,834	29,816

Note: This table does not include planting done without Forestry Commission grants or planting grant-aided in association with the Farm Woodland Scheme.

VOLUME OF TIMBER LICENSED FOR FELLING AND THINNING  
ON PRIVATE LAND IN THE YEAR ENDED 31 MARCH 1989

**Table 4**

Volume in thousands of cubic metres

	England	Wales	Scotland	Great Britain
Conifer ... ..	140	52	234	426
Broadleaved	77	10	12	99
Total volume ... ..	217	62	246	525
Number of licences issued ... ..	967	210	524	1,701

Note: Excludes felling and thinning covered by an approved plan of operations under one of the Forestry Commission's grant schemes, for which no licence is required.

AREA LICENSED FOR CLEAR FELLING ON PRIVATE LAND  
IN THE YEAR ENDED 31 MARCH 1989

**Table 5**

Hectares

	England	Wales	Scotland	Great Britain
Conditional licences ... ..	734	73	457	1,264
Unconditional licences ... ..	93	11	20	124
Total ... ..	827	84	477	1,388

Note: Conditional licences require the restocking of the land concerned.

# Forestry Enterprise

LAND USE AT 31 MARCH 1989

**Table 6**

Hectares

	England	Wales	Scotland	Great Britain
<b>Forest Land</b>				
Under plantations ... ..	233,167	129,577	525,287	888,031
Other woodland ... ..	2,280	1,381	6,532	10,193
To be planted ... ..	1,546	622	15,032	17,200
<b>Total</b> ... ..	<b>236,993</b>	<b>131,580</b>	<b>546,851</b>	<b>915,424</b>
<b>Other Land</b>				
Agricultural and grazing ... ..	9,975	4,369	45,312	59,656
Forest workers' holdings ... ..	249	106	2,217	2,572
Unplantable and miscellaneous (includes nursery land) ... ..	28,809	6,599	131,196	166,604
<b>Total</b> ... ..	<b>39,033</b>	<b>11,074</b>	<b>178,725</b>	<b>228,832</b>
<b>Total area</b> ... ..	<b>276,026</b>	<b>142,654</b>	<b>725,576</b>	<b>1,144,256</b>

## NET AREA OF LAND ACQUIRED/DISPOSED OF DURING THE YEAR ENDED 31 MARCH 1989

**Table 7**

Hectares

	England	Wales	Scotland	Great Britain
Plantations acquired ... ..	4	0	27	31
Plantations disposed of ... ..	1,316	1,226	1,347	3,889
Planting land acquired ... ..	130	0	1,690	1,820
Planting land disposed of ... ..	70	0	369	439
Other land acquired ... ..	75	0	386	461
Other land disposed of ... ..	243	534	2,570	3,347
<b>Net area of land acquired/disposed of</b>	<b>(1,420)</b>	<b>(1,760)</b>	<b>(2,183)</b>	<b>(5,363)</b>

## FOREST LAND DISPOSED OF IN THE YEAR ENDED 31 MARCH 1989

**Table 8**

Conservancy	Forest Areas (hectares)		Plantable Land (hectares)	Total Area (hectares)	Receipts (£000)	Average £/hectare for Land Under Trees and Plantable Land
	Under Trees	Associated Land				
<b>England</b>						
North ... ..	334	0	6	340	288.8	849
East ... ..	687	12	64	763	1,120.9	1,493
West ... ..	272	11	0	283	463.7	1,705
<b>Total</b> ... ..	<b>1,293</b>	<b>23</b>	<b>70</b>	<b>1,386</b>	<b>1,873.4</b>	<b>1,374</b>
<b>Wales</b> ... ..	<b>1,193</b>	<b>33</b>	<b>0</b>	<b>1,226</b>	<b>1,527.3</b>	<b>1,280</b>
<b>Scotland</b>						
North ... ..	390	5	104	499	343.7	696
Mid ... ..	492	29	250	771	754.7	1,017
South ... ..	418	13	15	446	494.1	1,141
<b>Total</b> ... ..	<b>1,300</b>	<b>47</b>	<b>369</b>	<b>1,716</b>	<b>1,592.5</b>	<b>954</b>
<b>Great Britain</b> ... ..	<b>3,786</b>	<b>103</b>	<b>439</b>	<b>4,328</b>	<b>4,993.2</b>	<b>1,182</b>

PLANTING IN THE YEAR ENDED 31 MARCH 1989

Table 9

Hectares

	New Planting	Restocking*	Total
England			
Conifer .....	99	2,519	2,618
Broadleaved .....	31	376	407
Total .....	130	2,895	3,025
Wales			
Conifer .....	61	1,617	1,678
Broadleaved .....	0	119	119
Total .....	61	1,736	1,797
Scotland			
Conifer .....	3,671	3,561	7,232
Broadleaved .....	243	283	526
Total .....	3,914	3,844	7,758
Great Britain			
Conifer .....	3,831	7,697	11,528
Broadleaved .....	274	778	1,052
Total .....	4,105	8,475	12,580

\* Restocking includes new natural regeneration.

AREA PLANTED ANNUALLY BY THE COMMISSION IN THE 10-YEAR PERIOD 1 APRIL 1979 TO 31 MARCH 1989

Table 10

Hectares

Year ended 31 March	England			Wales			Scotland			Great Britain		
	New Planting	Re-stocking	Total	New Planting	Re-stocking	Total	New Planting	Re-stocking	Total	New Planting	Re-stocking	Total
1980 .....	898	2,168	3,066	797	1,241	2,038	14,135	2,260	16,395	15,830	5,669	21,499
1981 .....	470	1,902	2,372	683	1,116	1,799	10,481	1,996	12,477	11,634	5,014	16,648
1982 .....	558	1,949	2,507	326	1,524	1,850	10,094	2,037	12,131	10,978	5,510	16,488
1983 .....	429	2,027	2,456	436	1,482	1,918	8,021	2,289	10,310	8,886	5,798	14,684
1984 .....	397	2,567	2,964	275	1,539	1,814	7,710	2,647	10,357	8,382	6,753	15,135
1985 .....	167	2,171	2,338	161	1,300	1,461	4,777	2,445	7,222	5,105	5,916	11,021
1986 .....	246	2,156	2,402	49	1,778	1,827	4,038	3,363	7,401	4,333	7,297	11,630
1987 .....	138	2,784	2,922	138	1,935	2,073	5,066	3,319	8,385	5,342	8,038	13,380
1988 .....	178	2,609	2,787	157	2,041	2,198	4,617	3,527	8,144	4,952	8,177	13,129
1989 .....	130	2,895	3,025	61	1,736	1,797	3,914	3,844	7,758	4,105	8,475	12,580

AREAS OF PLANTATIONS AND VOLUMES OF TIMBER FELLED  
AND THINNED IN THE YEAR ENDED 31 MARCH 1989

Area in hectares

**Table 11**

Standing volume in thousands of cubic metres overbark

	Felled		Thinned		Total Volume Felled and Thinned
	Area	Volume	Area	Volume	
England					
North ... ..	1,520	447	1,908	99	546
East ... ..	2,243	528	2,834	96	624
West ... ..	359	111	2,366	156	267
Total ... ..	4,122	1,086	7,108	351	1,437
Wales ... ..	1,529	393	4,938	343	736
Scotland					
North ... ..	1,203	379	3,745	229	608
Mid ... ..	1,142	351	1,534	73	424
South ... ..	1,321	363	1,377	73	436
Total ... ..	3,666	1,093	6,656	375	1,468
Great Britain ... ..	9,317	2,572	18,702	1,069	3,641

Note: In previous years, timber volumes were expressed as volume extracted. This has been changed and volumes are now expressed as standing volume.

SALES OF TIMBER IN THE YEAR ENDED 31 MARCH 1989

**Table 12**

Standing volume in thousands of cubic metres overbark

Description	England	Wales	Scotland	Great Britain
Trees sold standing ... ..	558	298	510	1,366
Converted*				
Round timber and saw logs ... ..	452	230	517	1,199
Telegraph and other selected poles ... ..	6	1	3	10
Mining timber ... ..	0	1	0	1
Posts and stakes ... ..	9	14	4	27
Pulpwood and boardmill material ... ..	335	185	416	936
Firewood ... ..	12	3	10	25
Miscellaneous ... ..	6	1	0	7
Total ... ..	820	435	950	2,205

\* In addition 3,100 cubic metres were converted and used internally for forest and estate purposes. (England 1,700; Wales 900; Scotland 500.)

See note to Table 11, which also applies to this table.



**PROPERTIES MANAGED BY THE COMMISSION  
AT 31 MARCH 1989**

**Table 13**

Number

Type of Property	England	Wales	Scotland	Great Britain
Forest properties				
Foresters' houses ... ..	29	11	52	92
Forest workers' houses ... ..	239	24	237	500
Forest workers' holdings ... ..	14	8	36	58
Miscellaneous* ... ..	567	198	506	1,271
<b>Total ... ..</b>	<b>849</b>	<b>241</b>	<b>831</b>	<b>1,921</b>
Other properties				
Farms and other agricultural subjects ... ..	411	163	337	911
Residential and other lettings ... ..	600	78	440	1,118
Other lettings ... ..	167	228	385	780
<b>Total ... ..</b>	<b>1,178</b>	<b>469</b>	<b>1,162</b>	<b>2,809</b>
<b>Sporting lettings ... ..</b>	<b>490</b>	<b>118</b>	<b>1,089</b>	<b>1,697</b>

\* Miscellaneous covers offices, repair workshops and other buildings not normally let.

**PUBLIC RECREATIONAL FACILITIES  
AT 31 MARCH 1989**

**Table 14**

Number

	England	Wales	Scotland	Great Britain
Camping and caravan sites * ... ..	23	1	8	34
Picnic places ... ..	350	86	185	621
Forest walks and forest nature trails ... ..	295	115	246	656
Visitor centres ... ..	9	4	8	21
Arboreta ... ..	13	2	4	19
Forest drives ... ..	6	3	2	11
Forest cabins and holiday houses ... ..	107	0	71	178

\* In addition to the campsites listed above, the Commission provides:-

- (i) 5 sites leased to the Caravan Club and 3 sites to the Camping and Caravanning Club;
- (ii) 46 sites set aside for youth camping;
- (iii) facilities for caravan rallies.

LAND USE, PLANTING AND TIMBER PRODUCTION BY FOREST DISTRICTS  
— ENGLAND

**Table 15**

Conservancy	Land use at 31 March 1989 (hectares)					During Year 1988-89		
	Total Area of Forest	Under Plantations	Other Woodland	To be Planted	Other Land	Planting (hectares)		Production (000 cu m)
						New Planting	Re-stocking	
<b>NORTH ENGLAND</b>								
Cheshire ... ..	981	848	2	0	131	0	22	4
Durham ... ..	4,996	4,692	7	91	206	0	137	37
Kielder ... ..	61,924	50,237	31	222	11,434	0	1,016	290
North Lakes ... ..	8,533	5,913	47	6	2,567	7	124	53
North York Moors ... ..	22,407	19,424	363	156	2,464	16	214	82
Rothbury ... ..	11,218	9,555	32	145	1,486	77	117	18
South Lakes ... ..	7,950	6,952	220	36	742	0	142	50
York ... ..	4,163	3,782	9	91	281	15	3	9
<b>TOTAL ... ..</b>	<b>122,172</b>	<b>101,403</b>	<b>711</b>	<b>747</b>	<b>19,311</b>	<b>115</b>	<b>1,775</b>	<b>543</b>
<b>EAST ENGLAND</b>								
Chilterns ... ..	3,522	3,310	60	89	63	5	9	7
New ... ..	27,157	12,389	683	0	14,085	0	17	35
Northants ... ..	7,426	7,243	20	32	131	0	39	20
North Lincs ... ..	4,213	4,149	4	0	60	0	15	14
Sherwood ... ..	8,655	7,238	31	364	1,022	2	74	22
South Downs ... ..	8,000	7,691	160	9	140	0	104	68
Suffolk ... ..	4,343	4,294	18	14	17	0	113	230
Thetford ... ..	21,344	21,005	127	20	192	0	163	66
Weald ... ..	7,478	6,944	37	1	496	0	62	118
West Downs ... ..	5,795	5,494	45	6	250	0	45	41
<b>TOTAL ... ..</b>	<b>97,933</b>	<b>79,757</b>	<b>1,185</b>	<b>535</b>	<b>16,456</b>	<b>7</b>	<b>641</b>	<b>621</b>
<b>WEST ENGLAND</b>								
Cornwall and North Devon	7,654	7,360	0	23	271	0	93	48
Dean and Three Counties ... ..	12,477	11,083	93	2	1,299	0	106	67
Dorset ... ..	7,480	6,667	127	1	685	0	73	20
Marches ... ..	7,295	6,972	61	62	200	5	56	39
Midlands ... ..	5,461	5,324	33	31	73	0	52	23
Somerset and South Devon	9,984	9,159	70	129	626	3	72	51
Wiltshire and Avon ... ..	5,570	5,442	0	16	112	0	27	19
<b>TOTAL ... ..</b>	<b>55,921</b>	<b>52,007</b>	<b>384</b>	<b>264</b>	<b>3,266</b>	<b>8</b>	<b>479</b>	<b>267</b>

Note: *North England:* Kielder Forest District comprises the whole of the former Kielder Forest District and part of the former Border Forest District.  
North Lakes Forest District comprises the whole of the former North Lakes Forest District and part of the former Border Forest District.

LAND USE, PLANTING AND TIMBER PRODUCTION BY FOREST DISTRICTS  
— WALES

**Table 16**

Conservancy	Land use at 31 March 1989 (hectares)					During Year 1988-89		
	Total Area of Forest	Under Planta- tions	Other Wood- land	To be Planted	Other Land	Planting (hectares)		Pro- duction (000 cu m)
						New Planting	Re- stocking	
WALES								
Aberystwyth ... ..	12,853	11,406	50	255	1,142	1	101	58
Afan ... ..	10,151	9,344	174	4	629	0	77	36
Brechfa ... ..	10,617	9,897	327	7	386	0	209	79
Brecon ... ..	7,729	7,018	57	16	638	0	184	54
Corris ... ..	7,752	7,390	50	0	312	0	59	49
Dolgellau ... ..	11,298	10,301	48	49	900	0	69	59
Gwent ... ..	9,192	8,760	90	18	324	0	55	28
Llandovery ... ..	16,875	15,765	64	0	1,046	0	139	64
Llandrindod ... ..	8,870	8,718	15	5	132	0	64	64
Llanrwst ... ..	12,560	10,147	64	10	2,339	0	102	70
Llanwynno ... ..	9,182	7,744	62	2	1,374	0	195	28
Newtown ... ..	5,575	5,457	26	0	92	0	32	30
Rheola ... ..	9,975	8,266	338	222	1,149	60	252	44
Ruthin ... ..	10,025	9,364	16	34	611	0	198	71
TOTAL ... ..	142,654	129,577	1,381	622	11,074	61	1,736	734

LAND USE, PLANTING AND TIMBER PRODUCTION BY FOREST DISTRICTS  
— SCOTLAND

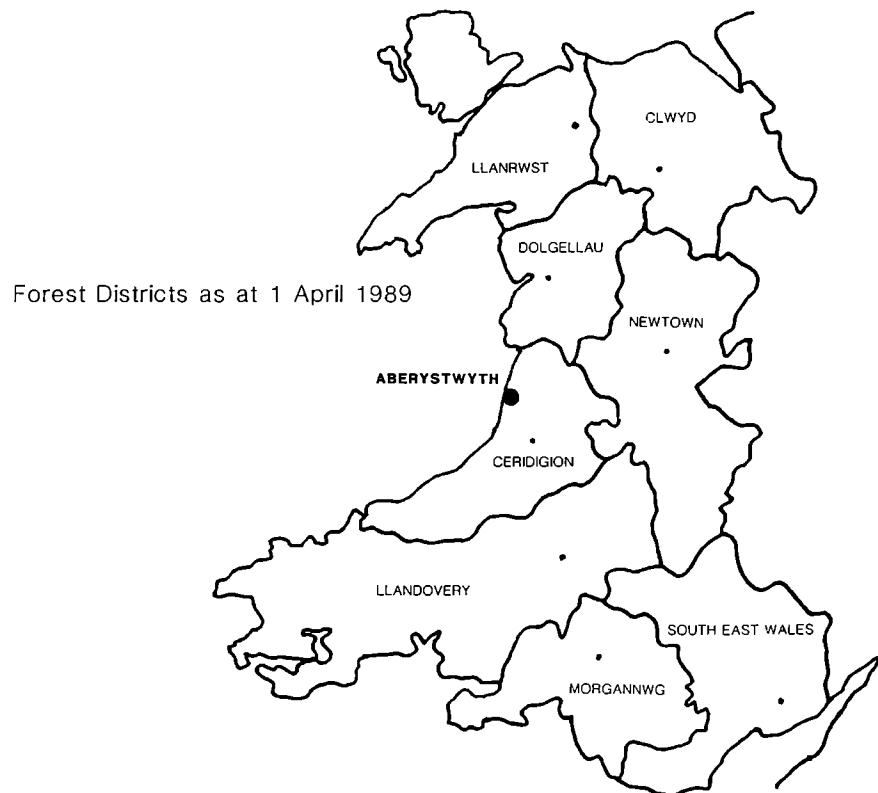
**Table 17**

Conservancy	Land use at 31 March 1989 (hectares)					During Year 1988-89		
	Total Area of Forest	Under Plantations	Other Woodland	To be Planted	Other Land	Planting (hectares)		Production (000 cu m)
						New Planting	Re-stocking	
<b>NORTH SCOTLAND</b>								
Buchan ... ..	24,340	21,317	102	26	2,895	65	143	112
Dornoch ... ..	56,088	35,949	44	2,615	17,480	698	55	19
Easter Ross ... ..	30,781	23,980	265	755	5,781	192	145	92
Fort Augustus ... ..	39,027	19,926	404	869	17,828	139	132	65
Inverness ... ..	20,177	16,105	128	444	3,500	91	45	31
Kincardine ... ..	14,928	13,935	8	9	976	44	173	72
Lochaber ... ..	36,474	19,404	718	393	15,959	128	116	44
Moray ... ..	7,674	7,098	90	7	479	0	145	55
Mull ... ..	15,511	10,776	259	358	4,118	103	44	17
Speyside ... ..	16,905	15,244	15	961	685	115	101	39
Strontian ... ..	20,857	11,814	397	1,426	7,220	185	54	23
Wester Ross ... ..	31,337	15,970	238	984	14,145	204	122	37
<b>TOTAL ... ..</b>	<b>314,099</b>	<b>211,518</b>	<b>2,668</b>	<b>8,847</b>	<b>91,066</b>	<b>1,964</b>	<b>1,275</b>	<b>606</b>
<b>MID SCOTLAND</b>								
Aberfoyle ... ..	31,082	24,250	236	49	6,547	56	301	69
Abertay ... ..	14,061	12,425	135	62	1,439	75	91	43
Cowal ... ..	40,141	25,168	998	444	13,531	177	220	92
Kintyre ... ..	34,356	26,578	765	934	6,079	289	306	59
Loch Awe ... ..	34,031	25,301	550	167	8,013	99	114	64
Lorne ... ..	31,391	19,950	629	281	10,531	150	100	38
Perthshire ... ..	32,044	25,532	275	1,315	4,922	184	129	57
<b>TOTAL ... ..</b>	<b>217,106</b>	<b>159,204</b>	<b>3,588</b>	<b>3,252</b>	<b>51,062</b>	<b>1,030</b>	<b>1,261</b>	<b>422</b>
<b>SOUTH SCOTLAND</b>								
Ayrshire ... ..	42,878	29,552	167	1,158	12,001	363	186	34
Borders ... ..	18,516	16,213	0	722	1,581	0	159	60
Castle Douglas ... ..	33,194	27,326	10	1	5,857	0	336	115
Lockerbie ... ..	17,404	15,628	19	0	1,757	3	223	71
Lothian & Tweed ... ..	14,474	13,828	7	4	635	23	113	33
Newton Stewart ... ..	49,754	35,663	21	784	13,286	399	197	44
Nithsdale ... ..	18,151	16,355	52	264	1,480	132	94	77
<b>TOTAL ... ..</b>	<b>194,371</b>	<b>154,565</b>	<b>276</b>	<b>2,933</b>	<b>36,597</b>	<b>920</b>	<b>1,308</b>	<b>434</b>

Note: *Mid Scotland*: The new Abertay Forest District comprises parts of the former Angus and Fife Forest Districts with boundary adjustments also being made to Aberfoyle and Perthshire Forest Districts.

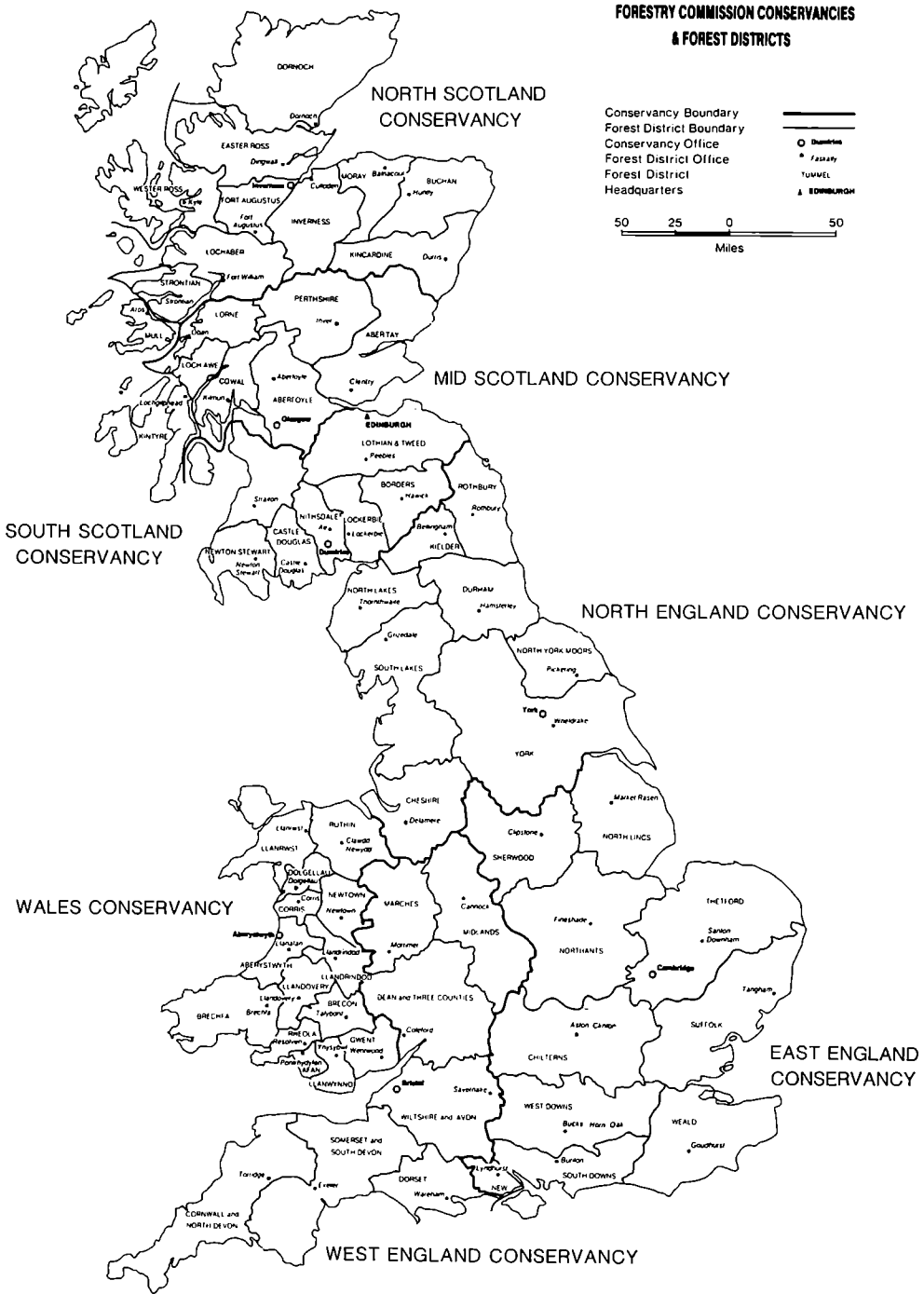
# APPENDIX XIII

## MAPS SHOWING THE RE-ORGANISATION OF WALES CONSERVANCY



# APPENDIX XIV

## Map showing the boundaries of the Commission's Conservancies and Forest Districts at 31 March 1989



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